

**D E C I S I O N NO. 7**  
**of 09.01.2004**  
**on the authorization of individual state aid granted to**  
**S.C. Lucrari Drumuri si Poduri S.A. Iasi**

**The Competition Council's Plenum,**

**Based on:**

1. Decree no. 1075/2001 on the appointment of the members of the Competition Council;
2. The provisions of the Competition Law no. 21/1996, published in the Official Gazette no. 88, Part I, of 30.04.1996;
3. The provisions of the Law no. 143/1999 on State aid, published in the Official Gazette no. 370, Part I, of 03.08.1999, with further completions;
4. Provisions of the GD no. 599/2000 for the approval of the reporting, monitoring and information procedures in the application of the Law no. 143/1999 on State aid, published in the Official Gazette no. 340, Part I of 21.07.2000;
5. The Regulation regarding the organization, functioning and procedure of the Competition Council, published in the Official Gazette no. 50 bis, Part I of 25.03.1997 with further amendments and completions;
6. The Regulation on the form, content and other details of the state aid notification, published in Official Gazette no.125, Part I of 24.03.2000;
7. Regulation on State aid for rescue and restructuring firms in difficulty, published in the Official Gazette no. 470/02.07.2002, Part I;
8. Notification of the State aid which is to be granted to S.C. Lucrari Drumuri si Poduri S.A. Iasi based on Iasi County Council Decree no. 65/2003 submitted by Iasi County Council through the addresses no. 8345/25.08.2003 and no. 11931/05.12.2003, registered to the Competition Council under no. RS-AS.50/28.08.2003 and nr. RS-AS 50 completion/08.12.2003, became effective on 10.12.2003;
9. The Note of the State aid Department on the notified State aid.

**Based on the following:**

1. The notified state aid represents an individual aid and it is granted under the form of reducing the tariff on square meter in the period 2003-2005, in order to concession the lands on which the working locations of the companies are placed in total value of ROL 2,824,699,050.
2. The notified state aid is granted for fulfilling the restructuring program of the company. The restructuring program was worked out to over come the difficult situation of S.C. Lucrari, Drumuri si Poduri S.A., due mainly to the lack of liquidities and the overdue payment of executed works.
3. The total value of state aids of which S.C. Lucrari Drumuri si Poduri S.A. Iasi benefited until present is of ROL 12,446,783,607.
4. The relevant market is the market of constructions, repairing, modernizations and roads maintaining of Iasi County territory.
5. The assessment of notified measure was made in accordance with the granting criteria of state aids stipulated by the Regulation on state aid for rescuing and restructuring firms in difficulty. S.C. Lucrari, Drumuri si Poduri S.A. is a company in difficulty as it faced problems that negatively influenced its activity. This fact results from the following aspects: the turn over decreased, the company registered losses, speed of clients-debits was high, and the liquidity was down.
6. The effects of enforcing the restructuring Program consist in decreasing the costs by acc. ROL 650,000,000 as well as increasing the cash by acc. ROL 2,240,000,000. The ration financial effort/effect is equal with **1.35** (calculated as report between the foreseen profit for 2003 and the savings made) and it shows the viability of this plan, the overcoming of the difficult situation in a first stage, and in three years time the assurance of long run competitiveness on the market.
7. The restructuring costs rise at ROL 33,871,483,000, while the company's contribution from own sources is of ROL 18,600,000,000.

8. The requested state aid will allow the maintaining of the company on the market by its rehabilitation. Thus, the competitive environment on the relevant market is maintained, respectively the market of constructions, repairing, modernizations and roads maintaining of Iasi County, without new complementary financial resources that could distort the competition at regional level.

8. The state aid is limited to minimum necessary and it shall be used only to restore the viability of S.C. Lucrari, Drumuri si Poduri S.A., the beneficiary being not allowed to extend the production capacity during the implementation of the restructuring Plan, thus observing the provisions of art. 14 of the Regulation on state aid for rescuing and restructuring firms in difficulty.

9. S.C. Lucrari, Drumuri si Poduri S.A. receives for the first time restructuring aid, thus observing the provisions of art. 18 of the Regulation on state aid for rescuing and restructuring firms in difficulty stipulating that the restructuring aid must be granted only once.

10. The information presented in the notification submitted to the Competition Council lead to the conclusion that the state aid to be granted to S.C. Lucrari, Drumuri si Poduri S.A. does not significantly distort the normal competitive environment and does not infringe the proper application of international Treaties to which Romania is a party.

11. Under art. 13 (1) of the Law no. 143/1999 on state aid, the Competition Council shall permanently survey all the existing aids and if it will be noticed that the state aid granted significantly distorts the normal competitive environment and infringes the proper application of international Treaties to which Romania is a party, the Competition Council shall ask the state aid grantor to take the appropriate measures to eliminate its incompatibility with the Law no. 143/1999 on State aid.

## **DECIDES**

**Art.1.** Within the meaning of art. 12 (2) b) corroborated with art. 14 (3)c) of the Law no. 143/1999 on State aid, the State aid granted to S.C. Lucrari, Drumuri si Poduri S.A. based on the Decree of Iasi County

Council no. 65/2003, is authorized as restructuring state aid, with the mention that, as stipulated by art. 18 of the Regulation on State aid for rescue and restructuring firms in difficulty, the restructuring State aid is granted only once.

**Art.2.** The total value of the aid being to be granted is of ROL **15,271,482,657**, of which ROL 5,495,107,050 represents the decrease of tariff on square meter in the period 2003-2005, in order to concession the lands on which the working locations of the company are placed, and ROL 9,776,375,607 represents the exemption from the payment of delay increases and penalties related to contributions owed to the State budget.

**Art.3.** The present decision shall become applicable at its communication date.

**Art.4.** According to the provisions of art. 29 of the Law no. 143/1999 on State aid, the present decision may be appealed in Court of Appeal Bucharest, Contentious administrative department, within 30 days since its communication.

**Art.5.** The present decision shall be communicated by the Secretariat General of the Competition Council to:

- Iasi County Council, 69 Stefan cel Mare si Sfant street, Iasi, Iasi County;
- S.C. Lucrari, Drumuri si Poduri S.A., 76 Aurel Vlaicu street, Iasi, Iasi County.

**Art.6.** The Secretariat General and the State Aid Department of the Competition Council shall pursue the fulfillment of the present Decision.

**PRESEDINTE**

**THEODOR VALENTIN PURCAREA**