

English edition

Information and Notices

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I

(Information)

COMMISSION

Ecu ⁽¹⁾

23 September 1998

(98/C 296/01)

Currency amount for one unit:

Belgian and Luxembourg franc	40,4793	Finnish markka	5,97787
Danish krone	7,46738	Swedish krona	9,18504
German mark	1,96215	Pound sterling	0,690609
Greek drachma	337,878	United States dollar	1,15870
Spanish peseta	166,645	Canadian dollar	1,77351
French franc	6,57947	Japanese yen	158,395
Irish pound	0,784764	Swiss franc	1,62624
Italian lira	1939,11	Norwegian krone	8,74648
Dutch guilder	2,21266	Icelandic krona	80,9702
Austrian schilling	13,8060	Australian dollar	2,00711
Portuguese escudo	201,220	New Zealand dollar	2,36712
		South African rand	6,85663

The Commission has installed a telex with an automatic answering device which gives the conversion rates in a number of currencies. This service is available every day from 3.30 p.m. until 1 p.m. the following day. Users of the service should do as follows:

- call telex number Brussels 23789,
- give their own telex code,
- type the code 'cccc' which puts the automatic system into operation resulting in the transmission of the conversion rates of the ecu,
- the transmission should not be interrupted until the end of the message, which is marked by the code 'ffff'.

Note: The Commission also has an automatic fax answering service (No 296 10 97/296 60 11) providing daily data concerning calculation of the conversion rates applicable for the purposes of the common agricultural policy.

⁽¹⁾ Council Regulation (EEC) No 3180/78 of 18 December 1978 (OJ L 379, 30.12.1978, p. 1), as last amended by Regulation (EEC) No 1971/89 (OJ L 189, 4.7.1989, p. 1).

Council Decision 80/1184/EEC of 18 December 1980 (Convention of Lomé) (OJ L 349, 23.12.1980, p. 34).

Commission Decision No 3334/80/ECSC of 19 December 1980 (OJ L 349, 23.12.1980, p. 27).

Financial Regulation of 16 December 1980 concerning the general budget of the European Communities (OJ L 345, 20.12.1980, p. 23).

Council Regulation (EEC) No 3308/80 of 16 December 1980 (OJ L 345, 20.12.1980, p. 1).

Decision of the Council of Governors of the European Investment Bank of 13 May 1981 (OJ L 311, 30.10.1981, p. 1).

Average prices and representative prices for table wines at the various marketing centres

(98/C 296/02)

(Established on 22 September 1998 for the application of Article 30(1) of Regulation (EEC) No 822/87)

Type of wine and the various marketing centres	ECU per % vol/hl	% of GP °	Type of wine and the various marketing centres	ECU per % vol/hl	% of GP °
<i>R I Guide price*</i>	3,828		<i>A I Guide price*</i>	3,828	
Heraklion	No quotation		Athens	No quotation	
Patras	No quotation		Heraklion	No quotation	
Requena	No quotation		Patras	No quotation	
Reus	No quotation		Alcázar de San Juan	No quotation	
Villafranca del Bierzo	No quotation (¹)		Almendralejo	No quotation	
Bastia	No quotation		Medina del Campo	No quotation (¹)	
Béziers	4,009	105 %	Ribadavia	No quotation	
Montpellier	3,992	104 %	Villafranca del Penedés	No quotation	
Narbonne	No quotation		Villar del Arzobispo	No quotation (¹)	
Nîmes	4,037	105 %	Villarrobledo	No quotation (¹)	
Perpignan	No quotation		Bordeaux	No quotation	
Asti	No quotation		Nantes	No quotation	
Florence	No quotation		Bari	No quotation	
Lecce	No quotation		Cagliari	No quotation	
Pescara	No quotation		Chieti	No quotation	
Reggio Emilia	No quotation		Ravenna (Lugo, Faenze)	2,786	73 %
Treviso	4,306	112 %	Trapani (Alcamo)	2,508	66 %
Verona (for local wines)	4,686	122 %	Treviso	3,926	103 %
Representative price	4,164	109 %	Representative price	2,840	74 %
<i>R II Guide price*</i>	3,828				
Heraklion	No quotation				
Patras	No quotation				
Calatayud	No quotation				
Falset	No quotation				
Jumilla	No quotation (¹)				
Navalcarnero	No quotation (¹)				
Requena	No quotation				
Toro	No quotation				
Villena	No quotation (¹)				
Bastia	No quotation		<i>A II Guide price*</i>	82,810	
Brignoles	No quotation		Rheinpfalz (Oberhaardt)	56,822	69 %
Bari	3,546	93 %	Rheinhessen (Hügelland)	55,446	67 %
Barletta	3,293	86 %	The wine-growing region of the Luxembourg Moselle	No quotation	
Cagliari	No quotation		Representative price	56,494	68 %
Lecce	No quotation				
Taranto	No quotation				
Representative price	3,406	89 %			
			<i>A III Guide price*</i>	94,570	
	ECU/hl		Mosel-Rheingau	No quotation	
<i>R III Guide price*</i>	62,150		The wine-growing region of the Luxembourg Moselle	No quotation	
Rheinpfalz-Rheinhessen (Hügelland)	No quotation		Representative price	No quotation	

(¹) Quotation not taken into account in accordance with Article 10 of Regulation (EEC) No 2682/77.

* Applicable from 1.2.1995.

° GP = Guide price.

Notice of the impending expiry of certain anti-dumping measures

(98/C 296/03)

1. The Commission gives notice that, unless a review is initiated in accordance with the following procedure, the anti-dumping measures mentioned below will expire on the date mentioned in the table below, as provided in Article 11(2) of Council Regulation (EC) No 384/96 of 22 December 1995 ⁽¹⁾ on protection against dumped imports from countries not members of the European Community, as last amended by Regulation (EC) No 905/98 ⁽²⁾.

2. Procedure

Community producers may lodge a written request for a review. This request must contain sufficient evidence that the removal of the measures would be likely to result in a continuation or recurrence of dumping and injury.

Should the Commission decide to review the measures concerned, importers, exporters, representatives of the exporting country and Community producers will then be provided with the opportunity to amplify, rebut or comment on the matters set out in the review request.

3. Time limit

Community producers may submit a written request for a review on the above basis, to reach the European Commission, Directorate-General I — External Relations: Commercial Policy and Relations with North America, the Far East, Australia and New Zealand (Division I-C-2), Rue de la Loi/Wetstraat 200, B-1049 Brussels ⁽³⁾ at any time from the date of the publication of the present notice but no later than three months before the date mentioned in the table.

4. This notice is published in accordance with Article 11(2) of Regulation (EC) No 384/96.

Product	Country(ies) of origin or exportation	Measures	Reference	Date of expiry
Potassium chloride	Belarus Russia Ukraine	Duty	Regulation (EC) No 643/94 (OJ L 80, 24.3.1994)	24.3.1999

⁽¹⁾ OJ L 56, 6.3.1996, p. 1.

⁽²⁾ OJ L 128, 30.4.1998, p. 18.

⁽³⁾ Telex: COMEU B 21877; fax (32-2) 295 65 05.

STATE AID

C 23/98 (ex N 895/96)

Austria

(98/C 296/04)

(Text with EEA relevance)

*(Articles 92 to 94 of the Treaty establishing the European Community)***Commission notice pursuant to Article 93(2) of the EC Treaty to other Member States and interested parties concerning State aid for KNP Leykam, Austria**

The Commission has sent the Austrian Government the following letter, informing it that it has decided to initiate proceedings pursuant to Article 93(2) of the EC Treaty.

I. CASE HISTORY

In November 1996, the Austrian authorities notified an *ad hoc* proposal to grant R&D aid of ECU 3,53 million (ATS 48,38 million) to the firm KNP Leykam, the leading European producer of coated woodfree paper, for the development of a mill information and control system relating specifically to the construction of a new paper machine (PM11) at Gratkorn, Austria.

Questions were posed to the Austrian authorities in January, July, October and last by letter dated 16 December 1997 aimed at verifying the conformity of the aid proposal with criteria given in the Community framework for State aid for research and development (OJ C 45, 17.2.1996, p. 5). In particular, concerns were expressed as to the precompetitive nature of the project and the incentive effect of the proposed aid. The Austrian authorities responded to questions posed by providing further information in February, March and October 1997 and last with letter dated 6 February 1998, registered on 9 February 1998. A meeting also took place with the Austrian authorities in April 1997.

The mill information and control system (MICS) project is said to be of duration 1995 to 1998, with eligible R&D costs given as ECU 8,86 million (ATS 120,95 million). The proposed aid amount of ECU 3,53 million (ATS 48,38 million) corresponds to a 40 % aid intensity. The project began in December 1995, after KNP Leykam had filed a formal application for aid to the Austrian authorities in November 1995.

II. THE COMPANY

KNP Leykam, Europe's leading producer of coated woodfree paper with 15 % share of the market, was established in 1993 through a merger of the paper divisions of NV Koninklijke KNP BT (The Netherlands) and Leykam Mürztaler (Austria) ⁽¹⁾. Production facilities are located in The Netherlands (Maastricht and Nijmegen), Belgium (Lanaken) and Austria (Gratkorn).

In 1995, KNP BT began an investment programme in KNP Leykam aimed at substantially improving productivity and quality. It was decided to invest ECU 471 million (NLG 1 050 million) in a new paper machine (PM11) including the production hall in Gratkorn ⁽²⁾. In a market suffering from chronic overcapacity and falling paper prices, the investment was undertaken to make KNP Leykam the lowest-cost producer of coated woodfree paper in Europe ⁽³⁾.

In January 1997, KNP BT began a reorganisation programme aimed at structural cost reductions, also stating its intention to find a strategic partner for KNP Leykam in order to realise further economies of scale and synergies. In Austria, the 500 jobs lost owing to the reorganisation programme are connected with the replacement of four existing paper machines by the new PM11. The PM11 will have an annual capacity of 470 000 tonnes of coated woodfree paper ⁽⁴⁾.

⁽¹⁾ Jahresbericht KNP BT 1996 (annual report), p. 14.

⁽²⁾ Jahresbericht KNP Leykam 1996, p. 10.

⁽³⁾ See Jahresbericht KNP BT 1996, p. 32.

⁽⁴⁾ See Jahresbericht KNP BT 1996, p. 32 and <http://www.knpbt.nl/press/16.html>, "Reorganisation at KNP Leykam", 22 January 1997.

In a merger transaction concluded on 31 December 1997, Sappi (South Africa) has acquired KNP BT's effective holding in KNP Leykam for a purchase price of ECU 500 million, similar to the estimated net book value. The new PM11 started up successfully in October 1997. The Sappi board believes that 1998 will show a marked improvement in earnings over 1997⁽⁵⁾. The Austrian authorities stated that according to reports, Sappi (South Africa) will acquire an estimated 91,5 % holding in KNP Leykam for a purchase price of about NLG 1,5 billion (ECU 674 million). This acquisition includes all operational units of KNP Leykam, and by default also the PM11 paper machine, along with any potential gains to be made from future developments to the MICS and all of the company's debts.

The expanded Sappi group will be the world leader in the production of coated woodfree paper, with a 22 % market share in Europe⁽⁶⁾.

III. THE AID PROPOSAL

1. The mill information and control system

The proposal is to grant R&D aid for the development of a "mill information and control system" (MICS) to form an integral part of the new paper machine PM11 in Gratkorn, Austria.

The project is said to be of duration 1995 to 1998, with eligible R&D costs given as ECU 8,86 million (ATS 120,95 million). The proposed aid amount of ECU 3,53 million (ATS 48,38 million) corresponds to a 40 % aid intensity said to be comprised of 25 % for pre-competitive development and a bonus of 15 percentage points (see point 5.10.3 of the R&D framework) because the work is claimed to be within the objectives of the Community fourth framework research and technological development programme and more specifically in accordance with ESPRIT work programme, Domain 8, Integration in manufacturing, Theme 3: Intelligent production systems and equipment (Tasks 8.11 to 8.15).

The project work programme is described in non-specific terms as being a new shop floor control software (information technology) system, integrating real-time monitoring and intelligent control of individual processes and the production system with order processing, production planning, logistics and quality monitoring.

⁽⁵⁾ <http://www.sappi.com/press/res.htm>, "Sappi's results ahead of market expectations", dated 18 November 1997, 5 March 1998.

⁽⁶⁾ <http://www.sappi.com/press/press10.htm> dated 22 December 1997, 5 March 1998.

The project milestones are well-specified in terms of the various steps necessary for the production implementation of the MICS system. At the time of the notification in November 1996, so-called preliminary α (alpha) and β (beta) versions of MICS relating to shop-floor control had been completed.

In October 1996, KNP Leykam placed an order with Honeywell (Varkaus, Finland)⁽⁷⁾ for a process automation system for the PM11 covering the paper machine, coating machine, stock preparation and coating kitchen. This system extends real-time control to the entire paper production system by unifying process, production and business management. The MICS project appears to be the development of specific software applications to run on the Honeywell process automation system. In October 1997, the PM11 began commercial operation, though not with the fully optimised MICS software since full production capacity is not expected to be achieved until 1999.

2. The subcontractors

While the total costs of the project amount to ECU 8,7 million (ATS 120,95 million), the costs incurred by KNP Leykam directly amount to ECU 2,8 million (ATS 38,95 million) only. It follows that about 68 % of the project costs are for subcontracting external companies.

The subcontractors will be Bull AG Austria & Servo Data (contract worth ECU 3,96 million or ATS 55 million), BEKO Engineering GmbH (ECU 0,86 million or ATS 12 million) and Joanneum Research (ECU 1,08 million or ATS 15 million).

Following specific questions by the Commission, the Austrian authorities have described the terms under which the other firms participate in the MICS project as follows:

KNP Leykam has overall responsibility for defining the objectives for each area of the project, partly in conjunction with Bull/Servo Data and Joanneum Research. The external companies are bound by contract with KNP Leykam to ensure that the project goals are developed and implemented in accordance with the quality assurance guidelines established for the MICS project. As the company responsible for specifying the milestones and objectives of the project, the risk associated with the attainment of the expected project objectives is borne exclusively by KNP Leykam.

⁽⁷⁾ <http://www.honeywell.fi/english/u1110e.html>, "Honeywell to deliver automation for world's biggest fine paper machine at KNP Leykam", 11 October 1996.

The contributions of the subcontractors will be the following:

Bull AG Austria has been contracted to the MICS project as part of a joint venture along with its partner company, Servo Data. Bull functions as the sole contractor to KNP Leykam, although Servo Data provides the (external) project manager. The contract for Bull/Servo Data is being implemented on a staggered basis, corresponding to the phases of the MICS project. Bull's involvement in the project is concentrated mainly on the hardware side and on system-related matters (client server, interfaces), and on the integration of process and quality control systems.

Servo Data is a consultancy and information technology company situated in Austria, Germany and the USA providing IT consultancy, project-oriented design and development of company-specific applications, as well as training in the use of IT systems and the latest in project management and information management methods. One of Servo Data's primary areas of expertise is the paper and cellulose industry. Servo Data's role in the MICS project is to partner Bull in a joint venture. Servo Data's principal role in the MICS project is the design and implementation of business processes and functions.

BEKO Engineering GmbH is one of the leading software houses and engineering firms in Austria. Its product/service range includes information technology consultancy, implementation of information technology projects and company-specific software solutions. Its involvement in the MICS project is concentrated primarily on the areas of design and implementation. The contract with KNP Leykam has also been implemented in stages, in line with the evolution of the MICS project.

The Joanneum Research is the second-largest independent R&D company in Austria. It is closely linked with Austrian universities. Joanneum's main contribution to the project is concentrated in the areas of industrial quality assurance and statistical quality engineering, process control in the paper-making industry and forecasting and optimisation systems for paper production.

3. The position of the Austrian Government

In the view of the Austrian authorities, the project has to be qualified as precompetitive development, because it concerns the development of a prototype not ready for commercial use of a totally new integrated production control software. They argue that development of MICS goes beyond routine and regular changes of existing production control systems. According to the Austrian authorities, comparable information and control systems, especially with graphic user surface, presently do not

exist worldwide in industrial application, in particular in the paper industry.

Concerning the incentive effect, the Austrian authorities underline that KNP Leykam could also have decided to operate the new paper machine PM11 under the existing automatization and information system for factory data capture and production control (Betriebsdatenerfassung, BDE) which would only have to be adjusted to PM11 at much lower costs. The updating of BDE would have been considered as replacement investment by the Austrian authorities, not involving R&D activities. Without the prospect of receiving public funding, the MICS project would not have been carried out, and the company would have chosen to optimise the existing information and production software.

Specifically requested to provide data concerning expected cost savings and return-on-investment foreseen from the development and use of the MICS software versus an improved version of information and production software currently used at Gratkorn, the Austrian authorities replied that there are certain advantages to be gained from the faster data-processing offered by the MICS system due to its graphic user interface, the reduction in manual user entries as a result of the greater system integration and the fully automated interfaces, more efficient information management based on a more systematic information flow, and the overall advantages to be gained by having a modern basic system that can have further functions added in the future. Nevertheless, they claim that financial advantages of the development cannot be quantified at this stage. Since the cost of developing a new system (MICS) is substantially higher than the cost of modifying the existing system, the financial benefits accruing from the development of the new system is negligible.

Concerning the type of collaboration with Joanneum Research, the Austrian authorities claim that this is not carried out on a solely commercial basis, but one of the main goals of KNP Leykam is to function as an industrial testing ground for the very latest scientific developments and statistical control models, while simultaneously gaining access to academic knowledge and highly-qualified scientists, independently of any form of aid. They furthermore underline that Joanneum research will be entitled to publish the scientific results of the research not relating to the enterprise.

IV. APPRAISAL

The European market for coated woodfree paper is fragmented and has been suffering from overcapacity for some time. Further European industry concentration and rationalisation is foreseen. Apart from KNP Leykam, there are coated woodfree paper producers in Finland, Sweden, France, Germany and Italy.

The notified aid proposal falls in the scope of Article 92(1) of the EC Treaty and thus under the general prohibition of State aid. It is questionable whether the aid could be held compatible with the common market. Aid for the purpose of promoting research and development projects can in principle qualify for an exemption from that rule under Article 92(3)(c) of the EC Treaty, however, and thus be considered as compatible with the common market, if the proposal were in conformity with all conditions of the Community framework for State aid for research and development (OJ C 45, 17.2.1996, p. 5).

For such an assessment, it would be necessary to demonstrate that the project to be aided falls within the definition of "precompetitive development activity" (Community framework for State aid for research and development, Annex I), as is claimed by the Austrian authorities. In addition, the Community framework for research and development places particular importance on the incentive effect when aid is given to a large company for close-to-the-market research (point 6.5, R&D framework). It must be demonstrated that the planned aid will induce firms to pursue research which they would otherwise not have pursued (point 6.2, R&D framework), as well as to demonstrate that the aid is necessary as an incentive, and is on no account operating aid (point 6.3, R&D framework).

1. The precompetitive development character of the project

Precompetitive development activity excludes the creation of an initial prototype which can be used commercially (directly), demonstration or pilot projects that can be converted or used for industrial applications or commercial exploitation, as well as routine or periodic changes made to products and other operations in progress, even if such changes represent improvements (Annex I, R&D framework).

In the light of the above, the MICS software (information technology) project appears as an integral part of the investment project relating to the PM11 paper machine for the commercial production of paper. The MICS project appears to be the development of specific software applications to run on the Honeywell process automation system ordered in October 1996 (see Section III.1, last paragraph).

While the Austrian authorities claim that the project is carried out in cooperation in particular with a research institute, from the description of conditions of the contracts given by the Austrian authorities (see Section III.2), the Commission concludes that it seems that, in

accordance with the notification, the only recipient of aid is KNP Leykam while the subcontractors render their services to KNP Leykam on a purely commercial basis and the project is not carried out as a cooperation of different partners.

Furthermore, a very high share of costs, nearly 68 % of the total project costs, arise for such commercial subcontracts with external companies. Thus, the own contribution of KNP Leykam is limited to less than one third of the work programme, expressed in terms of costs. The Commission remarks that the research in question is overwhelmingly not pursued by the applicant of the aid.

On this basis, the Commission strongly doubts that the aid proposal can be described as "precompetitive development activity" within the meaning of State aid guidelines even at the start of the project in December 1995, referring rather to an investment project for the development of a new paper machine, the PM11.

Furthermore, if the project were to be considered as being precompetitive development, the application of the bonus of 15 percentage points according to point 5.10.3 of the R&D framework would have to be justified by a more specific description of the notified work programme (see Section III.1, second paragraph), allowing for an assessment of the Commission whether the concrete objectives of a specific work programme and the conditions posed in the R&D framework for the application of the bonus in point 5.10.3 are fulfilled.

2. The incentive effect of the aid proposal

The "incentive" effect of the proposed aid, an inducement for the company to carry out research which it would otherwise not have pursued, seems to be doubtful. In the present assessment of the Commission, the MICS software (information technology) project is an integral part of the investment project relating to the PM11 paper machine without which commercial productivity, quality and cost targets could not be achieved.

Nevertheless, the Austrian authorities argue that without the prospect of receiving public funding, the MICS project would not have been carried out, and the company would have optimised existing information and production software and that the financial benefits from the new system are negligible (see Section III.3).

The Commission, however, maintains that it would have been usual business practice for KNP Leykam to have made such cost savings and return-on-investment estimates in relation to the operational life of the PM11 paper machine before embarking on the project, particularly with regard to operational flexibility, improved reliability (less machine downtime) and reduced labour costs owing to the high degree of automation. Furthermore, since a preliminary version of MICS has been running since October 1996, the company should by now have reliable estimates regarding cost savings using a fully operational MICS system versus an improved version of the information and production software currently used at Gratkorn.

V. CONCLUDING REMARKS

On the basis of the foregoing, the Commission has serious doubts at this stage as to the compatibility of the proposed State aid with the common market under Article 92(3) of the EC Treaty. Specifically, the Austrian authorities have not demonstrated that the project is eligible for funding as "precompetitive development activity" and not demonstrated that the proposed aid presents an incentive effect (see point 6.2, R&D framework).

The Commission has therefore decided to open the procedure under Article 93(2). The Commission hereby gives the Austrian Government the opportunity to present, within one month of the receipt of this letter, any comments and further relevant information.

The Commission reminds the Austrian authorities that under Article 93(3), the Member State concerned shall

not implement the proposed aid until the procedure allowed for in Article 93(2) has resulted in a final decision. Any recipient of an aid granted illegally, i.e. without the Commission's having reached a final decision, may have to refund the aid, conforming to the procedures and stipulations of Austrian legislation, including interest calculated using the reference rate for regional aid, beginning from the date on which the aid was granted.

If the authorities are of the opinion that this letter contains confidential information which should not be published, they should inform the Commission within a period of 15 working days.

The Commission hereby informs the Austrian Government that it will publish this letter as a notice in the *Official Journal of the European Communities*, giving other Member States and interested parties notice to submit comments, and in the EEA Supplement to the Official Journal, giving interested parties in the EFTA States similar notice to submit comments. The ESA will be informed in accordance with Protocol 27 of the EEA Agreement.⁷

The Commission hereby gives other Member States and interested parties notice to submit their comments on the measures within 30 days of publication of this notice, to:

European Commission,
Rue de la Loi/Wetstraat 200,
B-1049 Brussels.

The comments will be communicated to the Austrian Government.

Prior notification of a concentration
(Case No IV/M.1315 — ENW/Eastern)

(98/C 296/05)

(Text with EEA relevance)

1. On 14 September 1998, the Commission received notification of a proposed concentration pursuant to Article 4 of Council Regulation (EEC) No 4064/89 ⁽¹⁾, as last amended by Regulation (EC) No 1310/97 ⁽²⁾, by which the undertaking Energie Noord West NV (ENW), belonging to the province of Noord-Holland, gemeente Amsterdam, gemeente Haarlem, and gemeente Velsen, and the Eastern Group plc (Eastern) belonging to the Energy Group plc acquire within the meaning of Article 3(1)(b) of the Regulation joint control of the undertaking Compass Energy BV by way of purchase of shares in a newly created company constituting a joint venture.

2. The business activities of the undertakings concerned are:

— ENW: purchase and sale of energy (electricity, natural gas); distribution of energy; and additional services, such as consulting and engineering,

— Eastern: generation and distribution of electricity and natural gas, and telecommunications.

3. On preliminary examination, the Commission finds that the notified concentration could fall within the scope of Regulation (EEC) No 4064/89. However, the final decision on this point is reserved.

4. The Commission invites interested third parties to submit their possible observations on the proposed operation.

Observations must reach the Commission not later than 10 days following the date of this publication. Observations can be sent by fax (No (32-2) 296 43 01 or 296 72 44) or by post, under reference IV/M.1315 — ENW/Eastern, to the following address:

European Commission,
Directorate-General for Competition (DG IV),
Directorate B — Merger Task Force,
Avenue de Cortenberg/Kortenberglaan 150,
B-1040 Brussels.

⁽¹⁾ OJ L 395, 30.12.1989, p. 1; corrigendum: OJ L 257, 21.9.1990, p. 13.

⁽²⁾ OJ L 180, 9.7.1997, p. 1; corrigendum: OJ L 40, 13.2.1998, p. 17.

II

(Preparatory Acts)

COMMISSION

Proposal for a Council Regulation (EC) amending Regulation (EC) No 975/98 on denominations and technical specifications of euro coins intended for circulation

(98/C 296/06)

*COM(1998) 492 final — 98/0270(SYN)**(Submitted by the Commission on 31 August 1998)*

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 105a(2) thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Central Bank,

Acting in accordance with the procedure laid down in Article 189c of the Treaty, in cooperation with the European Parliament,

(1) Whereas Article 1 of Council Regulation (EC) No 975/98 ⁽¹⁾ sets out the technical specifications of the eight denominations included in the first series of euro coins; whereas the mint directors have drawn up, on the basis of that Regulation, the more detailed specifications necessary for production;

(2) Whereas the vending industry, having examined those detailed specifications has requested an increase of the weight of the 50 cent coin in order to ensure clearer differentiation of that coin and reduce risks of fraud; whereas the European Blind Union, having tested samples from the first production runs, has complained about the edge milling of the 50 cent and 10 cent coins which did not match the milling of the samples agreed by it during the consultation

process preceding the adoption of Regulation (EC) No 975/98; whereas, in order to ensure the acceptance of the new system by the users, it seems desirable to accede to the requests expressed both by the vending industry and the European Blind Union; whereas in order to satisfy the vending industry's requirements, it is necessary to increase the weight of the 50 cent coin from 7 g to 7,8 g; whereas in order to satisfy the European Blind Union's requirements and avoid any risk of misinterpretation in the future, it is desirable to modify the specification for the edge of the 50 cent and 10 cent coins from 'coarse milling' to 'shaped edge with fine scallops' which better reflects the shape of the edge originally agreed by the European Blind Union for those two coins;

(3) Whereas it is essential that the modifications of the technical specifications be confined to the weight of the 50 cent coin and the edge of the 10 cent and 50 cent coins in order not to compromise the production timetable and the introduction of the euro coins on 1 January 2002,

HAS ADOPTED THIS REGULATION:

Article 1

In Article 1 of Regulation (EC) No 975/98, the table is amended as follows:

1. The fourth row is amended as follows:

(a) In the third column, the figure '1,69' is replaced by '1,88';

⁽¹⁾ OJ L 139, 11.5.1998, p. 6.

(b) In the fourth column, the figure '7' is replaced by '7,8';

(c) In the eighth column, the words 'coarse milled' are replaced by 'shaped edge with fine scallops'.

2. In the sixth row, eighth column, the words 'coarse milled' are replaced by 'shaped edge with fine scallops'.

Article 2

This Regulation shall enter into force on 1 January 1999.

This Regulation shall be binding in its entirety and directly applicable in all Member States, in accordance with the Treaty, subject to Article 109k(1) and Protocols 11 and 12.
