

## STATE AID

C 7/89 (Ex NN 129/87)

Greece

*(Articles 92 to 94 of the Treaty establishing the European Economic Community)*

(91/C 58/03)

**Commission notice pursuant to Article 93 (2) of the EEC Treaty to other Member States and interested parties concerning aid which Greece decided to grant to Fimisco**

In the letter reproduced below, the Commission informed the Greek Government of its decision to terminate the procedure initiated on 8 March 1989<sup>(1)</sup>.

By letter dated 14 March 1989 (SG(89)D/3363), the Commission informed the Greek Government of its decision to initiate the procedure provided for in Article 93 (2) of the EEC Treaty in respect of aids totalling Dr 20 420 million granted to Fimisco, and gave it notice to submit its comments.

By letters dated 8 January, 14 May and 20 November 1990, the Greek Government informed the Commission that, owing to the unusually harsh winter of 1987, the firm had suffered considerable damage and incurred heavy losses, and that, in order to restore its viability and offset the steady losses of 1987, 1988 and 1989, it had adopted additional measures.

Essentially, the additional measures involve:

(a) with regard to magnesite:

- closure of the former ore concentrator at Paraskevoremmatos,
- temporary shutdown of the fourth phases of the ore concentrators at Cacavos and Paraskevoremmatos,
- definitive closure of open-cast mining operations,
- redundancy of 1 100 workers in September 1990 (37 % of the workforce),
- development of underground mining at Cacavos and Lerommatos in order to cut production costs and obtain better quality magnesite,

- expansion of ore concentrator at Ormilias (Central Macedonia) to reduce the cost of the raw material required for the production of magflot,

- increase in the high value-added production of magflot and firebricks,

- urgent investment programme of Dr 300 million.

(b) with regard to chromite:

- replacing of the ore concentrator at Eretias with the Domokos plant so as to eliminate transport between Domokos and Eretias (some 80 km).

The Greek Government also informed the Commission that it had started the process of privatizing Fimisco in September 1990. To that end, an international firm had already completed a valuation of Fimisco. A public invitation to tender would then be made and the best bid chosen. The procedure should take some eight months. Should it fail, however, the Greek Government would endeavour to sell the company in segments. Should this also fail, Fimisco would be put into liquidation.

The Commission considers that the subscription by the Business Reconstruction Organization (BRO) of a Dr 20 420 million capital increase in 1986 was carried out in a way that would not be acceptable to a private investor operating under the normal conditions of a market economy, the enterprise having previously incurred losses amounting to 65 %, 81 % and 70 % to turnover in 1984, 1985 and 1986 respectively. The enterprise also exports 77 % of its production, of which 33 % is to Community countries. Whilst the Community is undoubtedly short of magnesite and chromite, the Commission notes that magnesite is also produced in Spain. It therefore considers that the injection of State funds is liable, even if only to a very limited extent, to have an adverse effect on Community trade; consequently, the subscription of Dr 20 420 million is a State aid within the meaning of Article 92 (1) of the EEC Treaty.

<sup>(1)</sup> OJ No C 162, 29. 6. 1989.

The Commission would also stress that various other conditions were attached to the Decision in question, including the obligation on the Greek Government to take all the restructuring measures necessary to ensure the viability of the enterprises in question.

The Commission considers in this respect that, whilst the restructuring measures adopted up to the end of 1989 were clearly not sufficient to revitalize the enterprise, your Government did take action as soon as their inadequacy became apparent by adopting the additional measures described above.

The Commission also considers that the measures in question do not entail an increase in the enterprise's production capacity.

It therefore concludes that the Greek Government has now taken the necessary restructuring measures provided for in Article 1 (2) (b) of Decision 88/167/EEC (OJ No L 76, 22. 3. 1988) concerning Greek Law 1386/1983.

In view of the low level of Community competition in the production of magnesite and the very great shortage of that product within the Community, the Commission considers that the aid in question qualifies for exemption under Article 92 (3) (c) since it does not affect Community trade to an extent contrary to the common interest.

The Commission would inform the Greek Government that it has therefore decided to terminate the procedure under Article 93 (2) of the EEC Treaty initiated in respect of the aid referred to above. In view however of the difficulties currently experienced by the enterprise, the Commission would ask the Greek Government to ensure that Fimisco is kept viable and that if necessary it adopt additional measures should further losses be incurred. To that end, the Greek Government is requested on the one hand to inform the Commission of any such measures as soon as possible and, on the other, to send the annual reports relating to Fimisco's performance in the preceding year, until such time as privatization takes place.

The Commission also regrets that the Greek Government failed to fulfil its obligation to notify it in advance of any assistance granted to Fimisco under the abovementioned Greek Law.'

---

## STATE AID

C 10/89 (Ex NN 21/89)

Greece

*(Articles 92 to 94 of the Treaty establishing the European Economic Community)*

(91/C 58/04)

### **Commission notice pursuant to Article 93 (2) of the EEC Treaty to other Member States and other parties concerned regarding Greek Law 1262/82 and its amendments which apply to shipbuilding**

By means of the letter reproduced below, the Commission informed the Greek Government of its decision to terminate the procedure initiated on 13 April 1989 (1).

'By letter dated 20 April 1989, reference SG(89)D/5201, the Commission informed the Greek Government that it

had initiated the procedure provided for in Article 93 (2) of the EEC Treaty with respect to the application of Law 1262/1982 and its amendments to shipbuilding in Greece.

The Greek authorities submitted incomplete replies by letters from their Permanent Representation dated 22 May 1989 and 5 June 1989.

---

(1) OJ No C 311, 12. 12. 1989, p. 2.