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In accordance with Council Regulation (EEC, Euratom) No 354/83 of 1 February 1983 concerning the opening to the public of the historical archives of the European Economic Community and the European Atomic Energy Community (OJ L 43, 15.2.1983, p. 1), as amended by Regulation (EC, Euratom) No 1700/2003 of 22 September 2003 (OJ L 243, 27.9.2003, p. 1), this file is open to the public. Where necessary, classified documents in this file have been declassified in conformity with Article 5 of the aforementioned regulation.

In Übereinstimmung mit der Verordnung (EWG, Euratom) Nr. 354/83 des Rates vom 1. Februar 1983 über die Freigabe der historischen Archive der Europäischen Wirtschaftsgemeinschaft und der Europäischen Atomgemeinschaft (ABl. L 43 vom 15.2.1983, S. 1), geändert durch die Verordnung (EG, Euratom) Nr. 1700/2003 vom 22. September 2003 (ABl. L 243 vom 27.9.2003, S. 1), ist diese Datei der Öffentlichkeit zugänglich. Soweit erforderlich, wurden die Verschlussachen in dieser Datei in Übereinstimmung mit Artikel 5 der genannten Verordnung freigegeben.

**COMMISSION
OF THE
EUROPEAN COMMUNITIES**

General Secretariat

COM(82) 762 final

Brussels, 22 November 1982

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Communication from the Commission to the Council

Request for assent, pursuant to Article 56 (2a) of the ECSC Treaty to
the granting of a conversion loan to Bergrohr GmbH Herne,
Federal Republic of Germany

COM(82) 762 final

Communication to the Council

Subject : Request for assent, pursuant to Article 56 (2a) of the ECSC Treaty to the granting of a conversion loan to Bergrohr GmbH Herne, Federal Republic of Germany.

I. THE COMPANY
=====

No. 370

Applicant : Bergrohr GmbH Herne

Registered Office : Herne, North Rhine-Westphalia

Parent company of applicant : Previously fully owned by the Bergfamily. As part of the project described below, Dillinger Hüttenwerke AG have now acquired a holding from the owner family and taken over the equity from a capital increase agreed recently. This gives Dillinger Hüttenwerke AG a 47.6% interest, expected to be raised to 50%.

Recipient : Bergrohr GmbH Herne

Field of activity of recipient : The company manufactures longitudinally welded steel pipes and tubes in all relevant steel qualities according to established domestic and foreign standards, in lengths up to 12 m. The pipes are used as high-pressure pipes for carrying oil, gas and water; tubes in the 30" to 160" diameter range with walls up to 3 1/4" thick are used for piling poles, mooring posts and supports in harbour and drilling rig construction, mechanical engineering and the construction of power stations.

II. THE PROJECT

Description : The investment project involves the construction of a new pipe works on land to be bought by Dillinger Hüttenwerke AG, in the immediate vicinity of Dillinger's plate mill. The planned annual capacity of the new works, on a two-shift basis, is 200,000 to 250,000 tonnes in the range 30" (762 mm) to 64" (1600 mm) with wall thicknesses from 0.375" (9.5 mm) to 1.5" (38.1 mm). The maximum length of the pipes or tubes is to be 40 ft (12.20 m). After completion of the project, the company's annual capacity will rise from the present level of some 300,000 tonnes to over 500,000 tonnes.

<u>Cost</u>	:	<u>DM '000</u>
	:	
	: Land }	
	: Buildings {	22,000
	: Plant and machinery	68,000
	: Other	-
	: Total	90,000 (+ 38.15 MioECU)

Schedule : Construction to begin in July 1982. The new works to be commissioned at the end of first half of 1983.

Market : In the company's opinion, the current prospects for world demand for large-diameter pipes and tubes are as follows : until 1985 : some 8,500,000 to 9,000,000 tonnes per year; 1986 to 1990 : some 9,500,000 to 10,000,000 tonnes per year. In terms of relative significance and quantities needed, the markets may be ranked as follows : 1. USSR; 2. United States/Canada (Alaska); 3. Central and South America; 4. Middle East; 5. Far East; 6. Africa; 7. Europe. The company's sales in the financial year 1981 broke down as follows : 4% on the home market; 9% to EEC countries and 87% to non-member countries.

As a result of the increase in capacity to 500,000 - 550,000 tonnes per year, Bergrohr GmbH Herne's market share will rise from somewhat over 3% to 6-6.5%. Thanks to its excellent contacts with the USSR, the United States/Canada, Central America and the Middle East and its flexibility, the company believes that it will be able to utilize its capacity. For its further development, the company will benefit substantially from the advantages resulting from the investment project; these include :

- the ability, thanks to the increased capacity, to become also a supplier for large projects;
- a fuller and wider product range for pipes of more than 48";
- immediate vicinity of the plate mill and hence secure supplies;
- time and transport cost savings;
- joint research and development with Dillinger Hütte.

Environment : Environmental protection measures in accordance with current legislation.

The sectoral and competition aspects of the project have been closely examined; they do not militate against the granting of the loan applied for.

The project appears to be economically sound; it will make a significant contribution to the redevelopment of the region which is suffering the effects of a decline in ECSC industries.

III. THE REGION

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Project location

: Dillingen, Saarlouis, Saarland.

Unemployment rate

: At the end of May, the unemployment rate in the Saarlouis labour office district was 9.7 compared with 6.9% for the Federal Republic as a whole.

National aid status of project area

: Regional development area.

The ECSC industry has been an important source of employment in the area.

IV. CONFORMITY WITH ARTICLE 56 OF THE ECSC TREATY

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ECSC redundancies in project area

: The restructuring programme, which provides for the technical and economic merger of Stahlwerke Röchling-Burbach GmbH and Neunkircher Eisenwerk AG, the construction of a new steel works at Völklingen and the closing down of the liquid phase at Neunkirchen, entails redundancies totalling some 8,700 in the period 1978 to 1983.

Jobs to be created by the project

: The new works creates about 220 jobs - 190 shopfloor and some 30 white-collar. Added to these are some 30 jobs for maintenance and some 50 jobs at Dillinger Hütte connected with new works. Introduction of a third shift would mean a further 80 to 100 jobs.

Training

: Because of their training in the steel industry, former ECSC workers are particularly well suited for the jobs. Any retraining that may prove necessary will be carried out with the assistance of the labour office and / or Dillinger Hütte.

The Commission considers that the application complies with Article 56 (2a) of the ECSC Treaty and that the new jobs to be created by the project are capable of absorbing redundant ECSC workers into productive employment.

V. CONVERSION LOAN
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Loan applied for : DM 45 million

Loan to be granted : The Commission has approved a loan of
DM 45 million (about 19.07 MioECU)
or equivalent to the above mentioned
company in accordance with Article 56
application criteria (OJ C 82,
29 March 1979)

Interest rebate : 3 percentage points per year for five
years on 6 MioECU.

Job basis of interest rebate : 300 jobs suitable for former ECSC
industry workers, to whom they will be
offered in priority.

VI. COUNCIL ASSENT
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The Commission requests the Council to give its assent to the foregoing
decision.