EC/Romania Europe agreement: public aid for restructuring the steel products sector, additional protocol

2002/0215(CNS) - 22/07/2002 - Initial legislative proposal

PURPOSE : to present the additional Protocol to the Europe Agreement establishing an association between the European Communities and their Member States, of the one part, and Romania, of the other part, with regard to an extension of the period laid down in Article 9(4) of Protocol 2 to the Europe Agreement. CONTENT : Article 9(4) of Protocol 2 to the Europe Agreement states that during the first five years after the entry into force of the Agreement, and by way of derogation from paragraph 1(iii) of the same Article, Romania may exceptionally, as regards ECSC steel products grant public aid for restructuring purposes, provided that it leads to the viability of the benefiting firms under normal market conditions at the end of the restructuring period. The amount and intensity of such aid are strictly limited to what is absolutely necessary in order to restore such viability and are progressively reduced. Moreover, the restructuring programme is linked to a global rationalisation and reduction of overall production capacity in Romania. The initial period of five years expired on 31 December 1997. Romania requested the extension of the above mentioned period. This extension should be granted for an additional period of 8 years starting on 1 January 1998 or until the date of Romania's accession to the European Union, which ever comes first. The Commission shall regularly monitor the implementation of the plans on behalf of the Community. Therefore, the aim of this draft Protocol is to propose this extension in accordance with the same conditions that exist in Protocol 2 of the Association Agreement. It is provided that the Commission shall evaluate the restructuration programme and the Romanian business plan to ensure that they are in accordance with the specified conditions. The Council shall also give its opinion on the conformity of this programme and the plans.