

COMMISSION DECISION

of 29 June 1983

concerning the aids that the Hellenic Republic proposes to grant to the steel industry

(Only the Greek text is authentic)

(83/394/ECSC)

THE COMMISSION OF THE EUROPEAN
COMMUNITIES,

Having regard to the Treaty establishing the European
Coal and Steel Community,

Having regard to Commission Decision No
2320/81/ECSC of 7 August 1981 establishing
Community rules for aids to the steel industry ⁽¹⁾, and in
particular Article 8 (3) thereof,

Having given notice, in accordance with Article 8 (3) of
the abovementioned Decision, to the parties concerned to
submit their comments ⁽²⁾, and having regard to those
comments,

Whereas:

I

By letter dated 20 October 1982, the Greek Government
notified the Commission of its intention to grant
investment aids to the steel undertakings Metallourgiki
Halyps and Sidenor. After an initial scrutiny of the
proposed aids in the light of the provisions of Articles 2
and 3 of Decision No 2320/81/ECSC and on the basis of
information provided by the Greek Government, the
Commission concluded that no information was
provided on the amount and form of aids, and that no
capacity reductions were proposed. For these reasons the
Commission initiated with respect to the aids proposed
the procedure provided for in Article 8 (3) of Decision No
2320/81/ECSC. Accordingly the Commission, on
22 December 1982, sent a letter constituting formal
notice to the Greek Government to submit its
comments.

II

In its replies, by letters dated 4 February and 8 June 1983
respectively, the Greek Government provided the
Commission with information on the amounts and forms
of aids proposed; it also stated that the investment
programme of Metallourgiki Halyps foresaw the
extension of a water treatment unit, the installation of an

oxygen producing unit and of a reheat furnace; that the
investment programme of Sidenor foresaw the
installation of an electric furnace, rolls and other
measures for the protection of the environment; that both
investment programmes are still under preparation, the
undertakings concerned not having taken their final
decisions yet. In their replies two Member States and one
federation of undertakings of the sector were in general
agreement with the conclusions of the Commission.

III

The investment aids subject to the procedure of
Article 8 (3) of Decision No 2320/81/ECSC are:

- a grant of Dr 235 million to Metallourgiki Halyps,
- a grant of Dr 150 million to Sidenor,
- possible guarantees for ECSC loans.

The Greek Government has not proposed any capacity
reduction to justify these aids.

IV

The second indent of Article 2 (1) of Decision No
2320/81/ECSC provides that restructuring programmes
must result in an overall reduction in the production
capacities of the undertakings in receipt of aids.
According to the returns made by the firms to the
Commission's annual investment surveys their capacities
to produce hot-rolled products will increase for the period
1980 to 1985 by 100 000 tonnes in the case of
Metallourgiki Halyps and by 50 000 tonnes in the case of
Sidenor.

The second indent of Article 3 (1) provides that the
amount and intensity of aids must be justified by the
extent of the restructuring effort involved; moreover, the
capacity reductions which are required in order to obtain
an overall capacity reduction at a Community level of
30 to 35 million tonnes in hot-rolled products should be
distributed fairly; this level of overall capacity reduction

⁽¹⁾ OJ No L 228, 13. 8. 1981, p. 14.

⁽²⁾ OJ No C 133, 20. 5. 1983, p. 2.

is in view of the General Objectives for Steel, necessary to allow a return to a level of capacity utilization which is considered the minimum required to restore the viability of the Community steel industry under normal market conditions; on this basis sufficient effort must be accepted by the Greek steel industry; therefore an appropriate net capacity reduction in hot-rolled products must be proposed in favour of the two companies concerned; a deadline should be established for the identification of the closures that will have to be implemented.

V

The Commission must supervise the grant of aids authorized and observance of the conditions imposed by it.

The capacity reductions must be obtained by the closure of plant producing hot-rolled products and the Commission must be able to verify that such closure is definitive. The net capacity reductions take into account any capacity increases that may result from approved investment programmes. In the context of the realization of the objective of adapting production capacity to demand, the creation of any new capacity must be compensated by additional closures.

The first indent of Article 2 (1) of Decision No 2320/81/ECSC provides that aided undertakings must be engaged in the implementation of a restructuring programme which is capable of restoring their competitiveness and of making them financially viable without aid under normal market conditions. The Commission must therefore be assured that the aids contribute to restoring viability.

The Commission can only authorize aid for undertakings which have fulfilled the entirety of their obligations resulting from the application of the ECSC Treaty.

The authorization of the aids under consideration cannot prejudice any decisions that the Commission may have to take under Articles 65 and 66 of the ECSC Treaty.

There exists a system of quotas ⁽¹⁾ under Article 58 of the ECSC Treaty and its extension is considered necessary.

In view of all the above, the Commission cannot authorize the proposed aids unless the conditions and requirements laid down in this Decision are fulfilled,

HAS ADOPTED THIS DECISION:

Article 1

The following investment aids which the Greek Government plans to grant to Metallourgiki Halyps and Sidenor are not compatible with the orderly functioning of the common market unless the conditions and requirements set out in Articles 2 to 4 are satisfied:

- a grant of Dr 235 million to Metallourgiki Halyps,
- a grant of Dr 150 million to Sidenor,
- possible guarantees for ECSC loans.

Article 2

1. In order that the aids referred to in Article 1 may be compatible with the orderly functioning of the common market, the undertakings to which it is planned to grant the aids shall carry out appropriate net reductions in their production capacity for hot-rolled products. The requisite capacity reductions may also be contributed by other undertakings.

2. A list of the plants to be closed, giving the closure dates and a report of increases in capacity resulting from investment, shall be sent to the Commission by 31 January 1984 so that it can satisfy itself that the net reductions specified in the first paragraph will be achieved; the closures shall be implemented by 31 December 1985.

Article 3

The aids may be paid only if the Commission is satisfied, on the basis of an application submitted by the Greek Government specifying the amount, form and purpose of the aid and the undertaking concerned, that the conditions set out in Article 2, or a sufficient part thereof, are fulfilled and that the undertaking in question fulfils its obligations in respect of the ECSC Treaty rules, in particular those governing production quotas.

Article 4

1. The aid for investment may be granted only if the Commission, on the basis of the notification of the investment programmes, where this is required under Commission Decision No 3302/81/ECSC ⁽²⁾, has delivered a favourable opinion on the programmes pursuant to Article 54 of the ECSC Treaty.

⁽¹⁾ OJ No L 191, 1. 7. 1982, p. 1.

⁽²⁾ OJ No L 333, 20. 11. 1981, p. 35.

2. Such aid shall be disbursed as and when the undertaking incurs expenditure in connection with the investment.

Article 5

1. To enable it to check that investment aid is disbursed in accordance with the provisions of Article 4 (2), the Commission shall be informed at the beginning of each quarter of:

- the expenditure to be incurred by the undertakings during the quarter concerned both in respect of work already done and as payments on account in respect of future work,
- the investment aid to be disbursed during the same period.

2. The Commission may also carry out on-the-spot inspections to verify that the reductions in capacity referred to in Article 2 (1) have been implemented.

Article 6

1. Without prejudice to any penalties it may impose by virtue of the ECSC Treaty, the Commission may order

the suspension of aid payments if at any time it should find that:

- aid has been paid in disregard of the conditions attached to its authorization in this Decision,
- that the aided undertaking has breached its obligations under the provisions of the ECSC Treaty, in particular those governing the system of production quotas established under Article 58 and the rules on pricing.

2. The aid payments may not be resumed until the Commission has decided whether and to what extent the infringements committed call for a reduction in the amount of the aid still outstanding.

Article 7

This Decision is addressed to the Hellenic Republic.

Done at Brussels, 29 June 1983.

For the Commission

Frans ANDRIESEN

Member of the Commission