

# ***Coal industry restructuring in Germany***

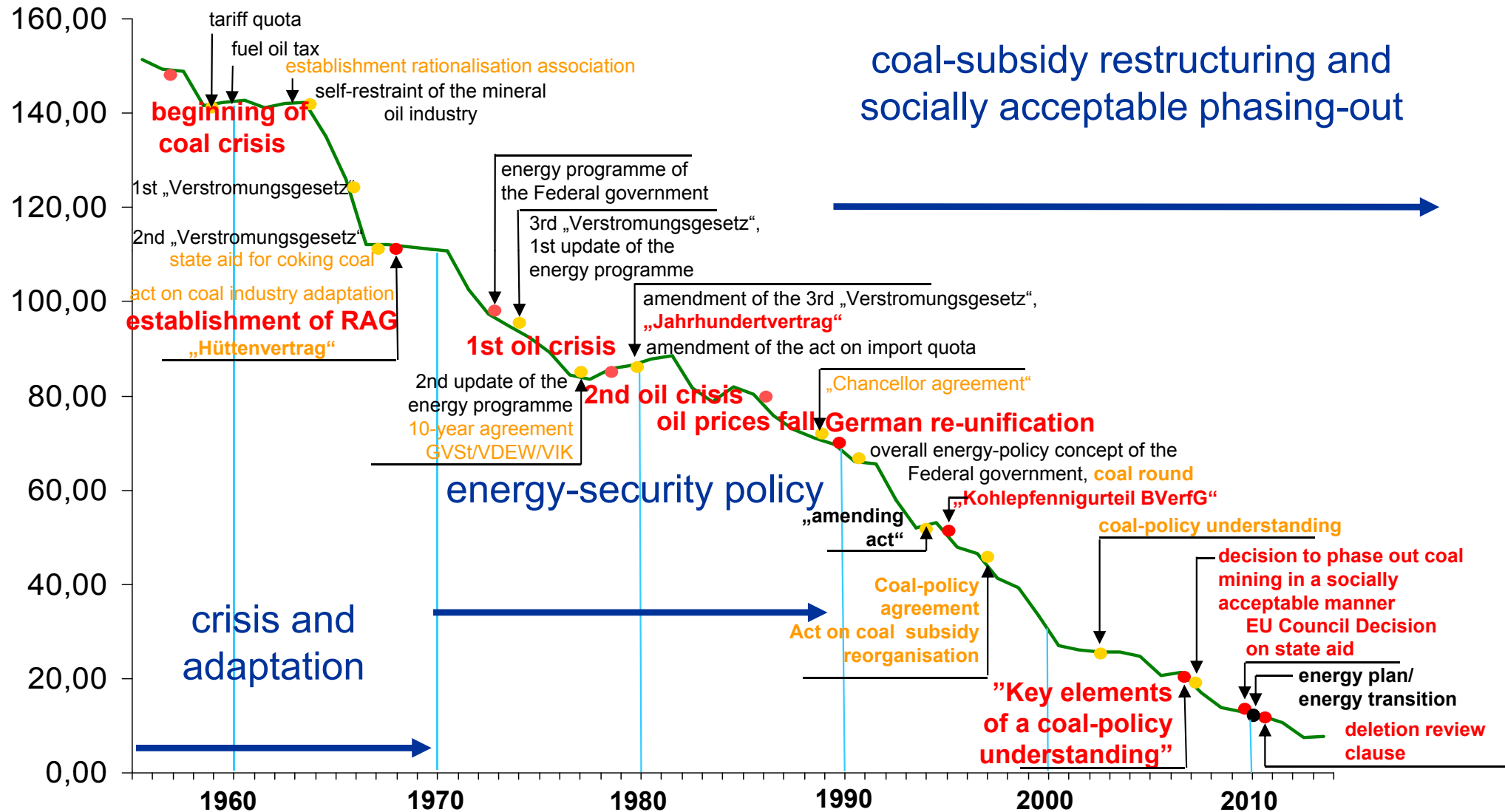
Prof. Dr. Franz-Josef Wodopia,  
Chief Executive,  
German Coal Association

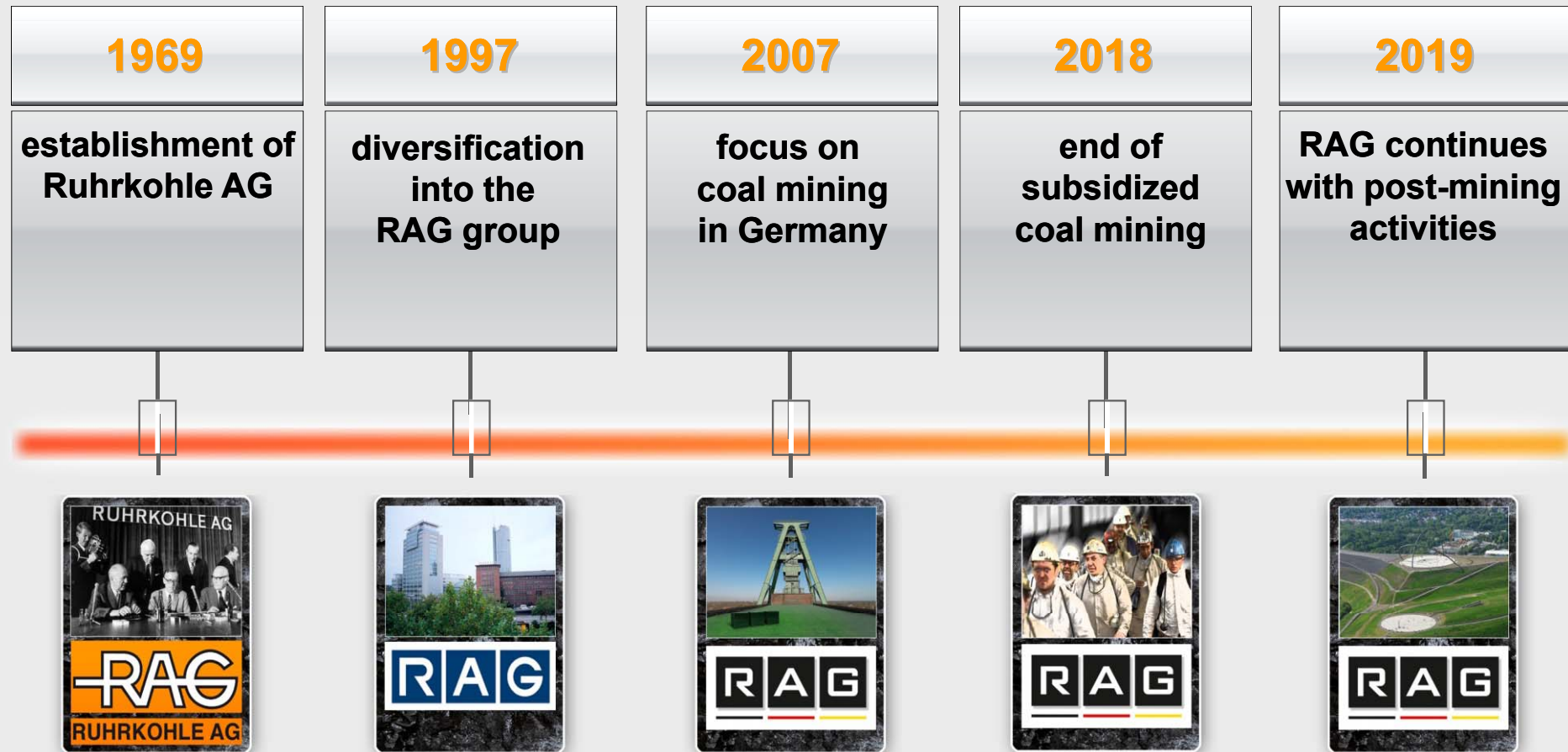
# History

# Coal-policy decisions in the context of (national) energy-policy programmes

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coal production  
mt saleable



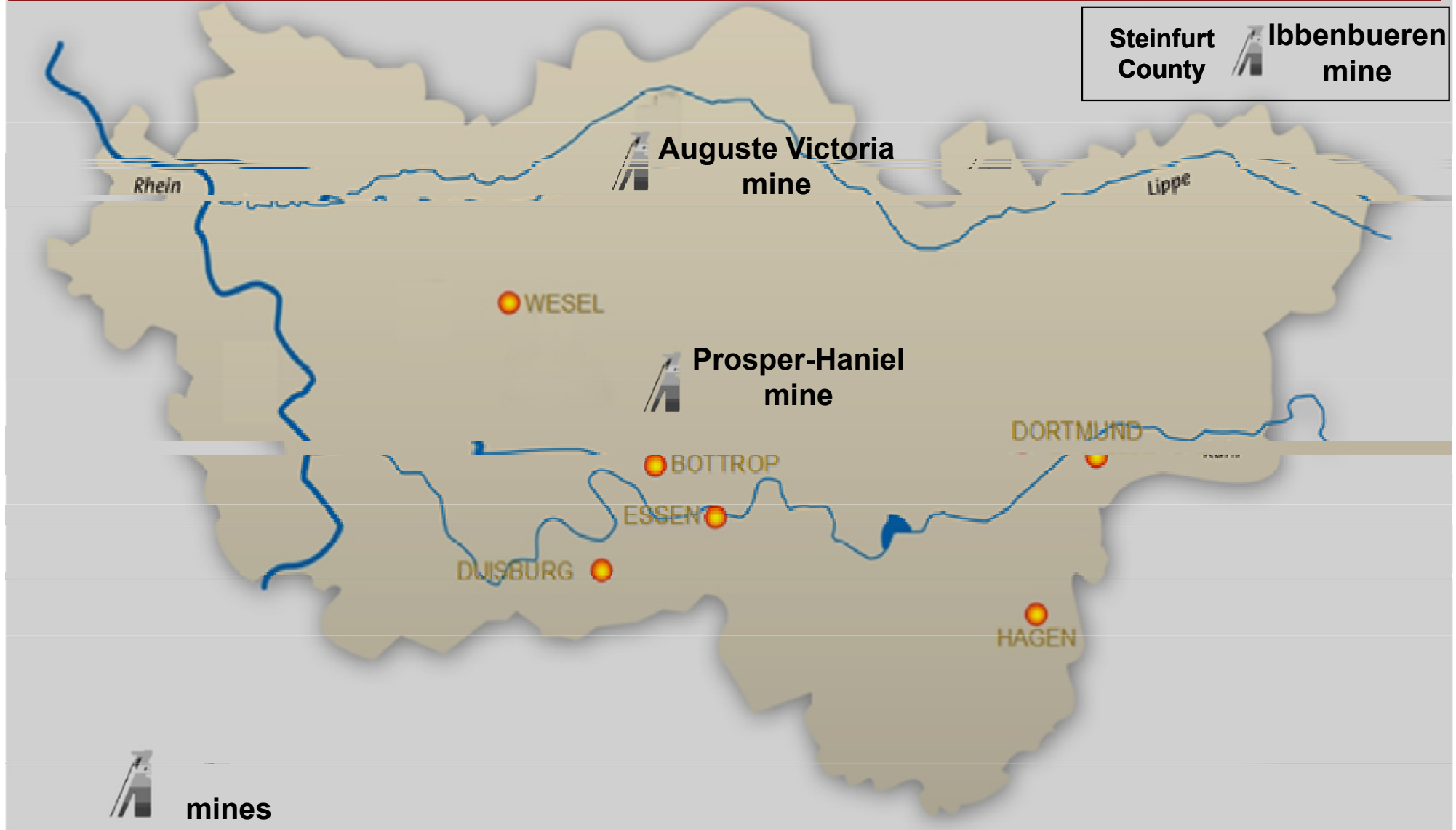


**Establishment of Ruhrkohle AG in 1969: approx. 180,000 staff**

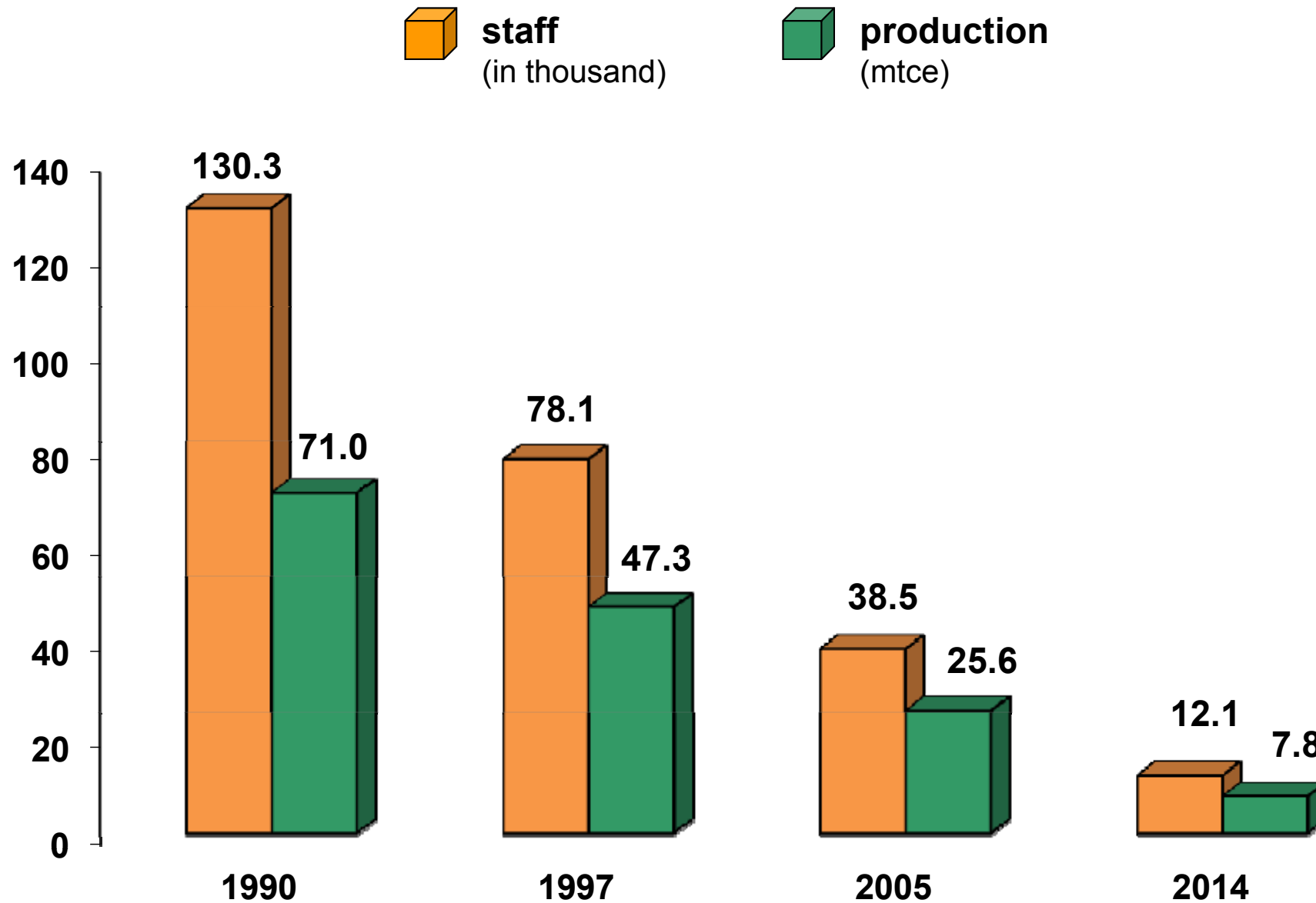


# Where are we today?

April 2015: approx. 9,500 staff



# Adaptation in the German coal industry 1990 to 2014



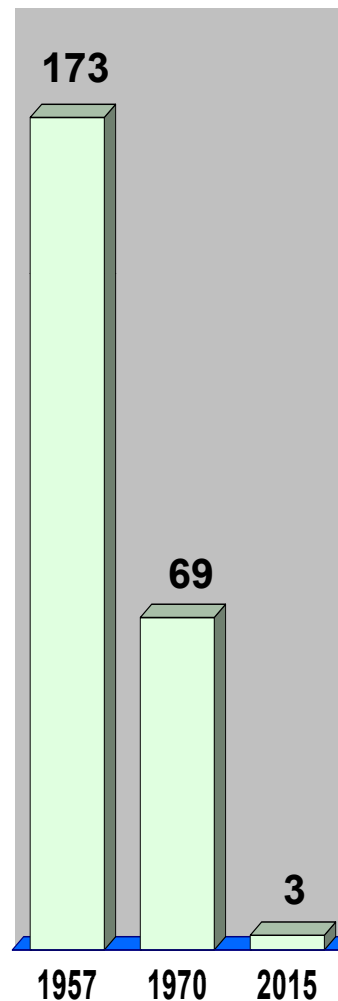
# Rationalisation in the German coal industry

Retirement of coal fired power stations  
Submission 18 - Supplementary Submission

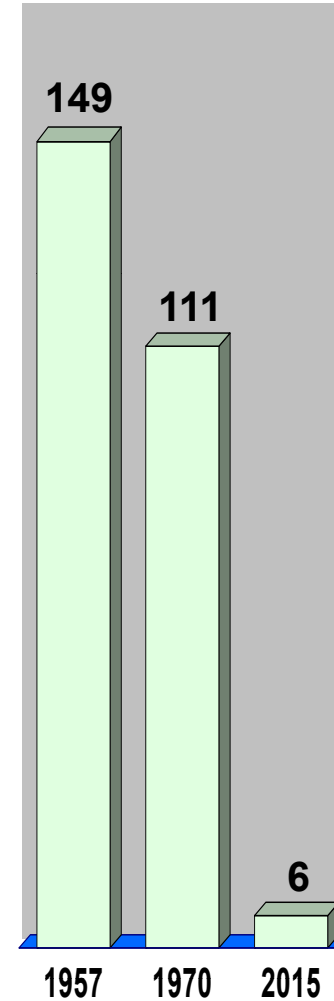
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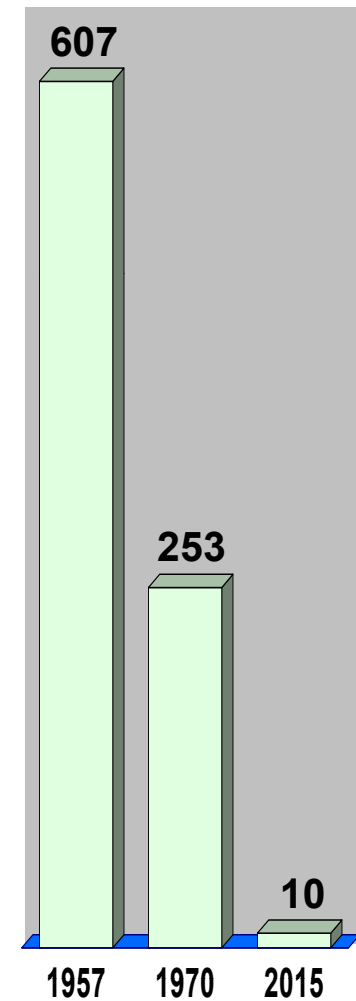
number of mines



coal production  
million t saleable



staff  
in 1,000



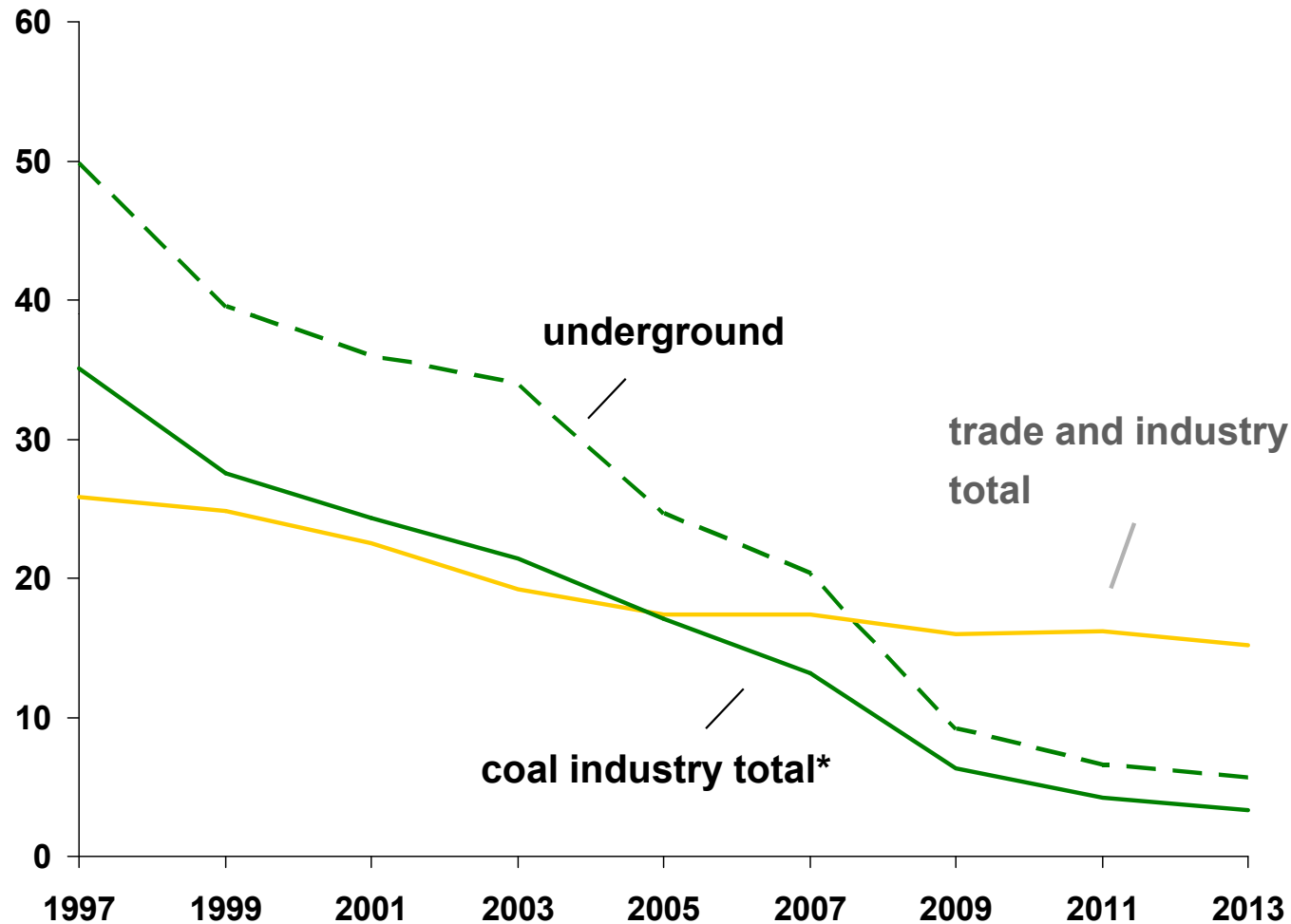
Graph: RAG, 2015



# Declining accident rates as a result of integrated health and safety activities

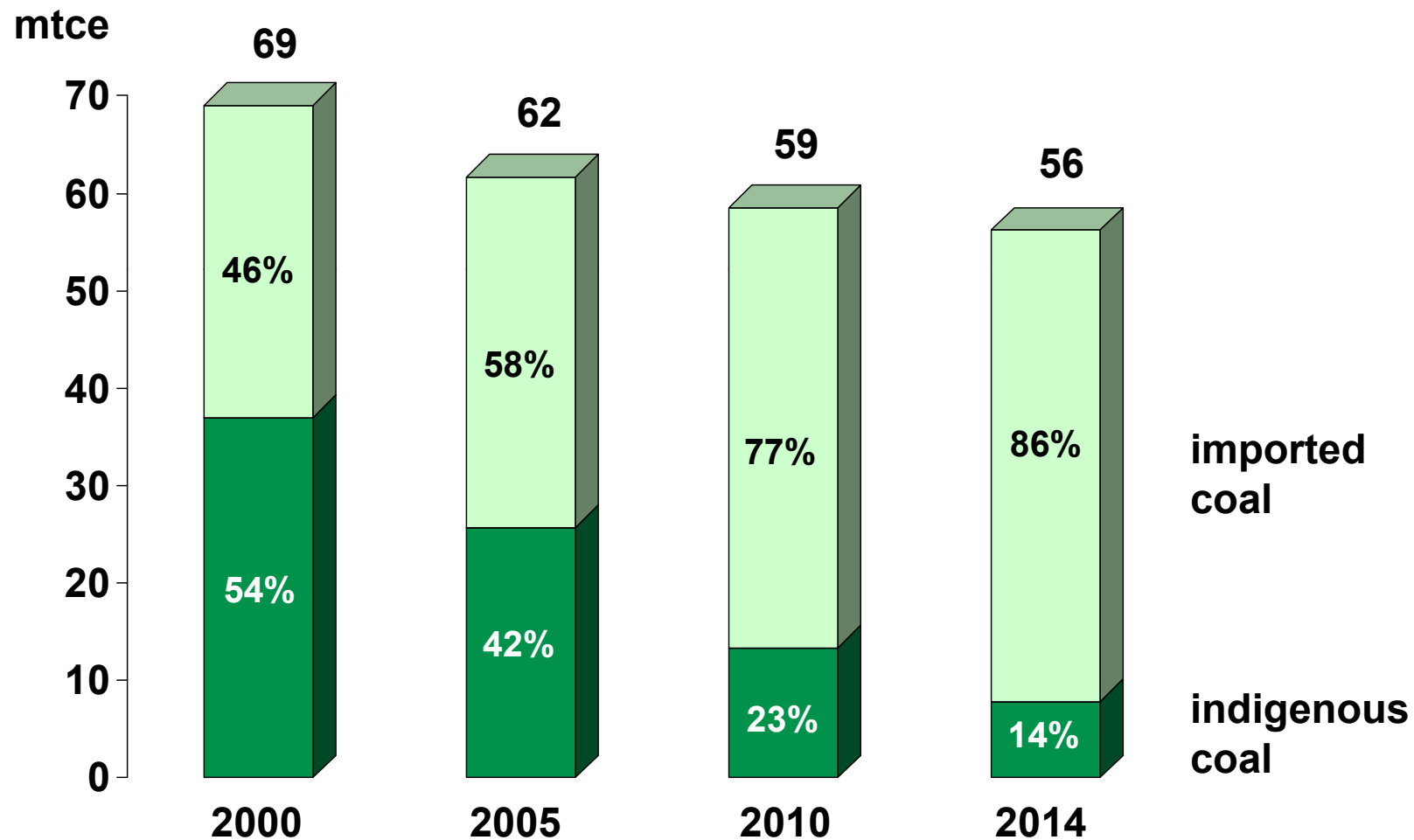
## accidents

(total per million hours worked)



\* only units under mining-authority supervision

# German coal market: consumption of indigenous and imported coal since 2000



**Setting the scene for  
socially acceptable phasing-out:**

**Coal-policy decisions in 2007 and  
Coal Industry Financing Act**

# Key points of the coal-policy understanding reached on 7 February 2007

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Federal government:  
Economics and  
Finance ministries



Saarland:  
Economics ministry



North Rhine-Westphalia:  
Economics ministry



mining company



trade union

socially acceptable phasing-out  
of subsidized coal production in Germany  
until 2018

reduction of production  
to 12 mt until 2012

long-term, reliable financing regime  
(Coal Industry Financing Act)

review clause 2012  
(checking need to continue mining beyond 2018)

Graph: RAG

# Implementation of the coal-policy understanding reached on 7 February 2007

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All parties concerned were involved in implementing the concept (graph 11), in particular RAG AG as company concerned and signatory of the understanding.

On request of the Federal government RAG produced model calculations for feasible phase-out dates (2012/2014/2016/2018), an accountancy firm produced a study on the closure costs and costs for inherited liabilities and perpetual responsibilities for the different scenarios.



Graph: DSK

# Implementation of the coal-policy understanding reached on 7 February 2007

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**The final phase-out date 2018 was fixed solely to ensure socially acceptable staff reduction.**

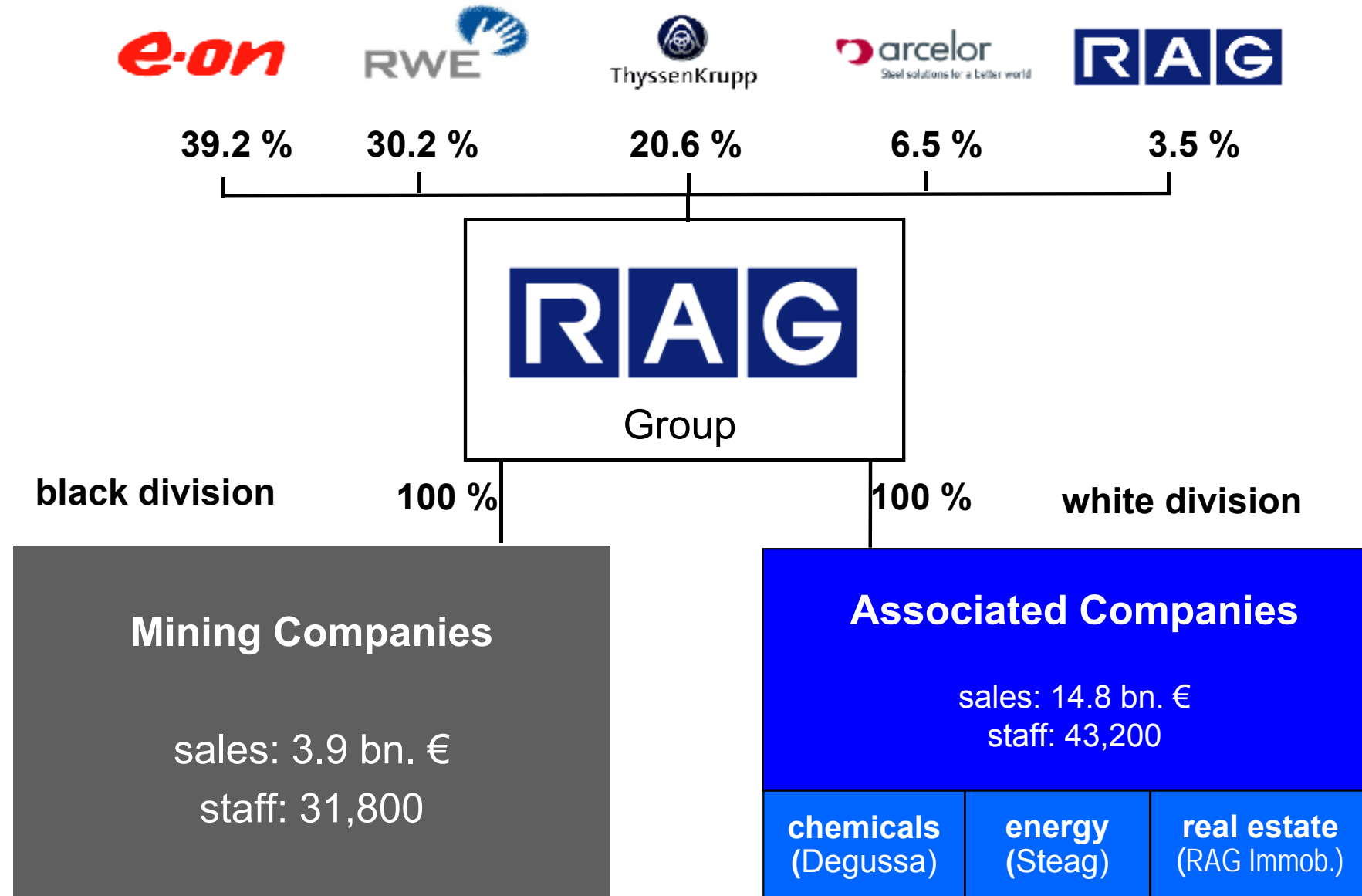


Graph: DSK

# Corporate structure in 2006

Retirement of coal fired power stations  
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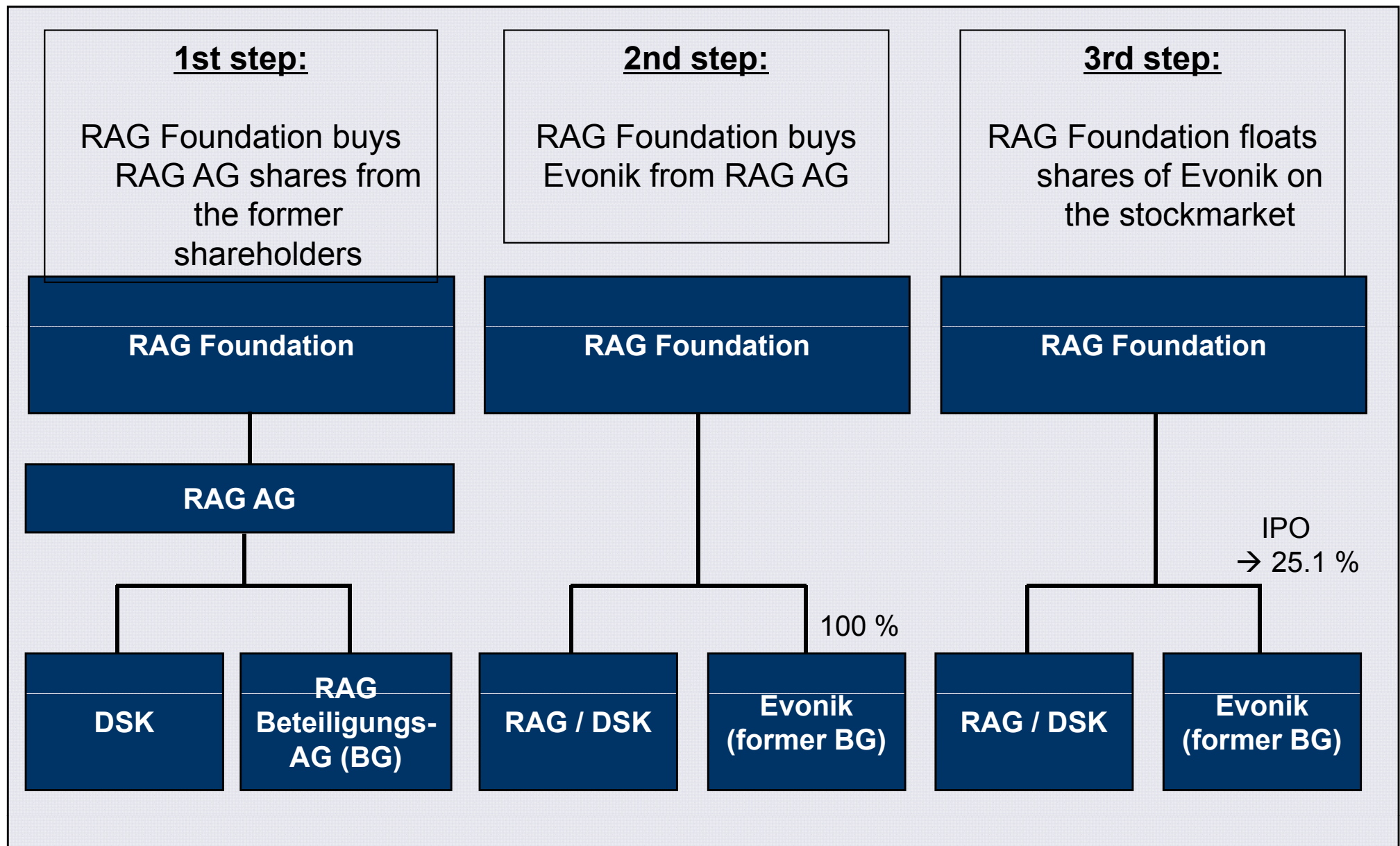




# Separation into “black” and “white” divisions

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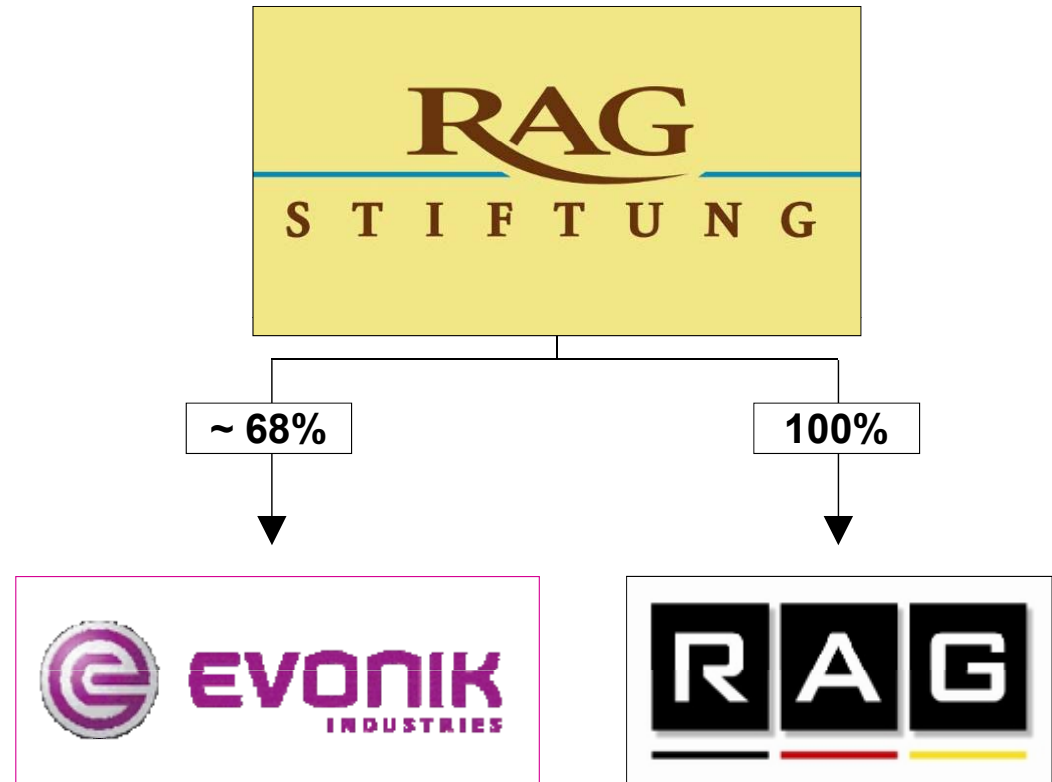
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Graph: DSK

## Tasks of the RAG Foundation

- Socially acceptable adaptation of the coal industry until the end of 2018
- Floating of EVONIK Industries AG on the capital market
- Funding of the industry's perpetual responsibilities from 2019 onwards
- Supporting education, science and culture in the mining regions

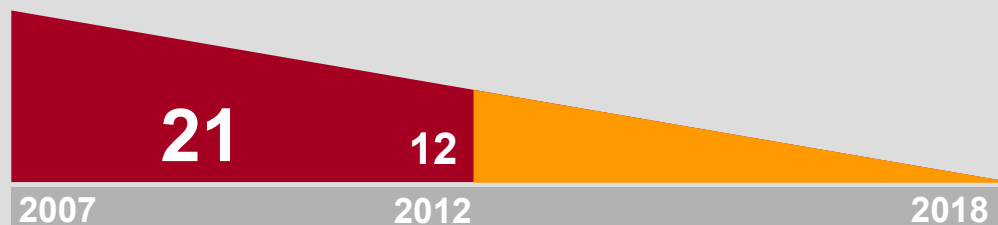


# Phasing-out process = unconditional adaptation by 2012

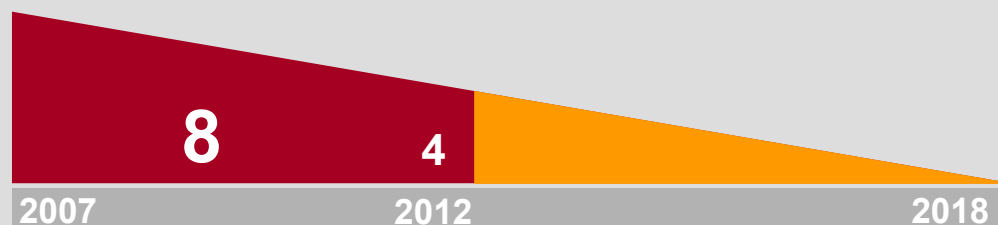
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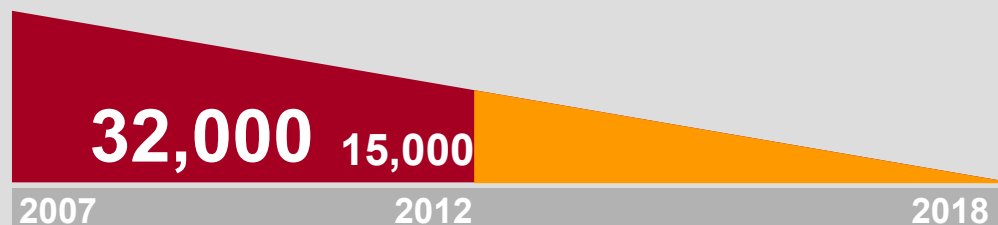
development of production capacity by 2012



development of number of mines by 2012



development of staff by 2012



The  
company  
was  
halved  
by 2012.

Graph: RAG

# Unconditional adaptation by 2012 affects every single staff member

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*17,000 staff members left by 2012 – 3,000 of those taking up employment in other companies*



*7,500 staff members will be relocated over the next five years*



*Many staff members will work in new jobs*



Graph: RAG



8 | Diario de León | MIÉRCOLES, 26 DE MAYO DEL 2010

LEÓN

ALIANZA EN DEFENSA DEL CARBÓN

Un frente común ante la UE

## España y Alemania reclaman a la UE un marco de estabilidad para el carbón

Los dos países unen fuerzas para exigir la ampliación de las ayudas al sector al menos hasta el 2018, y que no se lleven a cabo más reducciones en la producción

MARÍA JESÚS MUÑOZ | LEÓN

■ España y Alemania reclamarán de manera conjunta a la Unión Europea un nuevo reglamento de ayudas a la producción de carbón, o en todo caso la prórroga del reglamento actual, que concluye el próximo 31 de diciembre. Un marco que garantice la estabilidad del sector al menos hasta el 2018, aunque también se baraja la posibilidad de ampliar la reglamentación de las ayudas hasta el 2020 ó el 2022.

Los empresarios mineros de los dos países reclaman además que se den por concluida la reestructuración del sector: en el caso español en los márgenes que contempla actualmente el Plan del Carbón (que concluye en el 2012) y en el alemán una vez que se lleve a cabo la reducción prevista en el 2018 (que también se revisará en el 2012).

Así lo manifestaron ayer durante un encuentro celebrado en la



Franz-Josef Wodopia, Tomás Villanueva y Victorino Alonso, ayer en León. NORBERTO

Los proyectos tecnológicos garantizan el futuro del sector

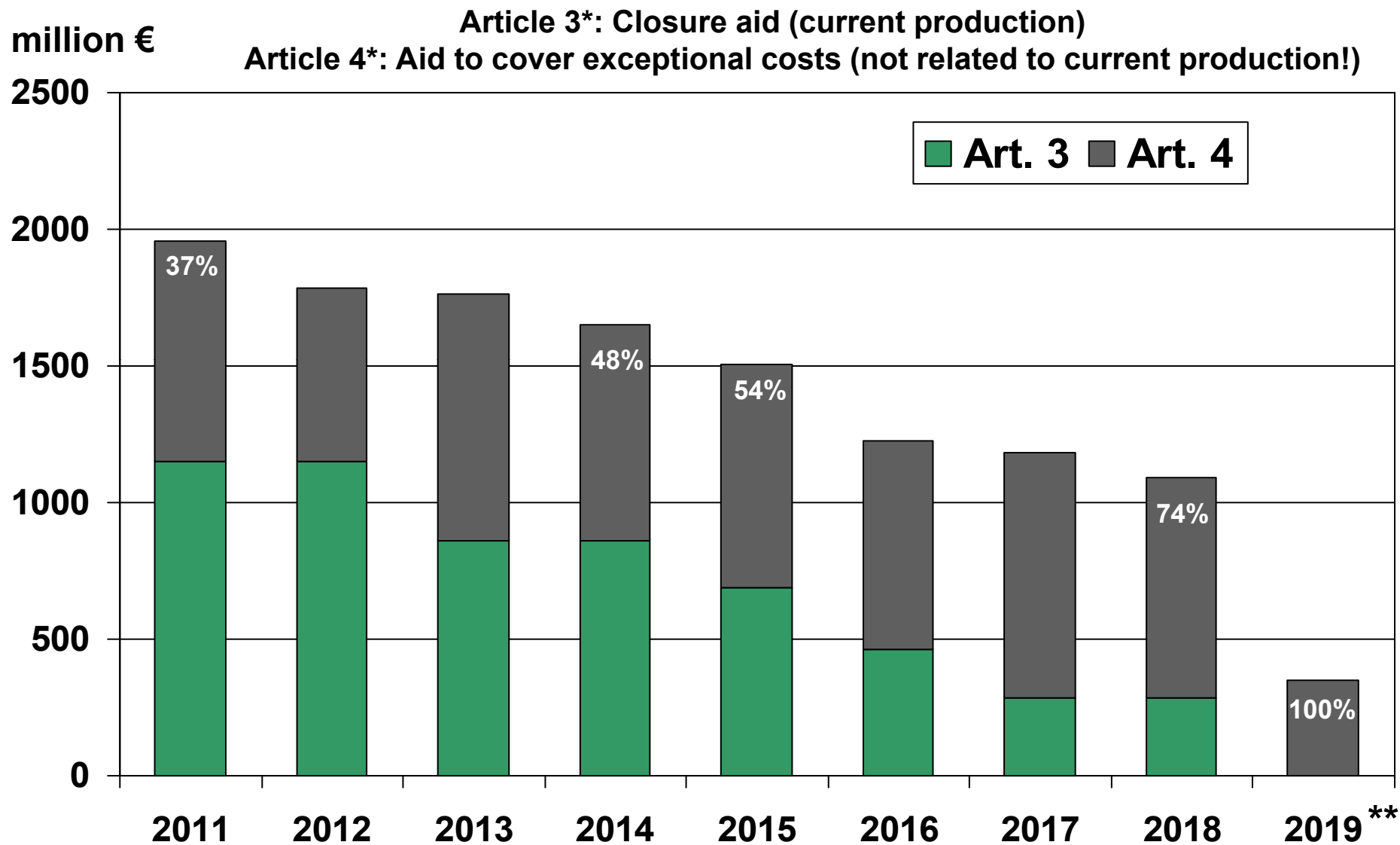
■ Tomás Villanueva destacó ayer en León que los avances que se están realizando en la generación limpia de carbón, a través de las inversiones en captura y almacenamiento de CO<sub>2</sub>, garantiza el futuro del sector minero. «No sería razonable que se estuvieran llevando a cabo estas inversiones con el apoyo de la Unión Europea, y que a la vez no se dispusiera de un marco de ayudas, lo que llevaría al cierre del sector».

Un argumento en el que coincidió el presidente de la patronal minera alemana RAG, que recordó que en su país también se están llevando a cabo importantes inversiones con el objetivo de hacer que la combustión de carbón sea lo más medioambientalmente sostenible posible.

Los representantes administrativos y mineros coincidieron en señalar que la apuesta decidida por fomentar las tecnologías de combustión limpias y de captura de CO<sub>2</sub> es una señal inequívoca de la confianza en el futuro del sector, que ahora negocia su nuevo marco de ayudas.

- Notification restructuring plan 2008 – 2018
- Deletion review clause (2012) from Coal Industry Financing Act
- New Council Decision on state aid: 2010/787/EU

# Approved state aid to facilitate the closure of uncompetitive coal mines according to the German closure plan



\* Council Decision 2010/787/EU

\*\* From 2019 onwards depreciations from the closure of the last mines and further costs of production units which have closed shall be distributed over several years. Therefore this figure is only an estimate of the necessary Art. 4 aid in this year.

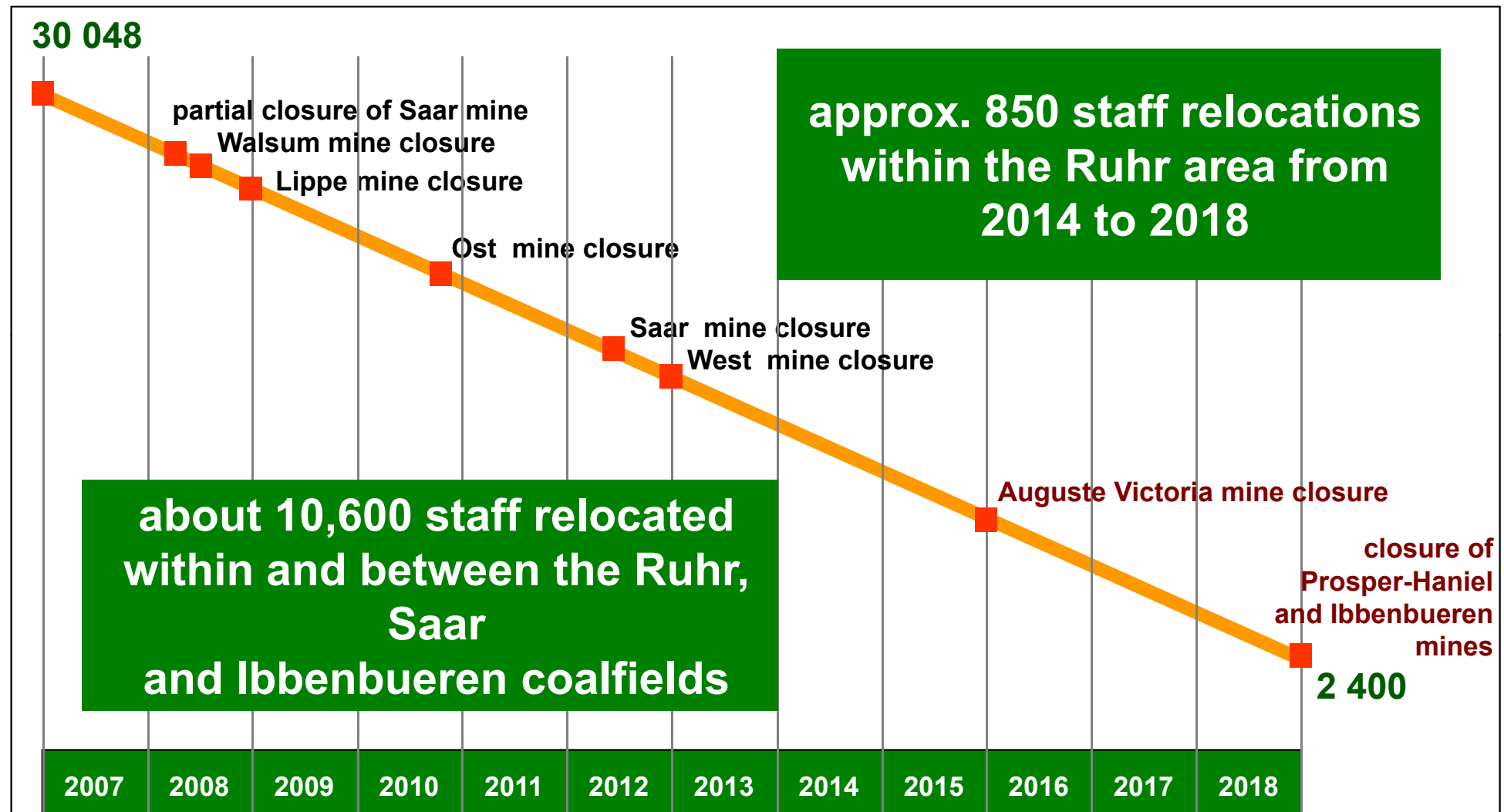
# Measures for socially acceptable staff adaptation

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- For socially acceptable staff adaptation, a comprehensive package of instruments is available.
- It includes:
  - statutory regulations,
  - collective bargaining regulations,
  - internal company programmes.

# RAG AG: employment and relocation figures 2007 – 2018

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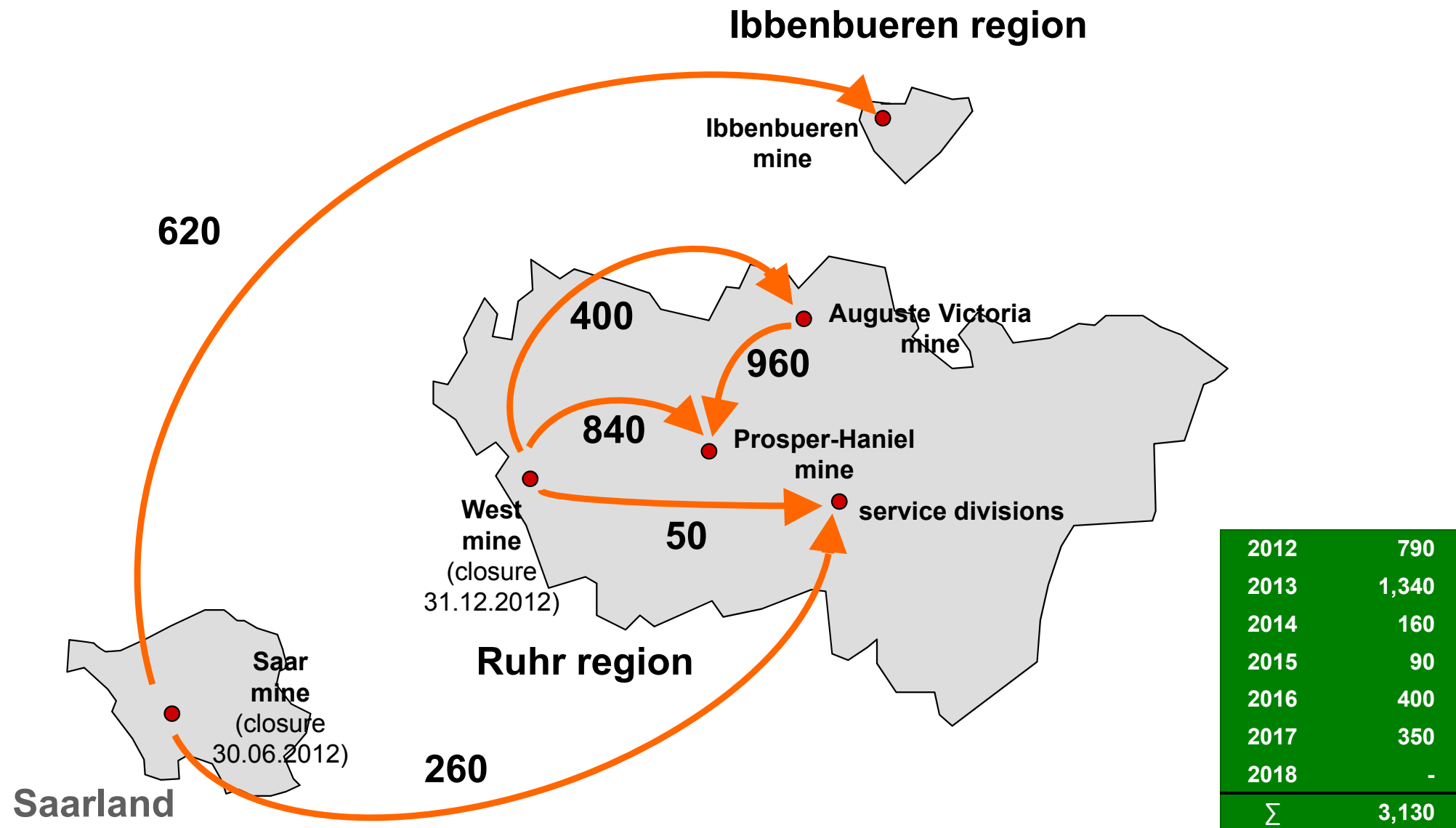




# RAG: staff relocation 2012 to 2018

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# Early-retirement scheme of RAG



year of birth		age															
		49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	→
under-ground mining	1959-1963		adaption payment*						transition payment**				retirement pension				
	1964 - 1972		adaption payment*						transition payment**						retirement pension		
surface	1952-1963									adaption payment*				retirement pension			
	1964									adaption payment*				ret. pension			

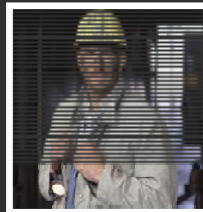
\* paid by the Federal Office for Economic Affairs and Export Control ("Anpassungsgeld")

\*\* paid by the miners' pension insurance ("Knappschaftsausgleichsleistung")

## Strategy 2020 – More than just early retirement ...

### early retirement

special  
mining-specific  
early retirement regulations



### labour-to-labour transfers (StaffDevelopmentCenter)

qualification/retraining

on-the-job qualification

direct redeployment

in-house redeployment

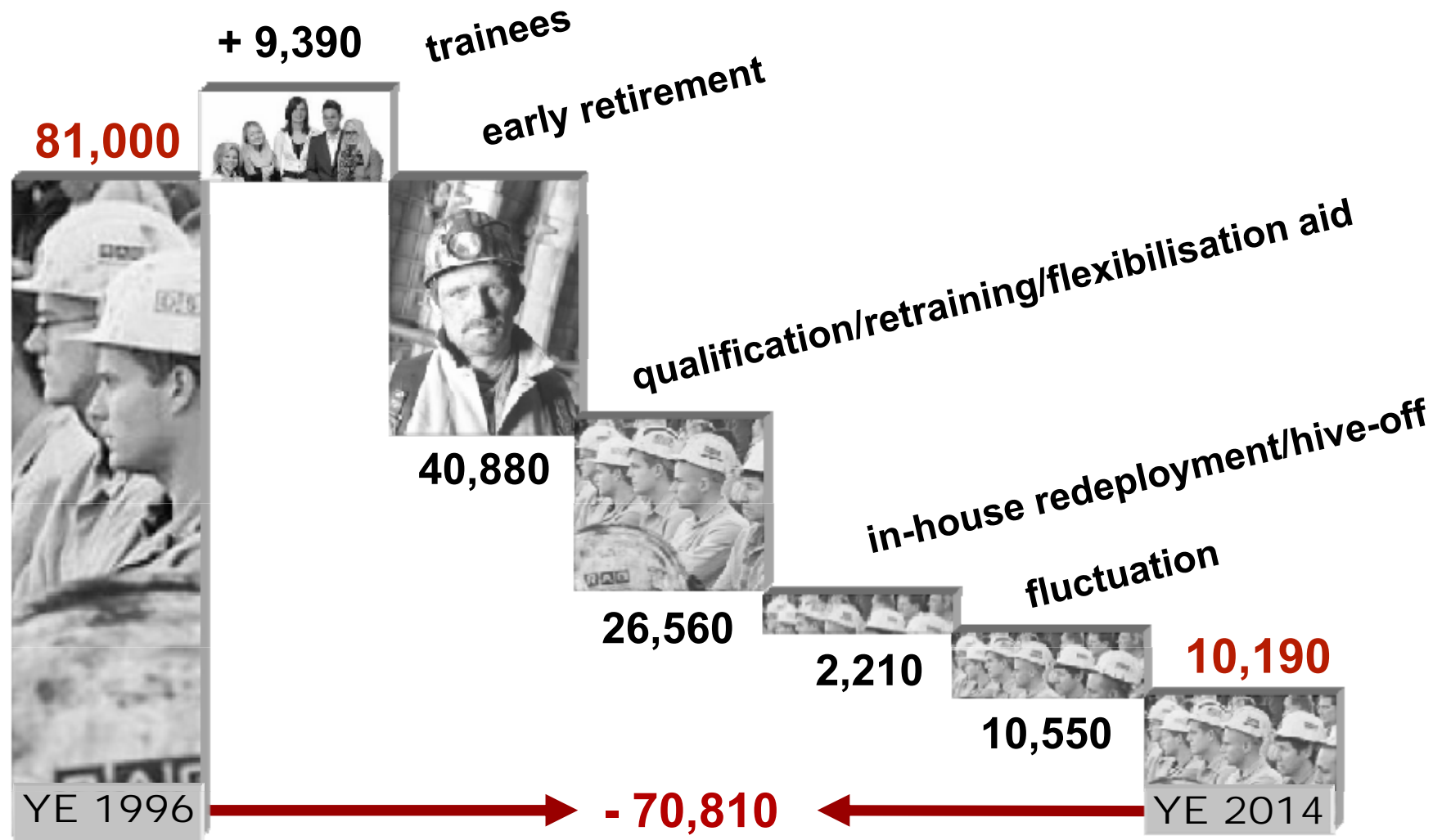
temporary placement

redundancy payments



# Which path do we follow?

## socially acceptable staff reduction 1997 - 2014



# Instruments for socially acceptable staff reduction



Some 900 former miners now work in the "white sector".

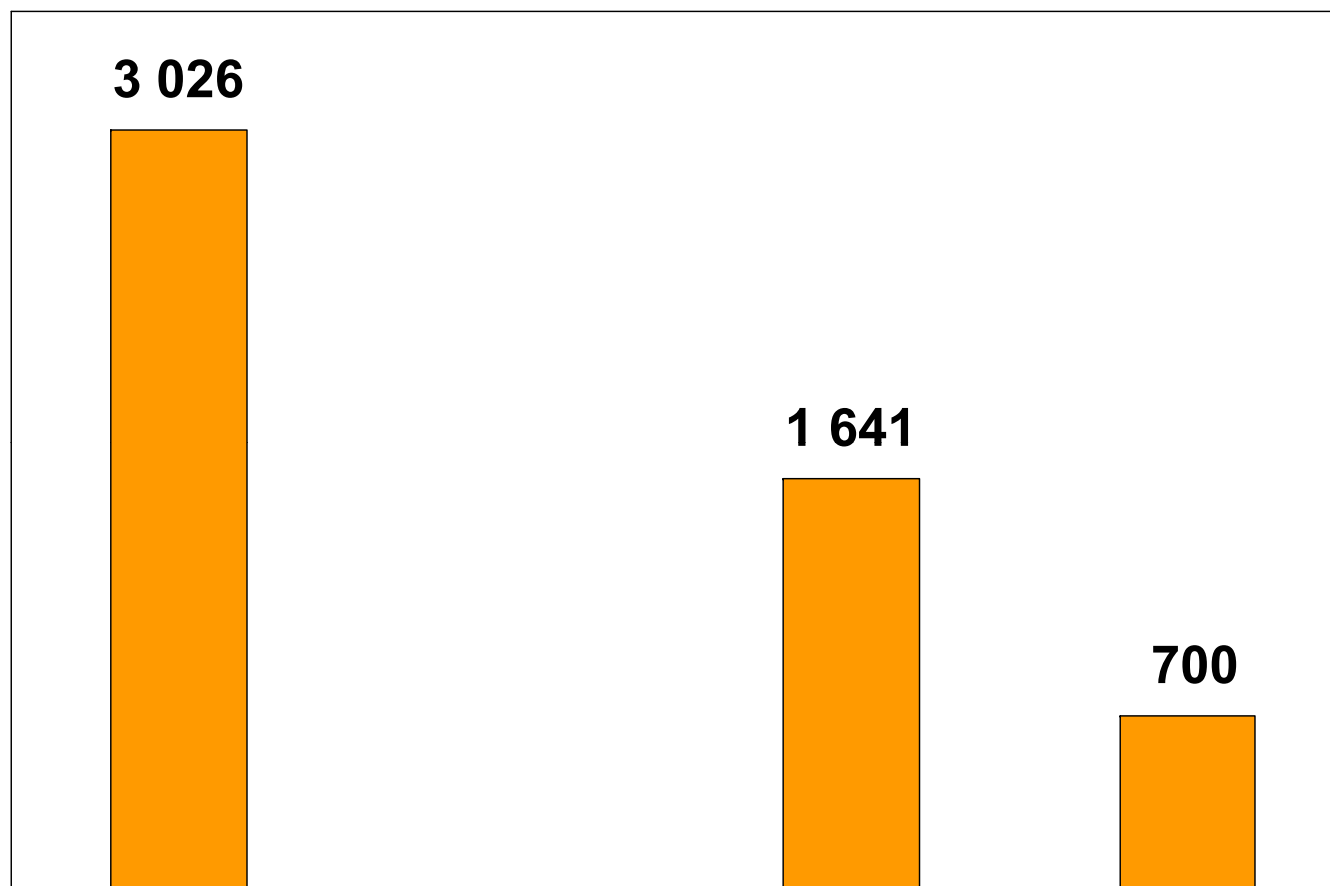
Some 100 former miners now work at Dortmund Airport.



# RAG staff not eligible for early retirement

Retirement of coal fired power stations  
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January 2007

April 2012

April 2015

**28 December 2007**

Coal Industry Financing Act  
takes effect

**01 April 2012 – 30 April 2015**

Collective wage agreement on socially  
acceptable personnel measures in view of  
coal industry phase-out by 31 December 2018

# **Re-orientation and future tasks of RAG**



# Range of measures in the field of mining legacy

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**polder measures**

**groundwater purification**

**mine water management**

**handling of mining damage to  
buildings**

**old shafts and close-to-surface  
mining**

**land rehabilitation**

**RAG continues to be the contact for municipalities and people  
in the mining regions.**



► **Versatile know-how around real estate and land management**



## development

- land development
- project development



## renewables

- wind farms on spoil heaps
- solar parks
- biomass parks



## management

- portfolio management
- facility management
- land management
- management former mining



## environment

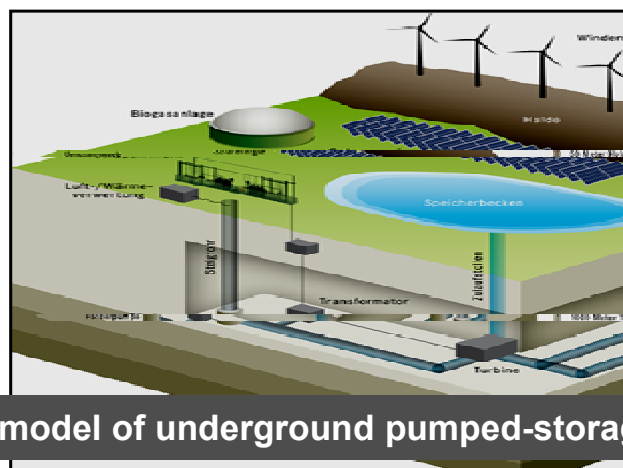
- soil management
- compensation land management



**30 years of experience as owner, investor, service provider**

# Activities in renewable energies and underground pumped-storage technology

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RAG MI has activities in the fields of solar energy, wind energy and geothermal energy. Underground pumped-storage technology is developed by RAG AG. Projects depend on public acceptance, environmental protection concerns and the general political conditions.



# RAG's strategy for a sustainable corporate policy

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We intend to leave  
an intact  
environment behind  
wherever possible.



We intend to  
contribute to the  
region's economic  
future.



We intend to treat  
the people  
responsibly.



We intend to  
safeguard the mining  
industry's cultural  
heritage.





Ewald 1/2/7, Herten, 1962





Ewald 1/2/7, Herten, 2012





Ewald 1/2/7, Herten, 2012

