II

(Acts whose publication is not obligatory)

COMMISSION

COMMISSION DECISION

of 14 March 1995

on aid granted by Italy (Sardinia) in the agriculture sector

(Only the Italian text is authentic)

(95/366/EC)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community, and in particular the first subparagraph of Article 93 (2) thereof,

Having regard to Council Regulation (EEC) No 804/68 of 27 June 1968 on the common organization of the market in milk and milk products [1], as last amended by Regulation (EC) No 3290/94 [2], and in particular Article 24 thereof,

Whereas the parties concerned have been given notice to submit their comments in accordance with Article 93 (2) of the Treaty [3];

Whereas :

I

By letter of 1 September 1992, recorded as received on 7 September 1992, the Italian Permanent Representative to the European Communities notified the Commission of Regional Law (Sardinia) No 17/92, pursuant to Article 93 (3) of the Treaty.

The Regional Law in question came into force and the aid measures provided for therein were implemented before the Commission could take a position with regard to them. Furthermore, certain provisions of Regional Law No 17/92 apply previous legislative provisions which were not notified pursuant to Article 93 (3). The Commission also considered those provisions, where necessary.

The aid measures covered by this Decision are the following :

Article 1 of Law No 17/92

The regional administration grants subsidies in the form of lower interest rates applying to loans taken out by members of cooperatives for the processing and marketing of agricultural products or of groups thereof, in order to acquire a share in the capital of such bodies. The application of the measure was limited to 1992 and the funds amounted to Lit 3 000 million.

Since no limit is laid down on the utilization of new resources (as represented by the increase in capital) by the abovementioned cooperatives or groups, the funds could be used not only to finance future investments or to improve the situation of the enterprises in accordance with rules complying with the criteria laid down by the Commission for aid to enterprises in difficulty (which criteria were reiterated in the Commission's letter notifying the Italian Government of its decision to initiate the procedure provided for in Article 93 (2) of the Treaty [4], as well as financing their operating expenditure.

Article 3 of Regional Law No 17/92, Article 6 of Regional Law No 17/92, Article 40 of Regional Law No 14/81 and Article 57 of Regional Law No 44/86

The abovementioned Articles provide for a system of public intervention to transform liabilities of agricultural cooperatives (measures (a) to (e)) and an individual case of aid to an enterprise (measure (f)).

[1] OJ No L 148, 28. 6. 1968, p. 13.
[2] OJ No L 349, 31. 12. 1994, p. 105.
[3] OJ No C 159, 10. 6. 1994, p. 9.
[4] OJ No C 159, 10. 6. 1994.

(a) *Article 40 of Law No 14/81* institutes a 'Regional Fund for transforming the liabilities of agricultural cooperatives'; according to the provisions establishing the fund, it operates by granting loans at reduced rates for a duration of ten years to the cooperatives in question to cover their liabilities.

(b) *Article 57 of Law No 44/86* provides for the granting of regional financing to cooperatives undertaking the incorporation of other cooperatives. Such aid is intended to absorb the debts of the cooperatives incorporated. The Article also provides that finance may also be granted to cooperatives which decide to cease operating on account of insufficient capital on the part of the members.

(c) *Article 3 (3) of Law No 17/92* provides for the use of resources from the abovementioned fund to cover the loss of income resulting from the termination by the public administration of loans made to cooperatives to which Article 40 of Law No 14/81 and Article 57 of Law No 44/86 apply (i.e. liquidation or incorporation).

(d) Pursuant to *Article 3 (4) of Law No 17/92*, the resources from the fund are used to finance a 'recapitalization' programme for cooperatives which according to the Regional Law are in a state of temporary financial imbalance but have potential as shown by their economic recovery.

The programme in question was introduced by a decision of the Regional Executive of 27 October 1992, which broke the public funds (Lit 10 thousand million) down into:

(Lit million)

1. APOAC — S. Sperate	750
2. Cantina sociale di Mogoro	1 200
3. Cantina sociale di Santadi	600
4. Cantina sociale di Villacidro	150
5. Consorzio caseario del Gerrei	700
6. Consorzio sardo caseario — S. Gavino	2 500
7. Cooperativa allevatori fonnesi (Nuoro)	1 200
8. Cooperativa 'L'asparago' — Sanluri	1 250
9. Cooperativa pastori S. Giovanni	200
10. Latteria sociale cooperativa — Meana Sardo	400
11. Latteria sociale — Santadi	650
12. Oleificio cooperativo — Sassari	200
13. Organizzazione ortofrutticola oristanese	200

(e) A programme similar to that referred to in (d) is set out in *Article 3 (5) of Law No 17/92* to assist the recovery of producers' organizations in a state of financial imbalance as the result of the insolvency of purchasers of products marketed by the associations. The two associations are:

(Lit million)

Associazione produttori ovi-caprini	1 800
Associazione nuorese produttori	700

(f) *Article 6 of Law No 17/92* provides for emergency aid granted to CON.SAR.CO.RI. (a consortium of cooperatives which sells products for agriculture and agricultural products) in the form of a one-off subsidy of Lit 2 200 million. The aid is intended to cope with the consortium's financial imbalance as a result of the bankruptcy of certain cooperatives forming part thereof and the insolvency of others.

All these measures satisfy the criteria laid down by the Commission for the appraisal of aid to enterprises in difficulty. Although they are different in practice, they all have the effect of absorbing the debts of the recipient cooperatives.

No condition is laid down by the regional authorities regarding the origin of such debts; accordingly, it is impossible to verify compliance with the abovementioned criteria on the basis of the information provided by the Italian authorities. The state of financial imbalance which provides the 'condition' for the measures in question may thus have been brought about simply by the management of the enterprise; on that assumption, the public assistance has the same distorting effects as any operating aid.

The fact that in certain cases the recipients of the aid are enterprises which have ceased operating is unlikely to neutralize that distorting effect.

In practice, the economic advantage conferred by the aid is simply transferred in such cases to the members of the cooperatives and/or to the persons who financed them and, more generally, the existence of provisions such as Article 57 of Regional Law No 44/86 (applicable to all cases where cooperatives cease to operate) results in *a priori* cancellation of financial liability for the entrepreneurial risk of the operators who are members of the cooperative.

Article 4 of Law No 17/92 and Article 11 of Law No 6/92

Article 4 of Law No 17/92 extends to goat farmers the advantages provided for sheep farmers by Article 11 of Regional Law No 6/92; this involves exceptional aid granted as a result of the crisis affecting these sectors and

intended to cover a part of the expenses born by the producers and processors of sheep and goat milk. The measure was applied solely in relation to production from the 1990/91 marketing year. The aid was set at Lit 170 per litre of milk.

The total expenditure was Lit 29 000 million.

These measures constitute operating aid that cannot have any lasting effect on the sectors concerned as their impact (income supplement) will disappear with the measures themselves. In addition, they constitute an infringement of the rules laid down in Regulation (EEC) No 804/68 on the common organization of the market in milk and milk products and in particular Article 24 thereof, which prohibits the granting of any aid where the amount therefore is linked to the prices or quantities of milk or milk products.

Article 7 of Law No 17/92 and Article 8 of Law No 17/92

(a) *Article 7 of Law No 17/92*

The regional administration has set aside Lit 900 million to cover operating expenditure of the producers' associations in 1990 and 1991 (Article 7 of Law No 17/92) The way that provision is worded does not permit the detailed rules for the application of the measure to be determined.

(b) *Article 8 of Law No 17/92*

This Article provides for the establishment of a fund amounting to Lit 500 million for COLVAS (Consorzio latte vaccino sardo — Sardinian cow's milk consortium) to cover expenditure as a result of its activity in accordance with its articles of association.

The Commission has decided that this also constitutes operating aid not capable of having any lasting effect on the sectors concerned since the fund may be used not only to finance investments but also 'for any management needs'.

II

1. By letter SG(94) D/3934 of 22 March 1994, the Commission notified the Italian Government that it had decided to initiate the procedure provided for in Article 93 (2) of the Treaty in respect of the aid measures provided for in Articles 1, 3, 4, 6, 7 and 8 of Sardinian Regional Law No 17/92 and the aid measures provided for in Article 40 of Regional Law No 14/81, Article 57 of Regional Law No 44/86 and Article 11 of Regional Law No 6/92.

2. In that letter, the Commission notified the Italian authorities as follows. In accordance with its long-standing practice, it considered those aid measures as operating aid contravening Articles 92, 93 and 94 of the Treaty.

The aid measures are accordingly likely to distort competition and affect trade between Member States and they meet the criteria laid down in Article 92 (1) without qualifying under any of the exceptions provided for in paragraphs 2 and 3 of that Article.

In addition, the measure provided for in Article 4 of Law No 17/92 and Article 11 of Law No 6/92 constitutes an infringement of Regulation (EEC) No 804/68 on the common organization of the market in milk and milk products and in particular Article 24 thereof, which prohibits the granting of any aid where the amount thereof is linked to the prices or quantities of milk or milk products.

3. As part of that procedure, the Commission gave notice to the Italian Government to submit its comments.

The Commission also gave notice to the other Member States and other interested parties to submit their comments.

III

1. By telex messages of 5 and 31 January 1995 and by a fax message of 11 January 1995, the Italian Government submitted remarks concerning the abovementioned measures.

(i) As regards Article 1 of Regional Law No 17/92, the Italian authorities informed the Commission that the measures provided for therein thave not been applied and stated that they are willing to amend the legislation in question. In addition, they claim that the general wording of the Article (like, moreover, that of Article 8) does not in itself constitute an infringement of the Community rules on State aid, and that such an infringement would occur only if the measures were actually used to finance the management costs of the recipient enterprises.

(ii) As regards Article 40 of Regional Law No 14/81 and Article 57 of Regional Law No 44/86, the Italian authorities reiterate the remarks set out above in point (i) concerning the general nature of the provisions and state they are willing to amend them. In addition, they point out that :

— the resources in the fund established by Article 40 of Regional Law No 14/81 will henceforth be used in addition to finance aid as provided for in Article 57 of Regional Law No 44/86,

— as a result of the remarks of the Commission when the procedure was initiated, the utilization of the fund in question was limited, by decision of the Regional Executive No 18/15 of 21 June 1994 to the absorption of debts of cooperatives which decide spontaneously to cease operating, and to the granting of loans at reduced rates of interest to agricultural cooperatives in order to 'refinance the costs incurred by the latter, without public financing being granted, for works and projects and/or the purchase of machines and tools in compliance with the limits on rates of aid authorized by the EEC' or to 'cope with economic/financial imbalances which may be put down to natural disasters or exceptional weather conditions'.

(iii) As a consequence, as regards Article 57 of Regional Law No 44/86, the Italian authorities informed the Commission that in the wake of the latter's observations, mergers involving the incorporation of cooperatives were no longer eligible for the aid intended to assist the recovery of the cooperatives incorporated; they are willing to repeal the provisions.

(iv) As regards Articles 3 and 6 of Regional Law No 17/92, the Italian authorities stated that the measures in question were adopted as a result of crises caused by a lengthy drought or the insolvency of the customers of certain cooperatives.

(v) As regards Article 4 of Regional Law No 17/92 and Article 11 of Regional Law No 6/92, the Italian Government informed the Commission that the granting of aid was suspended as a result of the initiation of the procedure provided for in Article 93 (2) of the Treaty by the Commission. In addition, the Italian Government wishes to point out that the measure in question was adopted with a view to remedying the crisis in the sheep and goat sector as a result of a lengthy drought.

(vi) As regards the aid provided for in Article 7 of Regional Law No 17/92 (aid to producer groups), the Italian Government states that, although this is not clear from Article 7, the aid is granted pursuant to Regional Law No 15/83 implementing Regulation (EEC) No 1360/78 and is paid in accordance with Regulations (EEC) No 2083/80 and (EEC) No 2084/80.

2. Comments were forwarded by Confindustria — Associazione dell'Industria della Sardegna (hereinafter referred to as 'Confindustria').

3. The remarks from Confindustria stress the following:

— the aid measures provided for in Regional Law No 17/92 are an expression of Sardinia's long-standing policy towards agricultural cooperatives; that policy appears to be implemented in defiance of all economic logic by funding enterprises in difficulties to keep them in the market. This approach had adverse effects on the one hand on cooperatives since they were receiving regular injections of public money and on the other hand on the economic operators who are not members of cooperatives, who had to cope with conditions of competition distorted by public intervention,

— the only aim of the aid in question is to cover the liabilities of cooperatives in order to ensure they survive; public intervention is not dependent on investments or any other conditions on granting it.

IV

1. As regards the aid provided for in Article 7 of Regional Law No 17/92 (refinancing of aid to producer groups as provided for in Regional Law No 15/83 pursuant to Regulation (EEC) No 1360/78), since the measures provided for in Law No 15/83 are not capable of being evaluated under Articles 92, 93 and 94 of the Treaty, the procedure initiated by the Commission pursuant to Article 93 (2) in respect of the refinancing measure (Article 7 of Regional Law No 17/92) has no purpose.

2. As regards the other provisions covered by the Commission's decision to initiate the procedure provided for in Article 93 (2), namely Articles 1, 3, 4, 6 and 8 of Regional Law No 17/92, Article 40 of Regional Law No 14/81, Article 57 of Regional Law No 44/86 and Article 11 of Regional Law No 6/92, the following remarks should be made.

The Italian Government has failed to fulfil its obligation under Article 93 (3) of the Treaty, first by failing to notify the aid measures in question at the draft stage and secondly by implementing them before the Commission could take a position with regard to them.

Those breaches have brought about a particularly serious situation since, as the Commission had occasion to note when examining the measures, certain provisions of Law No 17/92 simply apply other legislative provisions adopted in the past, which have never been notified pursuant to Article 93 (3).

In addition, the aid measures provided for in the provisions in question are, from the point of view of substance and for the reasons set out below, incompatible with the common market under Article 92 of the Treaty.

3. As regards the arguments put forward by the Italian Government, the Commission points out the following:

(i) with regard to the Italian Government's argument that the very general drafting of a national provision providing for aid does not permit such aid to be considered incompatible with the provisions of the Treaty on State aids except on the introduction of the measures themselves, it suffices to point out that the system for verifying national aid introduced by the Treaty is based on the obligation of the Member States to notify the Commission, in sufficient time for the latter to put forward its comments, of any draft aid measure introducing or amending aid measures. As the Commission pointed out in its letter SG(89) D/5521 of 27 April 1989 to the Member States, '[...] The Commission considers that a Member State has failed to fulfil its obligation to notify it where the process of putting aid into effect has been initiated. By "putting into effect" it means not the action of granting aid to the recipient but rather the prior action of instituting or implementing the aid at a legislative level according to the constitutional rules of the Member State concerned. Aid is therefore deemed to have been put into effect as soon as the legislative machinery enabling it to be granted without form or formality has been set up. [...]',

(ii) the restriction on the application of aid for assisting the recovery of enterprises provided for in Article 57 of Regional Law No 44/86 (financed by the fund instituted by Article 40 of Regional Law No 14/81) to the cases referred to in Regional Executive Decision No 18/15 of 21 June 1994 provides no remedy to the incompatibility of the aid measures in question.

Namely:

— the Regional Executive Decision was not adopted until 21 June 1994; from a temporal point of view, therefore, the restriction provided for therein could not in itself affect the appraisal of the aid measures in question as regards the period from the entry into force of the disputed provisions until its adoption,

— at all events, from the point of view of substance, the change/restriction introduced is not likely to ensure that the aid measures thus amended are compatible with the common market since no change was made with regard to the aid for cooperatives which cease operating of their own accord and the conditions on the granting of the aid (which therefore continued to be applied) in other cases are more restrictive; however, they are not always in line with the conditions required by the Commision when considering national aid of this type (which conditions were set out in the Commission's letter notifying the Italian Government of its decision to intitiate the procedure provided for in Article 93 (2) of the Treaty [1].

(iii) The Italian authorities' argument that certain aid measures may be justified as aid granted following a natural disaster has already been put forward in their correspondence with the Commission before the decision to initiate the procedure.

In this connection, the Commission did in fact remind the Italian authorities of the criteria adopted by the Commission when considering aid measures of this type and requested that information on the aid in question should be forwarded to allow them to verify compliance with those criteria (Commission telex message of 27 May 1993) and, as a consequence, to ascertain the possibility of considering the aid compatible with the common market under the exception provided for in Article 92 (2) (b), namely as aid to make good the damage caused to farmers by exceptional weather conditions.

The Commission would like to point out that, in accordance with its long-standing practice, exceptional weather such as droughts cannot be treated in the same way as natural disasters within the meaning of Article 92 (2) (b) except under certain conditions, to ensure in particular that only agricultural operators who have suffered damage exceeding the level to which they should normally be liable as a normal risk of agricultural holdings should receive the aid/reimbursement. To that end, a minimum threshold of rate of losses suffered by each holder (30 % of gross normal production — 20 % in less-favoured regions) has been set.

The Italian Government has not provided (and the Commission has not seen) any information showing that those conditions are met in the case in point.

[1] OJ No C 159, 10. 6. 1994.

In view of the foregoing, the justifications put forward by the Italian Government cannot be accepted by the Commission.

As regards the desire expressed by the Italian authorities to amend the regional legislation in question, the Commission takes not and is willing to provide the necessary assistance for the implementation of Article 2 hereof.

V

As operating aid for agricultural holdings, the aid in question has the effect of reducing the costs of the recipient holdings, thereby facilitating the disposal of the goods produced and/or marketed by the latter.

Accordingly, the aid improves the commercial situation of the recipient enterprises as compared with their competitors who do not receive that assistance.

In accordance with Article 92 (1) of the Treaty, aid granted by Member States or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods is incompatible with the common market insofar as it affects trade between Member States.

As the measures in question apply 'across the board' by affecting all sectors of agricultural production, all agricultural products may be affected by the aid in question.

Accordingly, the measures are likely to affect trade in agricultural products between the Member States (the value of which, as regards Italy, amounted to around ECU 13 800 million for imports and around ECU 6 800 million for exports in 1993 [1]), which trade is affected where aid favours national production to the detriment of imports from other Member States.

In view of the foregoing, the aid in question should be considered State aid meeting the criteria laid down in Article 92 (1) of the Treaty.

[1] Source : Eurostat.

VI

Article 92 (1) of the Treaty provides that aid meeting the criteria it sets out is in principle incompatible with the common market.

The exceptions to that rule laid down in Article 92 (2) are clearly not applicable to the aid measures in question.

The exceptions provided for in Article 92 (3) state that the objectives must be pursued in the interests of the Community and not only in that of individual sectors of a national economy.

These exceptions (which must be interpreted strictly) can be allowed in particular only where the Commission can establish that the aid is necessary to achieve one of the objectives of those provisions. To allow such exceptions in respect of aid which does not offer such guarantees would amount to allowing trade between the Member States to be affected and competition to be distorted unjustifiably from the viewpoint of the Community interest and would, by corollary, give operators in certain Member States an undue advantage.

In the case in point, the conditions on the granting of the aid in question do not offer such guarantees since the Italian Government has been unable to provide any justification and the Commission could find none, showing that the aid in question fulfils the conditions required for allowing any of the exceptions set out in Article 92 (3).

The measures are not intended to promote an important project of common European interest within the meaning of Article 92 (3) (b), all the more so as their possible effects on trade run counter to the common interest.

Nor are the measures suitable to remedy a serious disturbance in the economy of a Member State within the meaning of the same provision.

As regards the exceptions provided for in Article 92 (3) (a) and (c) covering aid to promote or facilitate the economic development of certain areas or certain activities, it should be pointed out that the measures in question, on account of their status as operating aid, cannot improve in any lasting manner the conditions affecting the recipients. In other words, the aid measures have no effect on the structural situation of the recipients since their effects disappear as soon as they cease.

Accordingly, the aid cannot qualify under any of the exceptions provided for in Article 92 (3).

In addition, as far as the aid for producers of sheep and goat milk (Article 4 of Regional Law No 17/92 and Article 11 of Regional Law No 6/92) is concerned, such aid must be considered as involving a product subject to a common organization of the market and there are limits to the powers of the Member States to intervene in the way such organizations, which entail, in particular, a system of common prices, which is now the exclusive province of the Union, operate and there is an explicit prohibition of any aid based on quantities produced.

The common market organizations should be considered as comprehensive, self-contained systems excluding any possibility of the Member States' adopting measures derogating therefrom or undermining them.

The aid measures in question should therefore be considered as infringing Community rules. Accordingly, none of the exceptions laid down in Article 92 (3) can be invoked.

The aid measures in question are therefore incompatible with the common market.

VII

The Commission should have been notified pursuant to Article 93 (3) of the regional measures referred to in Section I above (excepting those provided for in Article 7 of Regional Law No 17/92). Since the Italian Government omitted to do so, the Commission was not able to take a position on the planned aid before its implementation. As a consequence, the aid is illegal having regard to Community law once it is granted since Article 93 (3) was not complied with.

In this respect, it should be remembered that in view of the binding nature of the procedural rules laid down in Article 93 (3), which the Court of Justice recognized as having direct effect in (more particularly) its judgments of 19 June 1973 in Case 77/72 [1] and of 21 November 1991 in Case 354/90 [2], the illegal nature of the aid in question cannot be redressed after the event.

In addition, in the event that aid measures are incompatible with the common market, the Commission may have recourse to the possibility afforded it by the judgment of the Court of Justice of 12 July 1973 in Case 70/72 [3], as confirmed by the judgments of 24 February 1987 in Case C-310/85 [4] and of 20 September 1990 in Case C-5/89 [5], and compel the Member State to recover from the recipients all aid granted illegally.

VIII

As pointed out in Title VII, the Commission may require the Member States to compel the recipients of aid granted illegally to reimburse it.

In view of the foregoing, the aid granted by the Sardinian Region pursuant to the provisions referred to in Section I (excepting the measures provided for in Article 7 of Regional Law No 17/92) must be reimbursed.

Reimbursement must take place in accordance with the procedures and provisions of Italian law and in particular those concerning interest on delayed repayment of debts due to the State, interest becoming payable as from the date of granting of the illegal aid in question (Commission letter to the Member States SG(91) D/4571).

Such reimbursement is necessary to re-establish the situation obtaining beforehand and requires that all financial advantages from which the enterprises receiving the illegally granted aid have benefited unduly since the payment of the aid must be cancelled.

This Decision is without prejudice to any consequences which the Commission may draw, where applicable, as regards the financing of the common agricultural policy by the European Agricultural Guidance and Guarantee Fund (EAGGF),

HAS ADOPTED THIS DECISION:

Article 1

The aid measures provided for in Articles 1, 3, 4, 6 and 8 of Sardinian Regional Law No 17/92 and in Article 40 of Regional Law No 14/81, Article 57 of Regional Law No 44/86 and Article 11 of Regional Law No 6/92 are illegal since they have been established in breach of the rules of procedure set out in Article 93 (3) of the Treaty. Furthermore, they are also incompatible with the common market under Article 92 (1) of the Treaty since they do not meet the conditions for the exceptions provided for in Article 92 (2) and (3) thereof.

Article 2

Italy is required to repeal the provisions referred to in Article 1 or to amend them so as to render them compatible to the common market within two months of the date of notification of this Decision.

(1) [1973] ECR 611.
(2) [1991] ECR 5505.
(3) [1973] ECR 813.
(4) [1987] ECR 901.
(5) [1990] ECR I-3437.

Article 3

1. Within two months of the date of notification of this Decision, Italy shall require the repayment of:

— the aid paid to Apoac — Santa Sperate, Cantina sociale di Mogoro, Cantina sociale di Santadi, Cantina sociale di Villacidro, Consorzio caseario del Gerrei, Consorzio sardo caseario — S. Gavino, Cooperativa allevatori fonnesi (Nuoro), Cooperativa 'L'asparago' — Sanluri, Cooperativa pastori S. Giovanni, Latteria sociale cooperativa — Meana sardo, Latteria sociale — Santadi, Oleificio cooperative — Sassari, Organizzazione ortofrutticola oristanese, pursuant to Article 3 (4) of Sardinian Regional Law No 17/92;

— the aid paid to the 'Associazione produttori ovicaprini' and to the 'Assozaciazione nuorese produttori' pursuant to Article 3 (5) of Sardinian Regional Law No 17/92;

— the aid paid to CON.SAR.CO.RI. pursuant to Article 6 of Sardinian Regional Law No 17/92;

— the aid paid to Colvas pursuant to Article 8 of Sardinian Regional Law No 17/92;

— the aid paid pursuant to Article 40 of Regional Law No 14/81, Article 57 of Regional Law No 44/86, Article 11 of Regional Law No 6/92 and Article 4 of Regional Law No 17/92.

2. The aid provided for in Article 3 (3) of Regional Law No 17/92 having been granted in the form of a waiver of loan debts owed to the public administration, recovery shall take place by collecting the debts concerned.

3. Recovery shall take place in accordance with the procedures and provisions of Italian law and in particular those concerning interest arising out of delayed repayment of debts owed to the State. The sums to be recovered shall incur interest as from the date of granting of the legal aid in question and, as regards the aid measures provided for in Article 3 (3) of Regional Law No 17/92, as from the date on which the loans granted by the public administration fall due.

Article 4

Italy shall inform the Commission, within two months from the date of notification of this Decision, of the measures taken to comply with it.

Article 5

This Decision is addressed to the Italian Republic.

Done at Brussels, 14 March 1995.

For the Commission

Franz FISCHLER

Member of the Commission