



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 03.03.1999
COM(1999) 94 final

**Commission Report on the implementation in 1998 of Commission Decision
n° 2496/96/ECSC of 18 December 1996 establishing Community rules for State aid to the
steel industry (Steel Aid Code)**

Commission Report
on the implementation of the Steel Aid Code
in 1998

1. Introduction

Article 8 of the Steel Aid Code (Commission Decision 2496/96/ECSC of 18 December 1996 establishing Community rules for state aid to the steel industry)¹ requires the Commission "to draw up annual reports on the implementation of this Decision for the Council and, for information, for the European Parliament and the Consultative Committee".

2. General overview

2.1 This report covers the second year of application of the sixth Steel Aid Code. The Commission took a total of 27 decisions under the Code, though these concerned only 25 cases since there were two cases, *Feralpi-environment* and *Bolzano*, where in the course of the year the Commission took a decision initiating proceedings and a second decision terminating them. The Commission found that there was no state aid in two cases, namely the *Stahlwerke Bremen* capital increase and the takeover of *Preussag*; in two other cases, concerning *ESF Feralpi* and the *Luxembourg steel research programme*, it terminated proceedings when the notification was withdrawn by the national authorities. It declared aid incompatible with the common market and required repayment in four cases, *Georgsmarienhütte*, *Feralpi*, *Italian tax legislation* and *ProfilArbed*. There was one partially negative decision, in *Acciaierie di Bolzano*. There were two decisions initiating proceedings with regard to aid to *Neue Maxhütte*; the remaining decisions all approved the aid under consideration.

2.2 This year for the first time the Commission initiated proceedings against a Member State under Article 88 of the ECSC Treaty for failure to comply with a state aid decision, a possibility expressly referred to in Article 6(5) of the present Code. The case concerns a failure by Germany to recover aid unlawfully paid to *Neue Maxhütte* in 1993-95; the decision initiating the Article 88 proceedings was taken on 9 December.

¹ OJ L 338, 28.12.1996, p. 42.

- 2.3 The new provision for aid towards partial closures has still not been invoked, but once again several firms took advantage of the more favourable rules on aid for environmental protection, which allow a broader application of the Community guidelines on state aid for environmental protection. Greece invoked Article 5 of the Code in order to grant aid to Greek steel firms.
- 2.4 The negative decisions taken came in cases where the Commission found that the aid did not pursue the objectives laid down in the Code or did not satisfy the tests for the admissibility of aid in the particular category. In *ESF Feralpi*, where proceedings had been initiated in 1997, the Commission took the view that the Code did not allow a distinction to be made between ECSC and non-ECSC business inside an ECSC firm and that aid approved by the Commission for stated purposes could not then be used for other purposes. Operating aid was not permitted, and the Commission took a negative decision on all of the aid involved.

The Commission also took a negative decision in *Rötzel*, where the aid was in the form of a guarantee for a loan towards the operation of the company.

Another negative decision was taken in the case of *Georgsmarienhütte*: the publicly owned corporation Hibeg had paid Georgsmarienhütte to study ways of disposing of dust dumped on a site at Westerkamp sold to Hibeg by the same Georgsmarienhütte, and the Commission decided that the money paid constituted state aid. In view of the nature of the aid it could not be approved under the Code.

The Commission took a negative decision on environmental aid to ProfilArbed, after the Court of First Instance annulled a positive decision taken earlier.

3. Member States' reports

Under Article 7 of the Steel Aid Code, the Member States reported to the Commission on aid granted to the steel industry in 1997.

The Commission would point out that Member States are under an obligation to supply these reports within two months of the end of each six-month period; they should do so at least on a yearly basis, without waiting for reminders from the Commission. To make it easier to establish that the aid reported matches the aid authorised, it would be useful if the account of each case were to refer to the Commission decision under which payments were made.

4. Description of cases of aid to the steel industry, by Member State

4.1 Belgium

4.1.1 Sidmar: aid for environmental protection

On 25 March the Commission decided to authorise the granting of environmental aid to the Belgian steelmaker Sidmar. The aid consisted of a grant of BEF 52.4 million (ECU 1.3 million) towards an investment of BEF 359.5 million in four projects designed to reduce the environmental impact of Sidmar's operations. The intensity of the aid was below the 15% ceiling set by the Community guidelines on state aid for environmental protection.

The projects concerned were: the construction of an enclosure and an air-extraction system and the installation of a bag filter at the lime-unloading site; the installation of sprinklers on the unloading crane hoppers; ultrafiltration of waste oils and emulsions; and the optimisation of energy distribution in order to avoid pollution through fluids leakage.

4.2. Germany

4.2.1 Stahlwerke Bremen: injection of capital by the State

Stahlwerke Bremen GmbH was to receive fresh capital of DEM 60 million (ECU 30.3 million) from Hanseatische Industriebeteiligungen GmbH (Hibeg), a public holding company; on 1 July the Commission decided that this capital injection did not constitute state aid since a private investor might have behaved in the same way.

The capital to be provided by Hibeg formed part of a sum of DEM 250 million in equity which Stahlwerke Bremen was receiving from its shareholders. The private shareholder, Sidmar NV, held 68% of the capital, but its contribution to the capital injection was proportionally higher, at 76%. The fact that the new capital being subscribed by Sidmar was greater than its current stake would warrant showed that an investor operating under normal market conditions was prepared to act in the same way as the public shareholder Hibeg was doing.

4.2.2 Preussag Stahl: takeover by the public authorities

On 14 October the Commission decided that the purchase of Preussag Stahl AG by the public authorities in Germany did not comprise state aid to Preussag Stahl or to its parent Preussag AG.

In February the publicly owned bank NordLB and the holding company Hannoversche Beteiligungsgesellschaft mbH, which is wholly owned by the *Land* of Lower Saxony, bought 99.8% of the shares in Preussag Stahl from its parent company Preussag AG at a price of DEM 1 060 million (ECU 539.7 million); in April Preussag Stahl was renamed Salzgitter AG - Stahl und Technologie.

The Commission examined the transaction in order to establish whether it contained any element of state aid. It found that the price offered was a market price approved by independent valuers. It was higher than the prices offered by other companies which had expressed an interest in buying the company. The Commission concluded that the publicly owned buyers had acted in the same way as private investors in a market economy, so that there was no state aid involved.

4.2.3 Georgsmarienhütte: aid for environmental protection

The steel firm Georgsmarienhütte GmbH was to receive aid amounting to DEM 61.64 million (ECU 31.2 million) from Niedersächsische Landesentwicklungsgesellschaft GmbH (Nileg), a development corporation belonging to the *Land* of Lower Saxony; on 29 July the Commission decided that the aid was unlawful and incompatible with the common market² because it could not be considered aid for environmental protection within the meaning of the Community guidelines on aid of that kind.

On 15 July 1997 the Commission had initiated proceedings against a decision by the *Land* of Lower Saxony to release Georgsmarienhütte from its environmental obligations, and in particular against aid of DEM 61.64 million paid to the company for the recycling of its old converter filter dust. In the course of the proceedings it learned that Nileg and Georgsmarienhütte had concluded a contract by which Georgsmarienhütte sold Nileg several real estate assets, including the Westerkamp site, where the old dust was stored. For the purposes of the sale, the Westerkamp site was given a negative value of DEM 24.496 million. Nileg gave Georgsmarienhütte the task of studying the possibility of cleaning up the Westerkamp site by recycling the dust.

The Commission ordered the aid unlawfully paid to be reimbursed with interest. However, if the sale of the Westerkamp site were to be cancelled, the "negative price" at which Georgsmarienhütte had sold it to Nileg, i.e. DEM 24.496 million,

² The company has challenged this decision before the Court of First Instance (Case T-181/98).

could be deducted from the amount that Georgsmarienhütte had to repay. In that case the amount to be repaid would be DEM 37.144 million (ECU 18.8 million).

4.2.4 Thyssen Krupp Stahl GmbH: aid for environmental protection

On 1 July the Commission decided to raise no objection to aid to the steelmaker Thyssen Krupp Stahl AG which the German authorities had notified on 24 March. The aid consisted of a grant of DEM 2 179 391 (ECU 1.1 million) towards eligible costs of DEM 13 208 435, an aid intensity of 16.5%.

The project for which the aid was being given was aimed at reducing atmospheric emissions of dioxin from sintering plants. The same project was receiving aid of DEM 955 261 from the Community under the LIFE programme, and this brought the total intensity of public aid to 23.73%.

The intensity was thus below the 30% ceiling allowed for projects of this kind in an industry where there were no standards governing degrees of pollution and where the improvement in environmental protection expected was very substantial: the dioxin content of gaseous emissions from the sintering plants would be reduced by 90%.

4.2.5 DK Recycling und Roheisen: aid for environmental protection

On 29 July the Commission approved environmental aid to DK Recycling und Roheisen GmbH, which the German authorities had notified in October 1997. The aid consisted of an environmental protection grant of DEM 1.8 million (ECU 0.9 million) and a guarantee provided by a scheme known as the *DtA-Umweltprogramm* on a loan of DEM 14 million. The aid component in the guarantee was valued at DEM 0.5 million (ECU 0.3 million).

DK's main business is reprocessing ferrous waste from the chemical and steel industries for use in foundries. The project notified involved the construction of an activated carbon filtration system which would enable the plant to comply with compulsory standards for pollution. The investment would amount to DEM 21.3 million, of which DEM 20.7 million was eligible for aid. The total aid to the project amounted to 2.3 million, an intensity of 11.1%, which was below the maximum intensity of 15% authorised in case of adaptation to new standards.

4.2.6 ESF Feralpi: operating aid and investment aid

On 11 November the Commission decided not to authorise aid granted to the steel firm ESF Feralpi and to require that it be recovered.³ In response to a Commission request for information, the German authorities informed it that aid which the Commission had approved for the financing of investment had been used to finance operating expenditure. The sums involved were DEM 7.2 million (ECU 3.7 million) out of a loan of DEM 60.8 million, and DEM 4.8 million (ECU 2.5 million) out of a loan of DEM 23.975 million; the Commission had earlier approved guarantees on these loans under the heading of investment aid. Additional aid of DEM 11.949 million (ECU 6.1 million) had also been given towards investment at the same steelworks without prior notification. In 1997 a public guarantee had been given covering operating costs of DEM 12 million (ECU 6.1 million).

The Commission takes the view that where it authorises aid expressly for a particular purpose, the Member State is not entitled to use the aid for other purposes. This follows from the relevant provisions of the Steel Aid Code, whereby aid may be deemed compatible with the common market by virtue of the purposes for which it is granted, and not according to its amount or form. The German Government had also argued that part of the aid had to be considered under the EC Treaty because it was intended to finance non-ECSC activities inside the firm; the Commission could not accept this. The Steel Aid Code and the ECSC Treaty do not allow such a distinction to be made. The Commission accordingly adopted a negative decision on the aid as a whole and ordered that it be repaid with interest.

4.2.7 ESF Feralpi: aid for environmental protection

On 20 March the German authorities notified the Commission of a plan to grant environmental aid to ESF Elbestahlwerk Feralpi GmbH. The aid consisted of an investment grant (*Investitionszuschuß*) of DEM 4.887 million (ECU 2.6 million), an investment allowance for tax purposes (*Investitionszulage*) of DEM 0.6 million and a public guarantee covering a loan of DEM 11.622 million.

On 3 June the Commission decided to initiate proceedings in respect of this plan under Article 6(2) of the Steel Aid Code and informed the German Government accordingly by letter of 2 July.

³ The company has challenged this decision before the Court of First Instance (Case T-6/99).

The letter was published in the *Official Journal* (OJ C 240, 31.7.1998), giving notice to other Member States and interested parties to submit any observations. By letter of 20 October, the German Government informed the Commission that it was withdrawing its initial notification and gave assurances that no aid would be given towards the investment in question. On 9 December the Commission decided to take note of the withdrawal of notification and to terminate the proceedings.

4.2.8 Eisen- und Stahlwalzwerke Rötzel: operating aid

On 14 July the Commission decided that a guarantee given by the *Land* of North Rhine-Westphalia to Eisen-und Stahlwalzwerke Rötzel GmbH to cover a bank loan of DEM 15 million (ECU 7.6 million) was unlawful in that it had not been notified in advance and was incompatible with Article 4(c) of the ECSC Treaty because it did not satisfy any of the tests for exemption set out in the Steel Aid Code.

The purpose of the aid was to support a restructuring plan for the company by covering its operating costs. The company had since gone into insolvency. The Commission held that the company had already been in difficulty at the time the guarantee was given, and accordingly valued the aid element as equal to the total covered by the guarantee, that is to say DEM 12 million (ECU 6.1 million). It asked Germany to recover that sum.

4.2.9 Stahlwerk Thüringen: aid for R&D

On 20 May the Commission decided to raise no objection to aid which the German authorities planned to grant to the steel firm Stahlwerk Thüringen GmbH towards a research and development project to be undertaken as part of an innovation scheme in the *Land* of Thuringia (*Innovationsförderprogramm des Landes Thüringen*), a scheme that the Commission had already approved. This "new sections" project was aimed at the development of a new type of beam; large sections could be rolled to current continuous caster specifications while maintaining a high quality of moulding.

The intensity of the aid was in line with the Community framework for state aid for research and development, which allowed an intensity of up to 25% for pre-competitive development, plus up to 10 percentage points for projects to be carried out in Article 92(3)(a) regions, as this one was. On the question of the incentive effect of the planned aid, the Commission accepted that the project involved significant technical and financial risks and that the costs were a considerable burden on the firm's resources. The financing would not have been

possible without the aid, and the project could have begun only at a later date and would have taken longer to complete. The Commission evaluated the project in the light of the situation of the firm receiving the aid and concluded that the aid was indeed an incentive to the firm to carry out a project it would not have undertaken in the course of its day-to-day business.

4.2.10. MCR: aid for environmental protection

On 9 December the Commission approved a plan to grant aid to a new German company, MCR Gesellschaft für metallurgisches Recycling, on the ground that it would make a substantial contribution to improving environmental protection. Although the company qualified as a steel firm, its core business was to be the recycling of motor vehicle bodies. This was to be done using a new process which would substantially reduce toxic waste and produce much smaller gas emissions than traditional steel production plants.

The aid consisted of an interest subsidy on a loan of DEM 65 million (ECU 33.2 million) and a guarantee covering 80% of a maximum of DEM 67.98 million. The overall intensity of the aid was equal to 8% of the eligible costs.

4.2.11 Neue Maxhütte: aid for environmental protection

On 9 December the Commission decided to initiate proceedings in respect of a plan notified by the German authorities to provide financing for the firm Neue Maxhütte. Work was to be undertaken to prevent a slag heap collapsing on the company's land, at a cost of DEM 2.9 million (ECU 1.48 million); under the plan, which the Commission questioned, the whole of the cost would be borne by the *Land* of Bavaria.

The German authorities argued that the operation would not benefit Neue Maxhütte and that Neue Maxhütte was not responsible for the slag heap, which predated the setting-up of the company. The Commission was not convinced of this view and considered that, since Neue Maxhütte had dumped its own slag on the heap and had used slag from the heap for road building, it was indeed responsible for it.

Leaving aside the question of the compatibility of this aid measure, the Commission also drew the German authorities' attention to the fact that no new aid could be paid to the company until earlier aid already declared incompatible had been recovered in accordance with the Commission decision in that case.

4.2.12 Neue Maxhütte: proceedings under Article 88 of the ECSC Treaty

On 16 December the Commission decided to initiate proceedings against Germany for infringement of the ECSC Treaty on the grounds that it had failed to comply with Commission decisions of 18 October 1995 and 13 March 1996, which ordered the recovery of unlawful and incompatible aid paid to the company and amounting to DEM 74 million (ECU 37.75 million).

The German Government and the firm both challenged the Commission's decisions before the Community lawcourts,⁴ and the Government also applied to the President of the Court of Justice to have the operation of the two decisions suspended. The President dismissed the application for a suspension in 1996, but the company has not so far repaid any aid, and in November 1998 Neue Maxhütte applied for bankruptcy.

When the Commission adopted the decisions, neither the German Government nor the *Land* of Bavaria took any immediate steps to recover the aid. A year later the *Land* began legal proceedings for recovery, but the claim it put forward was for only DEM 14 million, or 20% of the total owed. The Commission accordingly decided to invoke Article 88.

4.3. Greece

4.3.1 Halyvourgia Thessalias: investment aid

On 18 February the Commission decided to raise no objection to investment aid to be given to Halyvourgia Thessalias, which is located in Volos. The aid is to be granted under the Greek regional scheme and is intended to finance investments in the rolling mill and the steelmaking plant.

The aid for the rolling mill is in the form of a grant of GRD 968.05 million (ECU 3.1 million), or 40% of the cost of the investment, which is GRD 2 420.1 million, and a 40% interest subsidy on a bank loan of GRD 726 million. The aid for investment in the steelmaking plant consists of a grant of GRD 2 250 million (ECU 7.2 million), or 40% of the value of the investment, which is GRD 5 505.2 million, and a 40% interest subsidy on a bank loan of GRD 1 250 million.

⁴ The Court of First Instance delivered a judgment upholding the Commission's position on 21 January 1999.

4.3.2 Sidenor: investment aid

On 7 April the Commission decided to raise no objection to investment aid to be given to Sidenor, which is located near Thessaloniki.

The investment is to be undertaken at the company's steelmaking plant and rolling mill. It is to be granted under the Greek regional scheme and will take the form of: an overall grant of GRD 757.7 million (ECU 2.2 million), or 34.9% of the value of the investment, which is GRD 2 170.2 million; a 40% interest subsidy on a bank loan of GRD 345.7 million; and a 15% interest subsidy on a bank loan of GRD 198.7 million.

4.3.3 Sovel: investment aid

On 16 December the Commission decided to authorise aid of GRD 3 427 million (ECU 10.2 million) to finance investment totalling GRD 8 802 million (ECU 26.2 million) by the Greek steel firm Sovel, which is located in Almyros.

Sovel bought the Almyros steelworks in September 1996; it had previously belonged to Metallourgiki Halyps, which had been put into liquidation after its failure in 1991. The old steelworks had been idle for some time, but an on-the-spot inspection satisfied the Commission that its production capacity had indeed been maintained. The aid was needed to modernise and bring the works back on stream. After the investment the production capacity of the works will be limited to 600 000 tonnes a year, as formally undertaken by the Greek authorities.

4.4 France

4.4.1 Sollac: aid for R&D

On 30 September the Commission decided to raise no objection to aid which the French Government planned to grant to the steel firm Sollac, a subsidiary of Usinor. The aid consisted of a repayable grant of FRF 6.15 million (ECU 0.9 million) to be made under a general scheme approved by the Commission in 1989 and known as the Major Innovation Projects Key Technologies Procedure (*Grands Projets Innovants - procédure Technologies-clés*).

The project was to cost a total of FRF 20.5 million and comprised two stages of research, as defined in the Community framework for state aid for research and development, namely an industrial research stage and a pre-competitive development stage. The levels of assistance proposed for the two stages, at 33.8%

and 17%, were below the maximum admissible intensities of 50% and 25%. The costs were eligible under the framework for research and development. The aid would have an incentive effect since it would allow collaboration with universities and other firms not only in France but also in other countries such as Germany and Sweden.

4.5. Italy

4.5.1 Law No 549/95: investment aid in the form of tax relief

On 13 May the Commission ruled that aid granted by Italy to steel firms in the form of tax relief under Law No 549/95 was incompatible with the common market. It ordered that aid already provided should be recovered.

In May 1997 the Commission initiated proceedings under the Steel Aid Code in respect of Law No 549/95, and in particular the provision it made for tax relief for steel firms. The Law offers firms investment aid in the form of tax exemptions on 50% of profits which they reinvest. The aid involved has never been notified and was therefore not authorised by the Commission before it was granted. Nor does the aid qualify for any of the exemptions allowed by the Steel Aid Code.

4.5.2 Servola: aid for environmental protection

On 1 July the Commission decided to approve aid totalling ITL 6.171 billion (ECU 3.2 million) which the Italian authorities planned to grant towards environmental protection investment undertaken by Servola SpA.

In June 1996 it informed the Italian authorities that it had reservations regarding part of a package of environmental aid that the Region of Friuli-Venezia Giulia planned to grant to Servola, because part of the investment related to plant that had been put into service less than two years before the new environmental protection standards had come into force and because another part did not relate to industrial plant at all, which appeared to be contrary to the Community rules.

When the proceedings were initiated, the Italian Government announced that it was withdrawing the contested plans, the investment involved being ITL 14 billion. The Commission took note of the Italian authorities' irrevocable intention to cancel these aid measures and terminated the proceedings by confirming its initial assessment and limiting the public aid to a gross maximum of ITL 6.171 billion, in line with the Community ceilings.

4.5.3 Acciaierie di Bolzano: aid for environmental protection and for R&D

On 28 October the Commission terminated proceedings it had initiated on 1 July; of the aid which the Italian authorities had planned to grant to Acciaierie di Bolzano, it decided to authorise only part, amounting to ITL 11.145 billion (ECU 5.7 million) for environmental protection and ITL 794 million (ECU 0.4 million) for research and development.

As regards the aid for environmental protection, the Commission considered that it could not authorise aid of ITL 6.5 billion planned for the repair of ceilings in certain premises. Investment which in any event cannot be deferred does not qualify for aid for environmental protection.

The Commission also concluded that the costs eligible for R&D aid amounted to only ITL 6 billion because some of the planned investment, amounting to ITL 2.823 billion, reflected the company's desire to broaden its product range in order to enter new, more profitable markets. All of these products already existed and were being manufactured by the company's competitors. The object was not to develop new special steel products, but rather to renew the range of products manufactured by Acciaierie di Bolzano and to modernise the plant needed to make them.

4.6 Luxembourg

4.6.1 ProfilArbed: aid for environmental protection

On 17 June the Commission reviewed an earlier decision on aid of LUF 91.950 million (ECU 2.3 million) and ruled that the aid was incompatible with the common market. It ordered that the aid be recovered with interest from the date of payment until the date of recovery. In December 1994 the Commission had decided to authorise the aid, which the Luxembourg authorities were planning to grant towards investment to be undertaken by ProfilArbed in connection with the construction of its new steelworks in Esch-Schifflange.

That decision was subsequently annulled by the Court of First Instance in a case brought by a competitor of Arbed. The Commission had to re-examine the aid in the light of the Court's findings. In line with the judgment, it now concluded that observations put forward by the Luxembourg authorities were not in fact such as to alter the view of the case which it had taken at the very outset, when it initiated proceedings in June 1994. The aid did not qualify for any of the exemptions

permitted from the general ban on state aid laid down in Article 4(c) of the ECSC Treaty

4.6.2 ProfilArbed and Ares: aid for R&D

On 4 February the Commission decided to raise no objection to aid totalling LUF 16 250 000 (ECU 0.4 million) which the Luxembourg authorities notified on 30 July 1997; the aid was to be granted to the two steel firms ProfilArbed SA and Ares SA, both belonging to the Arbed group, to help them participate in an international research programme entitled "Comet Phase 2". The Luxembourg authorities had accepted eligible costs of LUF 65 million, on which they planned to provide grants not exceeding LUF 16 250 000, of which LUF 12 250 000 (ECU 0.3 million) for ProfilArbed and LUF 4 000 000 (ECU 0.1 million) for Ares.

After studying the case the Commission concluded that the aid notified related to an R&D programme which complied with the Community framework for state aid for research and development, that the ceilings were being respected, that the work was not part of the ordinary business of the firm and that the aid would help to increase the R&D being carried on by the companies well beyond that what they would ordinarily undertake.

4.7 Netherlands

4.7.1 Hoogovens Staal: aid for R&D

On 25 March the Commission decided to raise no objection to a plan to provide aid towards an R&D project, the "Cyclone Converter Furnace". The project concerned a novel process for the production of iron developed by Hoogovens Staal, which is part of Koninklijke Hoogovens NV.

Hoogovens would not be able to use the iron produced in the experimental process for industrial purposes, and the research facility would not be integrated into the production process. The intensity of the aid would be 23% of the total investment of NLG 261 million. The Commission was satisfied that the planned aid, which amounted to NLG 60 million (ECU 26.9 million), complied with the rules in the Steel Aid Code and the Community framework for state aid for research and development.

4.8 United Kingdom

On 14 October 1998 the Commission decided to approve aid of GBP 230 005 (ECU 0.3 million) which the United Kingdom had granted to British Steel under the

LINK research programme. Acting on reports in the press to the effect that aid had been given to British Steel to develop a product known as "Slimdeck ", the Commission asked for information from the UK authorities. The cost of the project to British Steel was GBP 921 020 and, although it initially received a direct grant of GBP 380 760 (ECU 0.6 million), giving an aid intensity of 41.34%, the UK authorities subsequently decided to reduce the grant to 25% of the costs and asked British Steel to repay the difference with interest.

The Commission took the view that the project was a genuine development activity as defined in the Community framework for state aid for research and development and that the intensity of the aid ultimately granted was in accordance with the rules. There had been an incentive effect because British Steel had been conducting research into a similar product but in a different direction and had reoriented its research in response to demand from universities. Without the aid British Steel would not have agreed to change the direction of its research and to work with the universities, in view of the high risks and costs associated with such a course of action.

Decisions taken in 1998

Member State	Company (aid measure No)	Amount (ECU m)	Form of measure	Purpose	Commission Decision	Official Journal ref.
B	Sidmar (N 675/97)	1.3	grant	environment	no objection (25.03.98)	C 392, 16.12.98
D	Stahlwerke Bremen (N 337/98)	30.3	capital injection	capital increase	no aid (01.07.98)	C 392, 16.12.98
	Preussag (NN 83/98)	539.7	capital injection	takeover of company	no aid (14.10.98)	C 392, 16.12.98
	Georgsmarienhütte (C 46/97)	31.2	contribution	environment	negative (29.07.98)	not yet published
	Thyssen (N 197/98)	1.1	grant	environment	no objection (01.07.98)	C 392, 16.12.98
	DK (N 733/97)	0.9	grant	environment	no objection (29.07.98)	C 289, 17.09.98
		0.3	guarantee			
		1.2	(total aid)			
	Feralpi (C 75/97)	3.7	guaranteed loan	operating	negative (11.11.98)	not yet published
		2.5	guaranteed loan	operating		
		6.1	guaranteed loan	operating		
		6.1	grant	investment		
	Feralpi (C 41/98)	-	grant and loan	withdrawn	withdrawal noted (09.12.98)	not yet published
	Rötzel (C 60/97)	6.1	guarantee	operating	negative (14.07.98)	not yet published
	Thüringen (N 484/98)	0.5	grant	R&D	no objection (20.05.98)	C 253, 12.08.98
	MCR (C85/97)	33.2	interest rate subsidy	environment	positive (09.12.98)	not yet published
		34.7	80% guarantee			
Neue Maxhütte (C73/98)	1.48	contribution	environment	proceedings initiated (09.12.98)	not yet published	
Neue Maxhütte (C55/94 et 41/95)	37.75	grants and interest	recovery of unlawful aid	Article 88 ECSC (16.12.98)	not yet published	
EL	Halyvourgia (NN 135/97; NN 136/97)	10.3	grants	investment	no objection (18.02.98)	C 16, 29.01.99
		6.3	interest rate subsidy			
	Sidenor (NN 139/97)	2.2	grant	investment	no objection (07.04.98)	C 16, 29.01.99
		1.6	interest rate subsidy	investment		
Sovel (NN137/97)	10.2	grant and interest rate subsidy	investment	no objection (16.12.98)	not yet published	
F	Sollac (N 485/98)	0.9	repayable grant	research	no objection (30.09.98)	C 11, 15.01.99
IT	Act No 549/95 (C27/97)	not known	tax relief	investment	negative (13.05.98)	not yet published
	Servola (C 22/96)	3.2	grant	environment	positive (01.07.98)	not yet published
	Bolzano (C.46/98)	5.7	grant	environment	part. positive (28.10.98)	not yet published
		0.4	grant	research		
LUX	ProfilArbed (C 25/94)	2.3	grant	environment	negative (17.06.98)	not yet published
	ProfilArbed and Ares (C 36/97)	-	grant	withdrawn	withdrawal noted (11.03.98)	C 125, 23.04.98
	ProfilArbed and Ares (N 595/97)	0.3	grant	research	no objection (04.02.98)	C 211, 07.07.98
0.1		grant	research			
NL	Hoogovens (N 624/97)	26.9	grant	research	no objection (25.03.98)	C 211, 07.07.98
UK	British Steel (NN 117/97)	0.3	grant	research	no objection (14.10.98)	C 11, 15.01.99

* Figures in bold represent aid; figures in *italic* represent measures containing unquantified aid components.

ISSN 0254-1475

COM(99) 94 final

DOCUMENTS

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16 08 10

Catalogue number : CB-CO-99-107-EN-C

Office for Official Publications of the European Communities

L-2985 Luxembourg