



PRESS RELEASE

11392/93 (Presse 248)

1724th Council meeting

- INDUSTRY -

Brussels, 17 December 1993

President: Mr Melchior WATHELET,

**Deputy Prime Minister, Minister for
Economic Affairs of the Kingdom
of Belgium**

The Governments of the Member States and the Commission of the European Communities were represented as follows:

Belgium:

Mr Melchior WATHELET Deputy Prime Minister, Minister for Economic Affairs

Denmark:

Mr Jan TRØJBORG Minister for Industry
Mr Christopher BO BRAMSEN State Secretary for Industry

Germany:

Mr Günther REXRODT Federal Minister for Economic Affairs

Greece:

Mr Christos PACHTAS State Secretary for Industry

Spain:

Mr Juan Manuel EGUIAGARAY Minister for Industry
Mr Juan Ignacio MOLTÓ GARCÍA State Secretary for Industry

France:

Mr Gérard LONGUET Minister for Industry, Posts and Telecommunications and Foreign Trade

Ireland:

Mr Ruairi QUINN Minister for Employment and Enterprise

Italy:

Mr Paolo SAVONA Minister for Industry

Luxembourg:

Mr Jean-Jacques KASEL Ambassador, Permanent Representative

Netherlands:

Mr B.R. BOT Ambassador, Permanent Representative

Portugal:

Mr Luis MIRA AMARAL Minister for Industry and Energy
Mr Luis Filipe ALVES MONTEIRO State Secretary for Industry

United Kingdom:

Mr Tim SAINSBURY Minister of State, Department of Trade and Industry

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Commission:

Mr Martin BANGEMANN Member
Mr Karel VAN MIERT Member

RESTRUCTURING OF THE EUROPEAN STEEL INDUSTRY

After holding fresh, detailed discussions on restructuring the public sector of the steel industry in certain Member States, with particular reference for State aids, the Council reached overall agreement on the substance of the matter, with a view to giving its assent under the first paragraph of Article 95 of the ECSC Treaty on the cases listed below. These assents can be given as soon as the Parliamentary scrutiny reservations and the general reservations still upheld by a number of delegations have been withdrawn ⁽¹⁾:

- Restructuring the public steel company, Sidenor (Spain);
- Privatization of Sächsische Edelstahlwerke GmbH (Freital, Saxony, former GDR);
- Restructuring the Spanish steel company, Corporación de la Diserurgia Integral (CSI) (Spain);
- Restructuring the public steel company, ILVA (Italy);
- Privatization, modernization and restructuring of EKO STAHL AG (former GDR);
- Restructuring of the Siderurgia Nacional Company (Portugal).

⁽¹⁾ These reservations may be withdrawn next week.

The Council will give its assent within the limits and under the conditions set out in the communications from the Commission on the various cases referred to above and also taking into account the amendments to be made to the enacting terms of the decisions as a result of today's discussions.

The Council also signified its agreement to the following provisions on monitoring, which the Commission intends to add to its final decisions in the six cases referred to above:

"The Commission informs the Council that it intends in its final decisions in all six Article 95 ECSC cases presently proposed to the Council to add the following monitoring provisions:

1. The Member States concerned shall supply the Commission twice a year, and not later than 15 March and 15 September respectively, with reports containing full information, in accordance with the enclosed Annex, concerning the companies benefiting from the present Article 95 ECSC proposals.

The first report should reach the Commission by 15 March 1995, and, unless the Commission decides otherwise, the last report by 15 September 1998.

2. The Commission shall draw up on the basis of the aforementioned reports from Member States half yearly reports, which will be submitted to the Council not later than 1 May and 1 November respectively, in order to allow discussion in the Council if appropriate. In particular, if a company which has benefited from aid under Article 95 ECSC intends to participate in an investment creating or extending a capacity, the Commission shall inform the Council by means of a report giving details

of financing and demonstrating the absence of public aid.

3. The Commission may have any necessary checks made in the aided companies in accordance with Article 47 ECSC, in order to verify the accuracy of the abovementioned information and in particular the compliance with the conditions laid down in its decision.

In that context, where a Member State makes a complaint to the Commission that State aid is enabling one of the aided companies concerned to under-price, the Commission will launch an investigation, in particular under Article 60 ECSC.

4. If the Commission, on the basis of the information received, discovers that the conditions laid down in its decisions under Article 95 have not been complied with, it may require suspension of the aid payments and/or recovery of aid already paid. If a Member State fails to fulfil its obligation under such a decision Article 88 ECSC will apply.

Moreover, if the Commission establishes, on the basis of the reports from Member States, that substantial deviations from the financial data on which the viability assessment has been made have occurred, it will require the reports referred to in paragraph 1 to be provided on a quarterly basis and may require the Member States concerned to take appropriate measures to reinforce the restructuring measures of the aided company.

5. The Commission may decide to monitor each dossier on a quarterly basis. It may also decide to use the services of an independent consultant selected in agreement with the Member State concerned to examine the results of the monitoring and to report back to

the Member States.

6. The Commission will ensure in particular that, without prejudice to the financing plans approved by the Commission and incorporated in its decisions under Article 95 ECSC, any financing from loans to the undertaking monitored is granted on normal commercial terms. It will also ensure that there is no cancellation of debts or preferential treatment of debts vis-à-vis the State."

Lastly, the Council and the Commission agreed on the following text concerning the need to put an end to State subsidies for the steel industry:

"The Council and the Commission believe that the only way to secure a healthy EC steel industry, able to compete on the world market, is to put a permanent end to state subsidization of the steel industry and to close loss-making capacity. In giving its unanimous consent to the current Article 95 proposals, the Council reaffirms its commitment to a strict application of the Steel Aids Code in Commission Decision 3855/91/ECSC and, in the absence of authorization under the Code, Article 4c of the ECSC Treaty. Without prejudice to the right of any Member State to request a decision under Article 95/ECSC, and in accordance with the Council conclusions of 25 February 1993, the Council declares its firm commitment to avoid any further Article 95 derogations in respect of aid for any individual companies."

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Once the abovementioned reservations are withdrawn, the Council will also be able to give its assent on the new Community rules for the State aid to the coal industry and to adopt its common position on the Directive on the conditions for granting and using authorizations for the prospection, exploration and production of hydrocarbons.

FINANCING OF LOW-COST HOUSING FOR PERSONS EMPLOYED IN THE ECSC INDUSTRIES

The Council gave its assent under the second paragraph of Article 54 of the ECSC Treaty to the granting of loans within the framework of the twelfth programme of low-cost housing for persons employed in the ECSC industries. (Financial year 1993 - ECU 19 million and financial year 1994 - ECU 17 million).

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PROVISIONS ON MONITORINGCommission's information requirements(a) Capacity reductions

- date (or expected date) of cessation of production
- date (or expected date) of dismantling ⁽¹⁾ of the installation concerned
- where installation is sold, date (or expected date) of sale, identity and country of purchaser
- sale price

(b) Investments

- details of investments realised
- date of completion
- the costs of the investment, the sources of finance and the sum of any related aid involved
- the date of aid payment

(c) Workforce reductions

- number and timing of job losses
- the total costs
- a breakdown of how the costs are being financed

(d) Production and market effects

- monthly production of crude steel and finished products per category
- products sold, including volumes, prices and markets

⁽¹⁾ As defined in Commission Decision No 3010/91/ECSC - OJ L 286, 16.10.1991, p. 20.

(e) Financial performance

- evolution of selected key financial ratios to ensure progress is being made towards viability (the financial results and ratios must be provided in a way allowing comparisons to the company's financial restructuring plan)
- level of financial charges
- details and timing of aids received and costs covered
- terms and conditions of any new loans (irrespective of source)

(f) Privatisation

- selling price and treatment of existing liabilities
- disposal of proceeds of sale
- date of sale
- financial position of company at time of sale

(g) Creation of new company or of new facilities corresponding to an extension of capacities

- identity of each private and public sector participant
- the sources of financing for the creation of a new company or of new facilities
- terms and conditions of the private and the public shareholders' participation
- management structure of new company.

Ref: BIO/93/324

DATE DOCUMENT : 93/12/17

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INDUSTRY COUNCIL OF 17 DECEMBER 1993

- Restructuration du secteur acier

Le Conseil a marqué son accord politique sur l'ensemble du plan de restructuration de la sidérurgie aidée. Il subsiste deux réserves d'examen parlementaire britannique et danoise qui devraient être levées d'ici le début de la semaine prochaine afin que l'ensemble de la décision soit formellement adoptée par le Conseil peche en début de semaine prochaine.

Dans le cadre de cet accord politique, le Conseil a adopté un mécanisme de contrôle de la mise en œuvre des divers plans de restructuration des entreprises sidérurgiques aidées pour lesquelles l'avis conforme avait été requis au titre de l'article 95 du traité CECA.

Ce mécanisme proposé par la Commission lors du Conseil du mois de novembre avait déjà fait l'objet d'un large consensus. Il doit permettre d'assurer le plein respect des dispositions prévues dans les divers plans de restructuration qui ont été acceptés par la Commission, notamment en ce qui concerne la capacité, le respect de délais et le montant des aides accordées. Ce mécanisme de contrôle prévoit que l'Etat membre concerné fournisse des rapports sur la mise en œuvre des plans de restructuration deux fois par an. La Commission établit sur la base de ces rapports des rapports semestriels qu'elle soumet au Conseil. La Commission peut faire procéder aux vérifications nécessaires auprès de l'entreprise bénéficiaire. Si la Commission constate que les conditions prévues dans ses décisions, au titre de l'article 95, n'ont pas été respectées, elle peut exiger la suspension de l'aide ou son remboursement.

Sur proposition de la délégation britannique, ces conditions ont été renforcées. Il est prévu que les Etats membres doivent pleinement coopérer à ces mécanismes de contrôle. Si aux termes des plans de restructuration acceptés, les entreprises ne sont pas viables, les gouvernements ne doivent plus fournir une aide au titre de l'article 95 du Traité. En outre, le Conseil a marqué sa ferme intention d'éviter de recourir aux dérogations prévues dans l'article 95 pour d'éventuelles futures aides à des compagnies sidérurgiques.

Le Conseil a également entériné les propositions de la Commission (sans les modifier) pour les décisions concernant les sociétés Freital, Ilva, Siderurgica Nacional et Sidenor. Au sujet d'Ekosthal, sur la requête de certains gouvernements, les autorités allemandes ont accepté que :

- la capacité de production de 900 000 tonnes résultant de la construction d'une nouvelle unité soit mise en place progressivement entre 1994 et 1996,

- la capacité maximum de production de 900 000 tonnes soit scrupuleusement respectée pendant les cinq premières années et que

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cette production ne soit destinee qu'aux installations de laminage a froid de l'entreprise Ekosthal,

- que, durant une periode successive de cinq annees, la production de laminees a chaud soit egalement strictement limitee a l'unite a froid et ses capacites a chaud seront nettement en-dessous de 2 millions de tonnes.

Au sujet de CSI, la date de fermeture d'Ansio a ete fixee au plus tard pour la fin 1995, le Gouvernement espagnol s'engageant par ailleurs a faire les meilleurs efforts pour fermer l'entreprise a une date plus rapprochee.

La demande d'avis conforme du Conseil concernant un projet de decision de la Commission relative au regime communautaire des interventions des etats membres en faveur de l'industrie houillere n'a pas ete non plus formellement adopte dans la mesure ou cete adoption etait liee au dossier precedent.

La demande d'avis conforme du Conseil pour le financement des logement destines au personnel des industries de la CECA a ete adoptee.

Le Commissaire Van Miert s'est felicite de cet accord politique unanime du Conseil sur les differents plans de restructuration qui ont ete soumis au Conseil au titre de l'article 95 du traite CECA. La reduction totale de capacite tres substantielle qui resulte des engagements qu'ont du prendre les Etats membres pour pouvoir aider la restructuration de ces entreprises est un element crucial du plan de restructuration de la siderurgie europeenne. En effet, ces reductions de capacite de production de plus de 5 millions de tonnes s'ajouteront aux reductions (intervenues ou a intervenir), deja identifiees dans le rapport Braun. Il faut en outre rappeler que les industries privees ont fait part de leur intention de mettre en oeuvre un processus de reduction volontaire des capacites (article 53 du traite CECA) qui devrait permettre d'ajouter une reduction supplementaire de capacite de production d'une dizaine de millions de tonnes.

L'ensemble de ces efforts doit représenter l'effort structurel d'assainissement necessaire pour permettre un retablissement du marche. La balle est maintenant dans le camp des industriels prives qui doivent apporter leur contribution au plan de restructuration et fournir a la Commission leur plan des le debut de l'annee prochaine, a signale le Commissaire Bangemann. Meme si nous ne sommes pas au bout de nos peines ont indique les Commissaires Bangemann et Van Miert, une partie du chemin a ete accompli en partie grace aux efforts deployes par la Presidence belge et en particulier par le Ministre Watelet.

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