COUNCIL DECISION

of 20 March 2000

concerning aid granted in Italy by RIBS SpA in accordance with the provisions of national law No 700 of 19 December 1983 on the restructuring of the sugar beet sector

(2000/257/EC)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular the third subparagraph of Article 88(2) thereof,

Having regard to the request put forward by the Government of the Italian Republic on 4 January 2000,

Whereas:

(1) Article 46 of Council Regulation (EEC) No 1785/81 of 30 June 1981 on the common organisation of the markets in the sugar sector [1] authorise: (i) the granting of adjustment aid to producers of sugar beet and, should the case arise, to producers of sugar; (ii) adjustment of that aid where this is necessitated by exceptional requirements connected with plans for restructuring the sugar sector in Italy.

(2) By national law No 700 of 19 December 1983 on the restructuring of the sugar beet sector, Italy set up the public funding body RIBS SpA instructing it to disburse aid to sugar producers in connection with the restructuring plans, basically in the form of participatory credit.

(3) Pursuant to Article 46 of Regulation (EEC) No 1785/81 and subsequent amendments thereto, Italy drew up two general plans to restructure and convert the sugar beet sector during the period 1984/1985 to 1995/1996 which the Commission approved in decisions communicated in letters SG(84) D/6750 of 23 May 1984 and SG(91) D/11490 of 20 June 1991.

(4) Under those general restructuring plans, the Italian Republic implemented a series of specific interventions for certain undertakings which where approved by the Commission and which enabled a start to be made on substantial, effective restructuring in this sector.

(5) Furthermore, some interventions were made without being notified within the meaning of Article 88(3) of the Treaty.

(6) Following the infringement proceedings in respect of RIBS interventions in favour of Celano (Nusam SpA and Sadam Abruzzo SpA) and Castiglion Fiorentino (Sadam Castiglionese SpA) undertakings, the Commission adopted a partly negative decision C(1999) 1363 of 11 May 1999 which was the subject of an appeal to the Court of Justice of the European Communities by the Italian Government.

(7) The Commission initiated infringement proceedings concerning the inteventions in favour of the Ostellato undertaking (CO.PRO.B undertaking), communicated in its letter SG(96) D/1257 of 11 January 1996.

(8) The Italian Government took steps in August 1999 to notify the following interventions: (a) Specific plan for PONTECO, (b) Specific plan for COMAGRI, (c) Renegotiation of loan to COPROB, (d) Renegotiation of loan to SADAM-SECI, (e) Renegotiation of loan to ISI.

(9) The Italian Government also informed the Commission of the specific plan for SPAI SpA, concerning the processing sector, approved on 25 March 1992 in accordance with the general plan to restructure and convert the sugar beet sector during the period 1991 to 1996 which allowed the possibility of financing agro-food activities in areas where it had become necessary to close sugar refineries. The specific plan for SPAI SpA was subsequently revoked on 11 October 1994.

(10) The interventions referred to in recitals 6, 7 and 8 are, in terms of objectives and results, essentially the same as the previous interventions under the general restructuring plans approved by the Commission. These interventions are necessary with a view to the completion of the restructuring process in this sector, and failure to approve them would compromise the reorganisation of the sector and jeopardise the economic equilibrium of several thousand smallholdings operating in the different beet production areas.

(11) The amount of aid granted over the period 1984 to 1992 to the sugar-producing undertakings referred to in recitals 6, 7 and 8 totals EUR 66,9 million, with an annual average impact of approximately 0,5 % of the intervention price for sugar, the effect on competition and intra-Community trade being quite negligible.

(12) The aid granted concerns nearly all industrial groups operating in the sector, which represents an agricultural area of some 265 000 hectares and some 65 000 holdings in sugar beet production zones.

[1] OJ L 177, 1.7.1981, p. 4. Regulation repealed and replaced by Regulation (EC) No 2038/1999 (OJ L 252, 25.9.1999, p. 1).

(13) The SPAI SpA is currently in liquidation and the RIBS has made itself a party to the bankruptcy proceedings.

(14) There are therefore exceptional circumstances which make it possible to classify the aid granted by the Italian Government as compatible with the common market under the conditions provided for by this Decision,

HAS ADOPTED THIS DECISION:

Article 1

1. The following aid provided by the public funding body (RIBS SpA) shall be considered compatible with the common market:

— specific plan for PONTECO of 19 December 1989 equivalent to a gross subsidy of EUR 5 297 000,

— specific plan for COMAGRI of 21 September 1990 equivalent to a gross subsidy of EUR 15 920 000,

— renegotiation of the COPROB loan of 25 March 1992 equivalent to a gross subsidy of EUR 2 286 000,

— renegotiation of the SADAM-SECI loan of 25 March 1992 equivalent to a gross subsidy of EUR 376 000,

— renegotiation of the ISI loan of 2 August 1991 equivalent to a gross subsidy of EUR 20 370 000;

— aid for the COPROB of 28 June 1990 in infringement proceedings equivalent to a gross subsidy of EUR 847 000.

2. The intervention by RIBS SpA on 25 March 1992 in favour of SPAI SpA equivalent to a gross subsidy of EUR 8 567 000 shall also be considered compatible with the common market.

3. The Italian Government shall be authorised to grant recipients of aid which were the subject of partly negative decision C(1999) 1363 of 11 May 1999 aid equivalent to the sums they would have to refund.

Article 2

This Decision is addressed to the Italian Republic.

Done at Brussels, 20 March 2000.

For the Council

The President

L. CAPOULAS SANTOS