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Restructuring of the Spanish Integrated Steel Company

Corporación de la Siderurgia Integral

Communication from the Commission to the Council

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### Communication from the Commission to the Council

#### 1. Introduction

1.1 On 12 April 1992 the Spanish Government notified the Commission of a plan to restructure the Spanish integrated steel company Corporación de la Siderurgia Integral (CSI), incorporating Altos Hornos de Vizcaya (AHV) and Ensidesa.

Under the plan, as from 1 January 1993 AHV and Ensidesa would cease to operate and their activities would be taken over by a new company, to whom their assets and certain liabilities would be transferred. The plan involves a number of industrial, commercial, social and financial restructuring measures which would not be finally completed until 1998, and envisages that the new company should achieve viability by 1996.

1.2 According to the Spanish Government, the total cost of the restructuring would be 599 billion pesetas (4.3 becus). In addition there would be commercial and industrial investments totalling 205-220 billion pesetas (a maximum of 1.571 becus) which the plan envisages would be financed by the new company through a combination of commercial loans and cashflow generated by the business. Accordingly the total cost of the overall restructuring is 804-824 billion pesetas (5742 - 5885 mecus).

1.3 Since the financing of the plan includes aid elements that are incompatible with Article 4(c) of the ECSC Treaty and with the provisions of Commission Decision 3855/91/ECSC (the current Steel Aids Code) these measures can be authorised only if the Commission adopts a derogation decision under Article 95 of the ECSC Treaty, which requires the unanimous assent of the Council and consultation of the ECSC consultative Committee. This communication outlines the Commission's proposed approach to the case.

1.4 Both AHV and Ensidesa's Iron and steel making is principally based in the Vizcaya (Basque) and Asturias regions respectively, both of which face social and economic problems. Vizcaya has a 1986-90 GDP per inhabitant of 85.3 (Euro 12 = 100) and an unemployment rate (1987-91) of 222.4 (Euro 12 = 100) and is an Objective 2 region and is eligible for national regional aid under Article 93.2(c). Asturias has a 1986-90 GDP per inhabitant of 71.5 (Euro 12 = 100) and an unemployment rate of 196.2 (Euro 12 = 100) and is eligible for national regional aid under Article 93.2(a). It is an Objective 1 region.

#### 1.5 Market situation

After the boom of 1989-90 the steel industry is currently going through a difficult period. This is due to the general slowdown in the economy, stagnating demand, oversupply and a collapse in prices. Compared to 1989, prices have been reduced by 20% on average (30% for certain long products). In addition to these internal factors the international market and the dollar are weak, there is pressure from imports, in particular from Eastern Europe and a trade dispute with the USA affecting 50% of EC exports to that market. All of these factors combine to aggravate the financial situation of almost all steel companies in the Community.

Unless measures are taken to bring about a better balance between supply and demand an increase in the price level cannot be expected. Consequently companies must devise their strategies so as to take account of relatively high supplies and depressed prices and to reduce their costs so as to remain competitive. In order to achieve this objective particular attention will have to be paid to the level of production capacity and ways of adapting it to demand. Analysis carried out by the Commission, with two scenarios, shows that overcapacity in hot rolled products can be estimated between 19.2mt and 25.1mt by 1995 (11%-15%) of which overcapacity in hot rolled coils will account for about 3.8mt up to 8.4mt (5-11%). For liquid steel excess capacity has been estimated between 31.8mt and 43.2mt (16-22.6%).

2. Description of the Companies Involved

2.1 CSI was set up in 1991 to co-ordinate the management of the holdings of the state holding company Instituto Nacional de Industria (INI) and the public bank BEX in AHV and Ensidesa. AHV, in which BEX has a holding of 80%, is situated in and around Bilbao (with iron and steel making centred on sites at Ansio and Sestao). Ensidesa, which is 100% owned by INI, is in the Asturias region (with iron and steel making based on sites at Gijon and Aviles).

2.2 Combined AHV/Ensidesa current declared PMP capacities are as follows:

Liquid steel	6.973 m tons
Hot-rolled coil	4.665 m tons
Heavy plate	0.708 m tons
Long products	0.970 m tons

In 1991 sales totalled 5.3 m tons of hot rolled equivalent product. Of this amount 1.369mt were sales of hot-rolled coils not for internal consumption (representing 6.7% of total such EC sales of hot-rolled coils), with the remainder of hot-rolled coil production being used for internal consumption downstream producing sales of flat products as follows: 1.233mt of cold-rolled coil (10% of EC sales) and 1.296mt of coated products (8% of EC sales). For long products 1991 sales were 0.35mt of wire rod (2.7% of EC sales) and 0.35mt of heavy sectors and profiles (9.4% of EC sales). Sales of quarto plate were 0.55mt (10% of EC sales).

[Source: independent consultant's report]

3. Current Financial Performance of the Company

3.1 Despite a major restructuring of the Spanish integrated steel industry during the second half of the 1980s (from which

Ensidesa/AHV benefitted from aids totalling nearly 520<sup>(1)</sup> billion pesetas (3.7 becus), this process lagged behind the restructurings undertaken by other EC producers and came too late to obtain the full benefit of the market boom in 1989/90. As a result, and in the light of deteriorating market conditions, the companies' financial performance has worsened. In 1990 AHV and Ensidesa together made a loss of 9 billion pesetas (64 MECU) on a turnover of 278 billion pesetas (1986 MECU) which increased to a loss of nearly 55 billion pesetas (393 MECU) in 1991 on a turnover of 282 billion pesetas (2014 MECU). Total long term debts at the end of 1991 amounted to approx 355 billion pesetas (2500 MECU), i.e. 125% of 1991 turnover, compared with combined total equity of 108 billion pesetas (77 MECU) and total assets of 578 billion pesetas (4100 MECU).

#### 4. The Restructuring Plan

4.1 The main elements of the plan can be summarised as follows:

##### Industrial

4.2 Under the plan there would be a phased programme of reconfiguration and modernisation/upgrading of the combined capacities of AHV and Ensidesa, by which integrated iron and steel making and hot rolling would be concentrated at Ensidesa (Aviles and Gijon) with the establishment of a mini-mill for flat products (electric furnace and compact strip technology) at AHV (Sestao). The main changes to existing production

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(1) this figure excludes 60 billion pesetas for possible synergy between the two companies authorised but not taken up. The aids granted to the companies represented over 80% of total aids authorised for Spain in 1984-88. However, the majority of the capacity reductions required as counterpart for aid were made by other steel companies (AHV/Ensidesa reduced capacity by 0.92mt out of the 5.047mt achieved as counterpart for aid).

facilities would be as follows:

- (i) closure of AHV's blast furnaces, foreseen for the end of 1994;
- (ii) closure of Ensidesa's blast furnaces at Aviles, foreseen for the end of 1995;
- (iii) upgrading and increase of capacity of Ensidesa's 2 blast furnaces at Gijon from 1995; and
- (iv) closure of AHV's LD converter in 1994 and hot coil mill at Ansio, foreseen for the end of 1996.

4.3 The cost of associated investments (including downstream industrial investments in transformation facilities, such as coating etc) total 170 billion pesetas (1.2 becus).

#### Capacity

4.4 In terms of capacity reductions, the plan would provide for the following net reductions by 1997:

blast furnace	35% reduction (down to 4.270 mt)
liquid steel	20% reduction (down to 5.55 mt)
hot coil	29% reduction (down to 3.365 mt)

The net reduction in hot coil capacity would be realised by the closure of the hot strip mill at Ansio (capacity 2.3m. tons), and its partial replacement by a new compact strip production unit at Sestao (capacity 1 m tons).

4.5 There would be no change to capacity in long products or plate.

Further details, by plant, including timings, are provided at Annex 1.

#### Sales

4.6 The plan envisages a reduction in total sales from 5.3 mt in 1991 to 4.3 mt in 1996, the objective being to maintain CSI's Spanish and EC market share for flat products, and to maintain or slightly reduce its share of the Spanish and EC market share for quarto plate and long products. (There is, however, an

increase foreseen for coated flat products.)

As part of its commercial plan, to protect its domestic market share against increased foreign competition CSI proposes investments of 35-50 billion pesetas, of which 10-18 billion pesetas would be allocated for participation in distribution companies (part of this may be by way of share exchange).

Employment Reductions

4.8 The plan envisages a reduction of the combined AHV/Ensidesa workforce from 24,489 in 1991 to 14,782 in 1998, a reduction of 40%.

Financial

4.9 Under the plan Ensidesa and AHV will transfer their written-down assets (and commercial liabilities, amounting to 104 billion pesetas (793 MECU)) to a new company on 1 January 1993 in return for which the two companies will receive shares in the new company valued at 276.8 billion pesetas (1.9 BECU) (Ensidesa 207.573 billion pesetas (1.4 BECU); AHV 69.186 billion pesetas (500 MECU)). It is planned that these shares will then be sold and the funds used to meet partially Ensidesa's and AHV's obligations arising from their winding up, including repayment of debts not transferred to the new company. AHV and Ensidesa will have an obligation to offer their shares for sale to BEX and INI.

5. Costs of Restructuring

5.1 The total cost is estimated at 804-824 billion pesetas (5.7-5.9 BECU), broken down as follows:

	billion pesetas
Debt write-offs	226.1 (1.6 BECU)
Social costs	236.6 (1.7 BECU)
Debt cancellation through capital conversion	126.6 (909 MECU)
Other (contingencies etc)	9.4 (67 MECU)
Investment Costs	205-220 (1.5-1.6 BECU)

Debt write-offs

These comprise Ensidesa debts totalling 146.8 billion pesetas (1.05 BECU) and AHV debts of 79.3 billion pesetas (566 MECU) and would be paid from funds obtained from sales of shares in the new company.

Social Costs

The figure of 236.6 billion pesetas (1.7 BECU) represents the total cost of payments to the 9707 workers made redundant or taking early retirement under the plan.

Debt cancellation through capital conversion

This involves the capitalisation of (a) an INI credit of 35.5 billion pesetas (254 MECU) to Ensidesa; and (b) BEX credits to AHV totalling 91.1 billion pesetas (650.7 MECU) previously authorised under Protocol 10 of Spain's Treaty of Accession.

Investment Costs

The plan envisages commercial and industrial investments totalling 205-220 billion pesetas (1.5-1.6 BECU) to be financed by the company as follows:

	bn pesetas	MECU
upstream industrial investments (iron + steel works and hot reduction)	117	835.7
downstream industrial investments (transformation facilities, e.g. coating etc.)	52	371.4
commercial investments (including increased participation in distribution companies)	35-50	250-357

of the upstream industrial investments 62.5 billion pesetas

(446.6 MECU) (53%) is allocated to investment in a new electric furnace and compact strip facility at Sestao.

6. Proposed State Aids

6.1 According to the Spanish authorities, the sale of shares in the new company is not an aid; and the capitalisation of convertible debentures and credits totalling 91 billion pesetas previously authorised should not be regarded as new aid. The state aid requirement involved would therefore total approximately 230 billion pesetas (1.6 BECU). In their view, under the Steel Aids Code they are entitled to grant aids totalling around 278 billion pesetas (2.0 BECU), comprised as follows:

	bn pesetas	MECU
(1) Residual book value of closed AHV and Ensidesa installations	69.5	496
(2) social costs of closure	118.3	845
(3) synergy assistance	89.8	641

(Item (3) relates to the 60 billion pesetas synergy assistance, authorised in March 1987 but never utilised, uprated for inflation).

7. Commission Appraisal

7.1 In determining whether the Commission should make a proposal under Article 95 ECSC, the Commission needs to establish:

- (i) whether and to what extent the proposed financing of the plan constitutes state aids and whether these aids are compatible with the Steel Aids Code;
- (ii) whether the measures envisaged in the plan are capable of making the new company viable;
- (iii) that the amount of aids is limited to what is strictly necessary; and

- (iv) that there should be adequate counterpart measures in the form of hot-rolled capacity reductions, commensurate with the amount of aids involved, in order to ensure that the aids do not distort EC competition to an extent contrary to the common interest.

8. The financing of the Plan and State Aids

8.1 Under the plan the written down value of the assets of AHV and Ensidesa together with part of their liabilities will be transferred into a new company to be established on 1 January 1993. The former shareholders (INI and BEX) will receive shares from the new company with a nominal value of 276.7 billion pesetas. This value was fixed in 1991 when the plan was drawn up. These shares could be sold on the market but if no buyer is found the Spanish Government, through the public shareholders, has guaranteed to capitalise the shares at this predetermined value. This obligation has been confirmed to the Commission in meetings with the Spanish authorities and furthermore is the basis for the consultant's conclusion that the CSI plan is viable. It is clear that if this sum cannot be achieved the financing of the whole plan is in jeopardy. The money thus raised will be used to finance the restructuring plan which cannot be carried out without it. The Spanish authorities do not consider that the operation involves aid.

However, the Commission cannot accept this view. It considers that the operation is equivalent to aid in the form of a capital injection from the public authorities. This is because the public authorities own the two existing companies in difficulty (through INI and BEX), including their assets. They will transfer these assets to the new company without receiving payment for them and will receive shares in the new company to a nominal value of 276.7bn pesetas. Thus the public authorities remain the owners of the assets in the new company. However, in order to provide capital to the new company the public authorities will buy the shares they already own (through INI and BEX) from themselves at the predetermined nominal value of 276.7bn pesetas. Therefore this is not a sale of shares from one party to another where the market decides

the value of the shares but is equivalent to the provision of new equity capital in a company owned by the public authorities.

In the view of the Commission, the full amount of the injection of capital constitutes state aid as it cannot be compared to an investment by a commercial investor operating under market economy principles. This view is based on the previous performance of the companies, the heavy losses which have given rise to the need for the present rescue package, the depressed market situation and the fact that one of the Commission's consultants estimates the worth of the company to the shareholders to be significantly lower, based on a discounted cash flow analysis of the restructuring plan after subsidies. The projected return on capital of an average of 1% over the period 1993-98 appears too low to be attractive to a private investor operating under normal market economy principles.

8.2 The social costs, amounting to 236.6bn pesetas, will be met to a very large extent by the public shareholders supported by the Spanish State. Therefore the Commission considers this amount as state aid. Article 56 of the ECSC Treaty provides a possibility for refinancing part of this amount from the ECSC budget. The exact amount of the Community's contribution will only be determined after negotiation of a social plan with the Commission and will depend on factors such as age, length of service, retraining needs, etc. Under the current steel aid code (Decision 3855/91) aid linked to closures up to 50% of the amount not taken under Article 56 ECSC may be deemed compatible by the Commission without requiring further Council approval. At this stage it is not possible to split the sum of 236.6bn pesetas into the above categories or to separate out the amount which requires new aid approval under Article 95 ECSC. The full amount is therefore included in the present proposal as a maximum amount of social aid to be approved.

8.3 In addition to the above, the State will convert 126.5 bn pesetas from loans to capital. Of this amount 35.5bn pesetas represents new aid, the remainder having already been approved

in the past. Finally, the plan also includes 9.4bn pesetas for contingencies.

8.4 As indicated in 5.1, the total cost of the restructuring plan is 804-824bn pesetas (5.7-5.9bn ecu). This plan, as is shown above, will be supported by aid totalling 558.2bn pesetas (3.987bn ecu). Thus 68-69% of the plan is financed by new aid (79-81% of the total costs will be met by aid since both new and previously approved aid are included - see 10.6). The remaining 19-21% of the total cost will be financed through cash flow generated from the business and loans. The company expects to obtain these loans from commercial sources and the Commission therefore considers, on the basis of the information as presented, that these measures do not constitute state aids.

This case is similar to all previous cases of aided steel restructuring in that there is a certain contribution from the company to the cost of restructuring although the major burden is borne by the State. However, it is clear that no part of the plan could be financed without the aid and therefore it does not make economic sense to allocate aid to specific cost items.

## 9. Financial Viability of the new company

9.1 It remains the Commission's view, as in the case of previous restructurings of the Community steel industry, that a steel undertaking cannot hope to attain lasting financial viability if it cannot achieve, under normal market conditions, an annual gross operating result of 13.5% of turnover.

9.2 The Commission and the Spanish Government jointly appointed an independent consultant to examine the viability of the proposed restructuring plan. Their assessment was based on criteria identical to those previously imposed by the Commission during the previous restructuring of the Community steel industry,

namely:

- a price-cost squeeze of 2.5%;
- a minimum depreciation level of 7% in order to guarantee a replacement of the activities on which the company's viability is based at a pace equal to that of competitors.
- a level of financial charges not lower than 4.5% of turnover, which was set to keep state aid to the strict minimum;
- a minimum return (1-1.5% of turnover) on own capital so that, whether the capital stems from public or private sources, it produces a fair yield;
- realistic sales forecasts.

9.3 The independent consultant assessed all the measures in the plan (including the industrial reconfiguration) and their impact on the financial situation of the company and concluded that the plan would lead to a return to viability by 1996, based on the following sales figures:

	thousand tonnes			
	Spain	EC(11)	Non-EC	Total
Flat products	2615	414	255	3274
Quarto plate and long products	804	265	181	1250

9.4 According to the consultant's analysis, on an estimated turnover of 303.171 billion pesetas (2.2 BECU) the company should return to positive operating results in 1996, with a gross operating return of 17%, financial charges of 5% over sales, depreciation of 10% and a net return of 2%.

#### 10. Compatibility with Steel Aids Code

10.1 Under the Steel Aids Code only the following aids may be considered compatible with the orderly functioning of the common market: aid for research and development; aid for environmental protection; aid for the costs of payments to workers made redundant or accepting early retirement arising from the total or partial closure of steel plants, and aid to

steel undertakings that permanently cease production. In addition, aid for investment under general regional aid schemes may also be allowed in Greece and Portugal (to small and medium-sized undertakings only), provided that there is no increase in the undertaking's production capacity, and in the former GDR provided that there is a reduction in the overall production capacity of that territory. All other aids for the steel industry are prohibited by Article 4(c) of the ECSC Treaty.

10.2 In the Commission's view, of the financing measures under the plan only a proportion of the declared aids towards the social costs of closure would be compatible with the code. The maximum total social costs of the plan are 236.6 billion pesetas (1.7 bn ECU), which according to the Spanish authorities would be borne by the State. The precise breakdown of this figure is not known. A proportion of the costs may be covered by Community assistance under Article 56 of the ECSC Treaty; and a proportion would be compatible with the Steel Aids Code. However, this remains to be determined, depending on the Spanish Government's applications for EC funds. Therefore for the purposes of this analysis the maximum total State aid is 236.6 billion pesetas (1.7bn ECU).

10.3 As noted in paragraph 6.1 the Spanish authorities consider that they are also entitled under the code to grant the following aids without recourse to Article 95 ECSC:

	bn pesetas	MECU
Residual book value of closed installations	69.5	496.4
Synergy assistance (60 billion pesetas previously authorised, uprated for inflation)	89.8	641.4

They also take the view that the capitalisation of previously authorised AHV convertible debenture and credits totalling 91 billion pesetas (650 MECU) under Protocol 10 of Spain's Treaty

of Accession should not be regarded as new aid.

10.4 Under Article 4.2 (c) of the Code aid for closures based on residual book value of plants is limited to undertakings which permanently cease production. In this case although AHV and Ensidesa will cease activities only certain of their installations are to be closed and the new company will effectively be controlled by the same undertakings (BEX and INI) that controlled AHV and Ensidesa. The Commission is therefore unable to accept the Spanish argument.

10.5 Synergy assistance of 60 billion pesetas (428.6 bn ECU) was originally authorised by the Commission in March 1987 but the terms and conditions attaching to that authorisation were never met (in particular, presentation of a plan before 31 March 1988 and payment of the aid before the end of 1988) so in the Commission's view it must now be regarded as new aid.

10.6 The Commission can, however, accept that capitalisation of the AHV debentures and credits totalling 91 billion pesetas (650 MECU) was foreseen at the time of the original authorisation and need not be treated as new aid.

10.7 It follows from the above that the total new state aids in this case therefore amount to a maximum of 558.2 billion pesetas (3.987 BECU) in support of total restructuring costs of 804-824bn pesetas (5.7-5.9bn ecu).

#### 11. Minimum Necessary Aid/Counterpart Measures

11.1 The independent consultant jointly commissioned by the Commission and the Spanish Government concluded that the plan as proposed was viable. This is a necessary condition for the plan to be accepted. However, it is not the only condition that must be fulfilled. It is essential that the aid supported plan has the least possible distortive effect on competition in the EC steel market.

11.2 The Spanish proposal must be considered in the light of the current difficulties on the EC steel market in which all

companies are suffering financially from the collapse of prices with no immediate prospect of market recovery. The impact of the volume of aid and the timing of the closures proposed must be seen in the context of this market situation. As noted in paragraph 4.4, the plan proposes net capacity reductions in liquid steel of 20% (1.423 mt) and hot-rolled coil of 29% (1.3mt), which will make a useful contribution towards reducing the current EC excess capacity in hot-rolled coils. However, it must be noted that these closures will not occur immediately and the reduction in coils will not take place until 1997. Moreover, the Commission estimates that by 1995 there will be an overcapacity in liquid steel of around 43.2mt (22.6%). In hot rolled products, under the lower production scenario, the excess capacity is likely to reach 25mt (14.8%) and in the product categories where CSI is represented the situation is as follows:

**Overcapacity**

	1992		1995	
	Tonnes	%	Tonnes	%
Hot rolled coil	7.3m	9.8	8.4m	11
Plate	2.2m	15.6	2.8m	19.8
Heavy section	3.1m	19.9	4.4m	28
Wire rod	0.9m	4.2	0.8m	4

Therefore, the Commission takes the view that the relation between the aid intensity and the extent of the restructuring proposed needs to be improved.

**12. The Commission's Position and conditions it intends to attach to its authorisation of state aids**

The Commission has considered the proposal of the Spanish authorities to grant aid up to 3.98bn ecu for the restructuring of the steel company CSI. The Commission has decided, on the basis of a report from a consultant jointly designated by the Commission and the Spanish authorities, that the plan for CSI is viable and that

it represents a courageous and constructive approach to the restructuring of the Spanish steel industry. However, in the light of the current difficulties on the EC steel market, the Commission takes the view that the relation between the aid intensity and the extent of the restructuring proposed needs to be improved.

It is clear that without restructuring CSI would be unable to continue to operate, which would further aggravate the serious social and economic problems of the regions concerned. It is also clear that the restructuring involves State aids which are incompatible with the Steel Aids Code and are normally prohibited by Article 4(c) of the ECSC Treaty but which could be authorised under Article 95 ECSC.

- 12.1 This case must also be seen in the light of the Community's international obligations, and in particular the suspended negotiations in GATT on a steel trade agreement and the current dispute with the USA over steel imports.
- 12.2 The Commission therefore takes the view that the aids proposed should be authorised subject to the following conditions:
  - (a) taking into account the Commission's view that the relation between the aid intensity and the extent of the restructuring proposed needs to be improved, that the viability of the restructuring to be carried out can be shown to be assured;
  - (b) that all capacity reductions should be of a genuine and irreversible nature.
  - (c) the new company's level of financial charges should not fall below 4.5% during the restructuring period (i.e. up until 1998).
  - (d) all proceeds from the sale of shares must be used to repay all remaining debts of the dormant companies as is provided for in the CSI plan.
  - (e) the installations closed must not be sold for subsequent use in Europe.

(f) the new company shall not claim tax relief on past losses which are covered by aid under the terms of this decision.

The Commission presents this communication, with a view to submit on that basis in due course to the Council a draft decision based on Article 95 of the ECSC Treaty.

- 12.3 Furthermore, as is usual in such cases, the Commission Decision will provide for regular monitoring reports to check on satisfactory implementation of the plan. The monitoring will also cover the financing of the investment costs in order to ensure that they follow normal market economy principles and do not involve state aid:
- 12.4 The Commission will also present this communication to the Consultative Committee.
- 12.5 The Commission undertakes to keep the Member States informed on a regular basis of the progress of the restructuring.

FORECAST EVOLUTION OF THE CSI PRODUCTION CAPACITY

Thousand Tons

C = Closure

Capacity Reduction  
1991-1997

INSTALLATION	Capacity	PMP						Capacity Reduction	
		1992	1993	1994	1995	1996	1997	Ktn	%
Aviles Coke Battery	1.325	1.325	1.325	1.325	1.325	800	800	525	40
Gijon Coke Battery	1.050	1.050	1.050	1.050	1.050	1.050	1.050	-	-
Vizcaya Coke Battery	1.210	1.210	1.210	1.210	C	C	C	1.210	100
<b>TOTAL BATTERIES</b>	<b>3.585</b>	<b>3.585</b>	<b>3.585</b>	<b>3.585</b>	<b>2.375</b>	<b>1.850</b>	<b>1.850</b>	<b>1.735</b>	<b>48</b>
Aviles Sinter	2.350	2.350	2.350	2.350	2.350	C	C	2.350	100
Gijon Sinter	2.925	2.925	2.925	2.925	2.925	2.925	2.925	-	-
Vizcaya Sinter	3.300	3.300	3.300	3.300	C	C	C	3.300	100
<b>TOTAL SINTER</b>	<b>8.575</b>	<b>8.575</b>	<b>8.575</b>	<b>8.575</b>	<b>5.275</b>	<b>2.925</b>	<b>2.925</b>	<b>5.650</b>	<b>66</b>
Aviles Blast Furnace	2.400	2.400	2.400	2.400	1.600	C	C	2.400	100
Gijon Blast Furnace	2.220	2.220	2.220	3.600	4.270	4.270	4.270	(2.050)	(192)
Vizcaya Blast Furnace	1.980	1.980	1.980	1.570	C	C	C	1.980	100
<b>TOTAL PIG IRON</b>	<b>6.600</b>	<b>6.600</b>	<b>6.600</b>	<b>7.570</b>	<b>5.870</b>	<b>4.270</b>	<b>4.270</b>	<b>2.330</b>	<b>35</b>
Aviles Blast LDIII	2.573	2.573	2.573	3.300	3.300	3.300	3.300	(727)	(28)
Gijon Blast LD	2.200	2.200	2.200	1.250	1.250	1.250	1.250	950	43
Vizcaya Blast LD	2.200	2.200	2.200	2.200*	1.500**	1.500**	1.000	1.200	54
<b>TOTAL LIQUID STEEL</b>	<b>6.973</b>	<b>6.973</b>	<b>6.973</b>	<b>6.750</b>	<b>6.050</b>	<b>6.050</b>	<b>5.550</b>	<b>1.423</b>	<b>20</b>
Aviles HSM	2.365	2.365	2.365	2.365	2.365	2.365	2.365	-	-
Vizcaya HSM(Ansio)	2.300	2.300	2.300	2.300	2.300	1.300	C	-	-
STEEL/CC/HSM(Sestao)	-	-	-	-	-	1.000***	1.000	1.300	57
<b>TOTAL HOT-ROLLED COIL</b>	<b>4.665</b>	<b>4.665</b>	<b>4.665</b>	<b>4.665</b>	<b>4.665</b>	<b>4.665***</b>	<b>3.365</b>	<b>1.300</b>	<b>29</b>
Heavy plate	708	708	708	708	708	708	708		
Structurals	450	450	450	450	450	450	450		
Wire rod	520	520	520	520	520	520	520		

\* New electric furnace production begins in Vizcaya (Sestao)

\*\* The new technology (compact steelworks) becomes operational in Vizcaya around the end of 1995

\*\*\* During the second half of 1996 one reheating furnace of the Ansio Mill (reduced from two); the new HSM (compact strip production) for Vizcaya (Sestao) is for the second half of 1997

Source CSI

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