

DECISION OF THE COMPETITION COUNCIL
no. 138 of 12.06.2006
regarding the State aid to be granted to SC UMUC SA Bucuresti

The Competition Council,

Taking into consideration the provisions of the European Agreement establishing an association between Romania and the European Communities and their Member States, ratified by Law no.20/1993, published in the Official Gazette, Part I, no. 73 of 12.04.1993;

Taking into consideration the provisions of Competition Law no. 21/1996, republished in Romania's Official Gazette no 742, I Part of 16.08.2005;

Taking into consideration the provision of Law no 143/1999 on State aid, republished in the Official Gazette no. 744/16.08.2005, Part I;

Taking into consideration the provisions of the Regulation regarding the State aid for the rescue and restructuring of the firms in difficulty, published in the Official Gazette Part I, no. 1215 of 17.12.2004;

Taking into consideration the provisions of the Regulation regarding the form, contents and other details of the notification of a State aid, published in the Official Gazette, Part I no. 82 of 25.01.2005;

Taking into consideration the provisions of the Regulation on the state aid for small and medium size enterprises, published in the Official Gazette, I Part, no. 340 on 19 April 2004,

Taking into consideration Decree no. 57/2004 on the appointment of the Competition Council;

Based on the following,

I. PROCEDURE

- (1) By the letter no. VP4/2622/02.05.2006, registered at the Competition Council no. RS-AS 74/02.05.2006, the Authority for the State Assets Recovery (hereinafter named AVAS) notified, in the name of all grantors, based on art. 15 of *Law no. 143/1999 regarding state aid, republished*, the State aid measures intended to be granted to SC UMUC SA Bucuresti in the privatization context, as individual restructuring aid.
- (2) The Competition Council requested AVAS additional information by letter no. DAAS/691/08.05.2006, regarding the amount of state aid, the company's financing resources and their certainty, restructuring measures and compensatory measures. AVAS submitted the required reply by letters registered with no. DAAS/684/05.05.2006, CC/592/17.05.2006,

DAAS/737/15.05.2006 and DAAS/796/26.05.2006. The notification became effective at the date when the information was accurate and complete, respectively on 26.05.2006.

II. DESCRIPTION OF FACTS

1. Description of the financial support measures granted to UMUC SA Bucuresti

1.1. Legal basis for granting the financial support measures

- (3) The financial support measures granted to SC UMUC SA Bucuresti are established by the following legal acts:
- Law no.137/2002 on certain measures for accelerating the privatization, with the subsequent amendments and completions;
 - GEO no. 26/2004 regarding several measures for the achievement of the privatization of the undertakings within the portfolio of AVAS and the consolidation of several privatizations approved with subsequent amendments and completions by Law no. 442/2004 on certain measures for finalizing the privatizations within APAPS portfolio;
 - GD no. 577/2002 on the approval of the Methodology for inforcing the GEO no. 88/1997 on the privatization of undertakings, with the subsequent amendments and completions, and of the Law no.137/2002 on certain measures for accelerating the privatization, with the subsequent amendments and completions;
 - GEO no. 26/2005 regarding the abrogation of the legal provisions concerning facilities for the payment of overdue budgetary obligations, approved with subsequent amendments and completions by Law no. 244/2005;
 - GD no. 660/2004 on the approval of the extention of the payment facilities provisioned at art.18 of the Law no.137/2002 on certain measures for accelerating the privatization, with the subsequent amendments and completions, for certain undertakings within APAPS's portfolio;
 - GD no.773/2003 by which it was approved the privatizing strategy of SC UMUC SA Bucuresti.
 - GEO no. 51/1998 on the capitalization of certain bank assets, republished.

1.2. The financial support measures

- (4) The financial support measures notified by AVAS were granted in the context of the privatization of SC UMUC SA Bucuresti and consist of facilities for the payment of the obligations overdue to the State budget and towards AVAS.
- (5) The financial support in amount of **RON 43,329,726** consists in exemptions- amounting RON 32,844,635 - and payment scheduling – amounting RON 10,485,091 - from the payment of budgetary obligations, as follows:

a) Exemptions

- Exemption from payment of the budgetary obligations overdue on 31.12.2003, amounting to RON 6,639,033;
- Exemption from the payment of interest and penalties of any type corresponding to overdue obligations considered on 31.12.2003, computed until the date of the share ownership transfer, amounting to RON 21,148,747;
- Exemption from the payment of interest and delay penalties of any type corresponding to overdue obligations considered after 31.12.2003, amounting to RON 2,176,279;

- Exemption from payment of the obligations towards AVAS represented by restructuring funds, amounting to RON 77,406;
- Exemption from the payment of interest and penalties of any type corresponding to overdue obligations towards the health insurance fund, took over by AVAS, amounting to RON 2,803,170;

b) Payment scheduling

- Payment scheduling of the overdue budgetary obligations not paid until 31.12.2003, amounting to RON 3,862,630;
- Payment scheduling of the overdue budgetary obligations not paid after 31.12.2003, amounting to RON 3,345,545;
- Payment scheduling of the obligations towards AVAS represented by restructuring funds, which were not exempted, amounting to RON 2,394;
- Conversion into shares and/or payment scheduling for AVAS commercial claims, as a result of it taking over the company's debts towards DISTRIGAZ NORD, amounting to RON 1,251,676;
- Payment scheduling of the obligations towards the health fund, took over by AVAS, amounting to RON 2,022,846.

2. Beneficiary

- (6) SC UMUC SA Bucuresti is a joint stock company, with headquarters in Bucharest, Sector 4, Bd-ul Metalurgiei nr. 78, postal code 041836, with the registration number at the Trade Register J40/870/1991 and CUI R 379657.
- (7) The company was privatized in 2004, by signing the shares sale-purchase contract no. 19/19.03.2004. At the date of the signature, the company had a share capital of RON 10,701,350, divided in 4,280,540 shares with nominal value of 2.5 RON/share. The share ownership transfer took place on 30.08.2004.
- (8) The shareholders' structure after privatization, according to Acknowledgement Certificate no. 258556/15.09.2004 is presented in Table no. 1.

Table no. 1 - S.C. UMUC S.A. 's shareholders' structure after privatization

SHAREHOLDERS	CAPITAL OWNED	
	Number of shares	Percent in the equity (%)
SC METACOM GROUP SRL	2,896,564	67.668
SIF	27,027	0.631
Other shareholders	1,356,949	31.701
TOTAL	4,280,540	100.00

Source: Notification form

- (9) One year prior to privatization, SC UMUC SA Bucuresti had a turnover of RON 14,836,043 and an average number of 577 employees. Thus it can be said that SC UMUC SA Bucuresti is a large enterprise.
- (10) The main activity of the company is the manufacturing of reservoirs, tanks and metallic containers– CAEN code 2821. Besides its main activity object, the company also performs other secondary activities, such as manufacturing: metallic constructions and component parts for metallic structures - CAEN code 2811, manufacturing other specific machines and equipments - CAEN code 2956.

- (11) The main products of SC UMUC SA Bucuresti are equipments for chemical industry (pots with or without pressure, columns, heat shifter, etc.), steel receptables and steel constructions for industrial constructions (steel structures, sub-assemblies for maritime shelves, sub-assemblies for railroads, etc.). These are diverse products mainly designated for the industrial construction branch for the chemical and petrochemical industry.

3. Financial status of SC UMUC SA Bucuresti prior to privatization

- (12) The evolution of the main economic and financial indicators registered by SC UMUC SA Bucuresti during 2001 - 2004 is as follows:

Table no. 2 – Evolution of turnover and of the exercise for SC UMUC SA Bucuresti during 2001-2004

Turnover (RON)			
2001	2002	2003	2004
6,020,719.3	4,294,888.7	14,836,043	12,294,516.6
Net result of the exercise (RON)			
-8,153,187.0	-11,689,087.5	-7,078,138.2	-7,472,554.3

Source: Notification form

As it results from the data presented, the company registered significant losses in the period 2001-2004.

- (13) According to the data from the respective balance sheets, the evolution of the main economic and financial indicators registered during 2001-2004 is presented as follows:

a) Decrease of the company's equity

Table no. 3 – Evolution of equity for SC UMUC SA Bucuresti during 2001-2004

Equity (RON)			
2001	2002	2003	2004
1,973,227.7	-22,900,680.5	-29,978,818.6	-37,451,372.9

Source: Notification form

It is noticed that during the analysed period, equity registers a drastic decrease, having a negative value during 2002 – 2004, due to the losses cumulated during the previous years.

b) The company registers losses

Table no. 4 - Evolution of SC UMUC SA Bucuresti's losses during 2001-2004

	RON			
	2001	2002	2003	2004
Gross result of the exercise	-8,153,187.0	-11,689,087.5	-7,078,138.2	-7,472,554.3
Result from exploitation	-7,597,986.7	-11,418,871.6	-6,431,922.7	-7,028,610.1

Source: Notification form

It is noticed that during the assessed period, the company registers losses in its whole activity, the majority of those losses being incurred by the exploitation activity.

c) Increase of stocks

Table no. 5 - Evolution of SC UMUC SA Bucuresti's stocks during 2001-2004

	RON			
Indicator	2001	2002	2003	2004
Stocks	1,624,357.5	1,188,893.6	6,655,688.6	7,295,042.5

Turnover	6,020,719.3	4,294,888.7	14,836,043	12,294,516.6
Stocks' rotation speed = Total stocks/turnover x 360 days	97	100	162	214

Source: Notification form

It can be seen that during the assessed period, both the stocks and their rotation speed, had increased.

d) Indebtness degree

The indebtness degree, calculated as division between the total debts and the company's capitals, are as follows:

Table no. 6 – Evolution of SC UMUC SA Bucuresti's stocks during 2001-2004

RON

Indicator	2001	2002	2003	2004
Total debts	10,478,600.9	33,436,916.6	47,804,637.0	55,789,770.4
Debts registered within extra-balance-sheets accounts	0	0	0	0
Company's capitals	1,973,227.7	-22,900,680.5	-29,978,818.6	-37,451,372.9
Indebtness degree (%)	531	-146	-159	-149

Source: Notification form

The increase in the debts owed to the budgetary creditors, namely debts, interests and penalties, as well as other claims, have led to a decrease in the company's own capital, as these were considered costs due to the exploiting activity and have negatively influenced the gross result of the company's activity, incurring losses.

e) Intermediate liquidity

Table no. 7 –SC UMUC SA Bucuresti's intermediate liquidity during 2001-2004

RON

Indicator	2001	2002	2003	2004
Floating assets	3,231,381.9	2,183,001.5	9,569,537.7	11,721,997.0
Stocks	1,624,357.5	1,188,893.6	6,655,688.6	7,295,042.5
Debts	10,478,600.9	33,436,916.6	47,804,637.0	55,789,770.4
Intermediate liquidity ¹ = (Floating assets-Stocks)/Debts	0.15	0.03	0.06	0.08

Source: Notification form

The indicator “intermediate liquidity” had a fluctuant increasing trend during the assessed period, being under the normal values, which shows that the company did not benefited from the liquidities necessary to make the payments from its current activity.

- (14) From the assessment of the above-presented indicators it can be concluded that the company registered a loss in its equity, an increase in the amount of the claims, a high volume of stocks, the liquidity ratio indicators are situated much lower than the normal limit, all these proving a decline in the company's economic- financial situation.
- (15) The main reasons leading to the company's difficult situation, are the following:

¹ The intermediate liquidity must have values enclosed between 0.5 – 1 so that the company would be considered to have a stable financial situation.

- Old and obsolated technology, involving high costs with the raw materials, materials, energy, water, gas and the lack of funds for renewing the technology and therefore, making the activity efficient;
- High functioning costs of the production workshops;
- The severe lack of cash;
- Preservation, within its patrimony, of certain unutilized assets (production areas and means in surplus), incurring high maintainence costs for the company;
- The dissapearance of the traditional markets from the ex-CAER, having as consequences the loss of many economic relations the company was party at;
- The lack of a higher and constant volume of orders due to the problems from the whole Romanian industry.

(16) Taking into consideration this difficult situation of the company, A.V.A.S. decided to privatize it, and to grant facilities for the payment of budgetary obligations.

4. Relevant markets

(17) SC UMUC SA Bucuresti is active on the following relevant markets: the market of equipments for the chemical industry, the market of steel receptacles > 300 l and the market of metal constructions for industrial constructions. The company's products are mainly manufactured on the external market, 93.2% from the turnover corresponding to 2004 was achieved on this market. The company exports most of its products to Germany, England and France.

(18) The main customers of SC UMUC SA Bucuresti are:

- on the domestic market: SC ROMGAZ SA Ploiesti, PETROMIDIA, ENERGOMONTAJ, etc.;
- on the external market: R&M GASTURBINEN SYSTEME GERMANY, BIH ENGLAND, ALSTOM FRANCE, etc.

(19) In accordance with the market study (elaborated by SC IPCMG SA Bucuresti) annexed to SC UMUC SA Bucuresti's restructuring plan, the market shares owned by the company on the domestic markets are as follows:

Table no. 8 – Market shares of the company on domestic market in the period 2001-2004

No. crt.	Products	Market share (%)			
		2001	2002	2003	2004
1.	Equipments for the chemical industry	0.0205	0.0280	0.0500	0.0068
2.	Receptacles, tanks > 300 l	0.0558	0.0028	0.0000	0.0001
3.	Steel constructions for industrial constructions	0.0327	0.0265	0.0247	0.0195

Source: Notification form

(20) The main competitors of SC UMUC SA Bucuresti on the domestic markets, are as follows:

- a) for equipment for the chemical industry: SC Uzuc SA Ploiesti, SC Utchim SA Gaiesti, SC Uton SA Onesti, SC Griro SA, SC Faur SA, SC UCM SA Resita, SC Someta SA Tasnad, SC Vitimas SA Tecuci, SC Rotec SA Buzau, SC Beta SA Buzau, etc;

- b) for steel receptacles > 300 l: SC Utchim SA Gaesti, SC Uton SA Onesti, SC Griro SA, SC Romenergo Mecanic SA, etc;
- c) for steel constructions for industrial constructions: SC UCM SA Resita, SC Faur SA, SC Romenergo Mecanic SA, SC Fortus SA, CM Bocsă SA, SC IUG SA, SC Caromet SA, etc.

- (21) On the external markets, SC UMUC SA Bucuresti owns usignificant market shares, as follows:

Table no. 9 – The Company’s amrket shares on the external market during 2001-2004

No. crt.	Group of products	UE Market share (%)			
		2001	2002	2003	2004
1.	Equipments for the chemical industry	0.0113	0.0062	0.0279	0.0198
2.	Steel receptacles > 300 l	0.0060	0.0034	0.0060	0.0250
3.	Steel constructions for industrial constructions	0.0014	0.0013	0.0050	0.0011

Source: Notification form

- (22) Among the company’s competitors on the external market are the following: Dunafeer Company Group-Hungary, Maurer Sohne GmbH&Co.KG-Germany, DSD Stahlbau GMBH-Germany, ThyssenKrupp Steel AG-Germany, Petre Process Plant Ltd-England, Mainstream Engineering Ltd- England, Vahea Fabriken BV-Holland, Abbot&Co Newark Ltd- England, Kells Stainless Ltd- England, Busch BV- Holland, European Puma Services BV- Holland, Friton Benelux BV- Holland, etc.
- (23) The market study shows that, during the next period, the market of the equipments for the chemical industry, the market of the steel receptacles > 300 l and the market of the steel constructions for industrial constructions shall have an increasing trend. On European level, the above-mentioned markets shall have the same increasing trends aswell.

5. The privatization process

- (24) SC UMUC SA Bucuresti’s privatization was done by negotiation based on final, improved and irrevocable offers. The announcement for the sale of the share package owned by AVAS at SC UMUC SA Bucuresti was published in the domestic media (newspapers „Ziua” and „Evenimentul Zilei” on 24.11.2003) as well as in international newspapers („Financial Times” on 25.11.2003) and at the undertaking’s headquarters and at AVAS’ headquarters.
- (25) In order to decide who is the most appropriate investor, AVAS established the following pre-qualification criteria:
- turnover of minimum EURO 15 million during the last 2 years, previous to the privatization;
 - may participate at the privatization only the bidders having experience in the company’s main activity, namely metallic constructions and/or component parts for metallic structures and/or the construction and repairing of ships and
 - those natural/juridical persons can participate at privatization, as a shareholder/majority associate, did not conspicuously worsen the economic-financial situation of some companies previously privatised, as a result of fulfilling with delay the assumed

obligations in the share sale-purchase agreements concluded with FPS and/or with APAPS.

- (26) The presentation dossier contained information regarding the economic-financial and environmental situation of the company, the litigations in which it is involved, the facilities from which it benefited in case it were privatized, the amount of investments necessary in view of restructuring, etc.
- (27) Two dossiers were purchased and two purchase bids were submitted by SC METACOM GROUP SRL Constanta and SC IMSAT SA Bucuresti. On 15.12.2003 the Negotiation Commission, after it verified the documents submitted by the bidders concluded that the pre-qualifying criteria were observed by both bidders. On 06.01.2004 the Negotiation Commission admits SC METACOM GROUP SRL Constanta to the negotiation, in order to sale the main share package managed by APAPS to SC UMUC SA. In accordance with the legislation in force, in order to improve the financial bidding (price and the amount of the investments), the negotiations took place with the qualified bidder on 27.01.2004.
- (28) Following the negotiations, SC METACOM GROUP SRL Constanta was the winner and signed the share sale-purchase contract² no. 19/19.03.2004.

6. Description of the restructuring program

- (29) The restructuring plan, drawn up by the company in cooperation with the buyer, approved by AVAS, submitted to the Competition Council describes the measures regarding the company's re-organization, technical, financial and environment-related restructuring.
- (30) SC UMUC SA Bucuresti restructuring is focused on the following main directions:
- Increasing the quality of the offered products;
 - Modernizing the manufacturing technologies by acquiring new equipments and modernizing the existing ones;
 - Restructuring the company's patrimony by capitalizing certain productive areas and plots of land unused due to the limitation of the productive activity;
 - Reorganizing the company based on the efficiency principle applied to all the productive activities;
 - Reducing the manufacturing costs in order to obtain profit;
 - Observing the environmental protection measures;
 - Relief of the historical budgetary debts by obtaining facilities from the State.
- (31) The restructuring Program elaborated together with the Buyer and AVAS lasts during 2005-2009. Sintetically, the measures enclosed in the restructuring plan are as follows:

² The main elements of the contract are the following: sale price of the majority share package is of RON 289,656.4; the buyer will contribute with a working capital of Euro 400,000, within 1 year from the share ownership transfer; the buyer will make environmental investments of Euro 25,000 and development investments of Euro 675,000; the buyer will maintain the activity object during the implementation of the restructuring plan, and will obtain at least 70% of its turnover from this activity object.

Table no. 10 - Summary of the measures enclosed in SC UMUC SA Bucuresti's restructuring plan RON

No. crt.	Measures	Implementation Costs			
		Own sources	Buyer's sources	State aid	Total
1.	Organizational restructuring measures	82,300	-	-	82,000
2.	Technological restructuring measures	32,604,503	7,276,403	-	39,880,906
3.	Environmental protection measures	-	144,400	-	144,400
4.	Financial restructuring measures	2,492,000	1,672,860	43,329,726	47,494,586
5.	TOTAL	35,178,803	9,093,663	43,329,726	87,602,192

Source: SC UMUC SA Bucuresti's restructuring program

6.1. Organizational and structural restructuring

(32) The organizational and structural restructuring comprises the following measures:

Table no. 11 - Measures regarding the organisational restructuring of SC UMUC SA Bucuresti RON

Measure	Deadline	Implementation cost	Financing		
			Own sources	Buyer's sources	State aid
Restructuring the company's patrimony by capitalizing certain productive areas and plots of land unused due to the limitation of the productive activity	Trim. II 2006	32,300	32,300	-	-
Reorganizing the company based on the efficiency principle applied to all the productive activities	Trim. I 2006	30,000	30,000	-	-
Reorganizing and endowment of a marketing department, elaborating and implementing the marketing strategy	Trim. I 2007	20,000	20,000	-	-
TOTAL		82,300	82,300	-	-

Source: SC UMUC SA Bucuresti's restructuring program

6.2. Technical and technological restructuring

(33) Technical and technological investments assumed by the company and the Buyer amounts RON 39,880,906 and regards:

Table no. 12 - Measures regarding the technological restructuring of SC UMUC SA Bucuresti RON

Measure	Deadline	Implementation cost	Financing		
			Own sources	Buyer's sources	State aid
1. Modernizing the manufacturing technologies by acquiring a numeric control cutting machine	Trim. IV 2005	473,800	-	473,800	-
2. Modernizing the sand-blasting technology by acquiring a sand-blasting – passivating Installation	Trim. IV 2006	532,500	-	532,500	-
3. Modernizing the stocking systems and processing the economic and statistical data	Trim. IV 2006	50,400	-	50,400	-
4. Fitting out the production areas	Trim. III 2006	591,100	591,100	-	-

5. Modernizing the manufacturing technologies by acquiring new equipments related to the following activities:	Trim. II 2009	7,538,000	6,345,000	1,193,000	-
- welding, locksmith and control		3,305,500	2,112,500	1,193,000	
-cutting		782,500	782,500	-	
- sand-blasting painting		3,450,000	3,450,000	-	
6. Modernizing the manufacturing technologies by acquiring tool-machinery and instruments	Trim. IV 2009	3,740,000	2,840,000	900,000	-
7. Modernizing the auto park	Trim. III 2009	730,000	730,000	-	-
8. Modernizing the heating of the main Hall by acquiring new equipments	Trim. III 2009	730,000	355,000	375,000	-
9. Modernizing the manufacturing technologies by re-habilitating and modernizing the existing tool-machinery, from which: - Modernizing cutting machine HANCOCK - Increasing the cutting capacity of the OMN CUT machine	Trim. III 2009	3,540,000	2,940,000	600,000	-
10. Rehabilitating and modernizing the travelling crane	Trim. II 2009	1,697,500	1,697,500	-	-
11. Endowment with hoardings for technical gases (oxygen, argon, CO ₂) and making the installations for delivering technical gases	Trim. IV 2006	735,703	284,000	451,703	-
12. Rehabilitating production hall by remaking the roof's ressitence structure, the floors and the installations for absorbtion and filtring the insults	Trim. IV 2009	8,412,500	8,387,500	25,000	-
13. Rehabilitating production hall by modernizing the electrical installation and its annexes, as welll as the supply installation between UMUC and ROMENERGO	Trim. III 2009	1,464,400	1,364,400	100,000	-
14. Rehabilitating production hall by fitting out the premises for the sand-blasting painting activity	Trim. IV 2006	1,486,220	1,486,220	-	-
15. Rehabilitating the company's water-sewerage system and modernizing the retention tank for the wiaist water	Trim. II 2009	958,250	508,250	450,000	-
16. Modernizing the compressor station and the installations for delivering the compressed air	Trim. IV 2009	755,000	405,000	350,000	-
17. Organizing the recoverable materials household (metall, glass, plastic, paper)	Trim. IV 2009	148,250	148,250	-	-
18. Modernizing the technical- social annex by:		4,308,700	3,083,700	1,225,000	
- repairing the roof	Trim. IV 2006	651,000	526,000	125,000	-
- re-fitting areas for offices, locker rooms, cafeteria, etc.	Trim. IV 2009	3,657,700	2,557,700	1,100,000	-
19. Rehabilitating the infrastructure,	Trim. IV	1,181,582	631,582	550,000	-

green areas, surroundings, lighting	2009				
20. Acquiring components and making a communication and information network	Trim. IV 2009	807,001	807,001	-	-
TOTAL		39,880,906	32,604,503	7,276,403	-

Source: Restructuring program of SC UMUC SA Bucuresti

6.3. Environmental protection restructuring measures

(34) The environmental protection restructuring measures regard:

Table no. 13 - Environmental protection restructuring measures of SC UMUC SA Bucuresti RON

Measure	Deadline	Implementati on cost	Financing		
			Own sources	Buyer's sources	State aid
Acquiring dust removal filters for the sand-blasting installation	TRIM III 2005	144,400	-	144,400	-
TOTAL		144,400	-	144,400	-

Source: Restructuring program of SC UMUC SA Bucuresti

6.4. Financial restructuring

(35) The financial restructuring encloses the following measures:

Table no. 14 - Financial restructuring measures of SC UMUC SA Bucuresti RON

Measure	Deadline	Implementatio n cost	Financing		
			Own sources	Buyer's sources	State aid
Granting exemptions and payment scheduling for the payment of budgetary obligations	TRIM IV 2009	43,329,726	-	-	43,329,726
Costs related to the credit obtained under market conditions	TRIM IV 2009	2,492,000	2,492,000	-	-
Working capital injection as investor's contribution	TRIM IV 2005	1,672,860	-	1,672,860	-
TOTAL		47,494,586	2,492,000	1,672,860	43,329,726

Source: Restructuring program of SC UMUC SA Bucuresti

III. ASSESSMENT OF THE FINANCIAL SUPPORT MEASURES FOR SC UMUC SA Bucuresti

1. The state aid character of the financial support measures granted to SC UMUC SA Bucuresti

(36) The criteria which allow establishing if a measure constitutes State aid, are presented in art. 2 (1) of Law no.143/1999 on State aid, republished. Thus, any support measure granted by the State or from State resources or resources of the local administration, no matter the form, that distort or threaten to distort competition, by favouring certain enterprises, the production of certain goods or the provision of certain services, or that affect the trade with the Member

States represents State aid and is considered incompatible with a normal competitive environment.

- (37) The financial support granted to SC UMUC SA Bucuresti and notified by AVAS consists in the State renouncing to collect certain revenues; therefore, resources of the State are involved.
- (38) The financial support is granted to a certain undertaking, namely SC UMUC SA Bucuresti, having, therefore, a selective character.
- (39) Taking into account the fact that the facilities are part of a privatization process, in order to determine whether or not they constitute an economic advantage for SC UMUC SA Bucuresti, the state's behaviour should be compared to that of a private investor/seller (the prudent private investor test). It is considered that the State is acting like a prudent private investor/seller in the privatization context if it can be proved that it obtains the best price for the selling of its shares, respectively the price obtained is higher than the granted facilities. Does the State act like a prudent private investor in case of SC UMUC SA Bucuresti?
- (40) As provided in paragraph 5, Chapter II of the present decision, the privatization of SC UMUC SA Bucuresti proceeded by negotiation on the basis of final, improved and irrevocable bids. The Competition Council notes that AVAS established certain criteria for the pre-qualification of potential investors, criteria which could have decreased the number of bids. Moreover, the procedure was conditioned by the implementation of certain development investments and the compliance with the environmental standards, by maintaining the number of employees.
- (41) The price paid by the buyer for acquiring the majority share package is in amount of RON 289,656.4. The Competition Council notes that is considerably lower than the amount of facilities granted to SC UMUC SA Bucuresti at privatization, respectively of RON 43,329,726. A private investor seeks to sell the shares for a positive price; while in this case, taking into consideration all the commitments undertook by the Romanian state, the final price is negative.
- (42) A private investor could have accepted a negative price only if the cost of liquidation exceeds the company's privatization cost. AVAS did not undertake any comparative analysis between the liquidation and privatization costs. As a consequence, the Competition Council concludes that in this case the prudent private investor principle cannot be applied to the privatization of SC UMUC SA Bucuresti. Therefore, by granting these facilities the company has an advantage on the relevant market³.
- (43) Granting financial support to SC UMUC SA Bucuresti sets the premises for a possible distortion of the competition on the relevant market, since it allows the company to stay on this market. Moreover, the financial support measures affect trade with the Member States of the European Union, since the services provided by SC UMUC SA Bucuresti may compete with similar products/services provided in the European Union.

³ It should be mentioned that generally, the existence of conditions stipulated in the privatization contract is normally sufficient to the non appliance of the prudent private investor test.

- (44) Therefore, the financial support measures that are granted to SC UMUC SA Bucuresti, in the form of exemptions and payment scheduling of obligations towards AVAS and the state budget, are considered as State aid and fall under the provisions of the Law no.143/1999, republished.

2. Compatibility analysis with the State aid legal framework

- (45) The State aid objective is the restructuring of SC UMUC SA Bucuresti, in order to restore its viability at the end of the restructuring period.
- (46) The restructuring aid is conditioned by the implementation of a viable and coherent restructuring plan, demonstrating the long term viability of the company. To this effect, the Regulation on state aid for rescuing and restructuring firms in difficulty, published in the Official Gazette no. 1215/17.12.2004, issued in application of Law no. 143/1999 on State aid, republished (still referred to as Regulation) states that the restructuring usually involves one or more of the following elements: the company's re-organization and rationalization on a more efficient base, generally implying the retreat from actions that are generating losses, the restructuring of the existing activities that may become competitive again and sometimes the diversification towards new and profitable activities. In general, the industrial restructuring must be accompanied by the financial restructuring (capital injections, reduction of indebtedness degree, etc.)
- (47) The Competition Council assesses the State aid to be granted to SC UMUC SA Bucuresti according to the criteria provided in the Regulation. In order to be considered as compatible with a normal competitive environment the state aid must fulfil all criteria.

3. Criteria for granting the state aid for restructuring:

- (48) These are the following:
- Company in difficulty; affiliation to a group of companies;
 - Restoring SC UMUC SA Bucuresti's long term viability; restructuring plan;
 - Avoid the undue distortion of competition;
 - Proportionality of the aid (aid limited to the minimum necessary);
 - Observing the "first time, last time" principle;
 - Ensuring the fulfilment of the restructuring plan and permanently monitoring its progress by the Competition Council (monitoring and annual reporting).

4. Firm in difficulty

- (49) In order to benefit from State aid in accordance with the Regulation on State aid for rescuing and restructuring firms in difficulty, the company must be in difficulty. According to the Regulation, the Competition Council considers that a company is in difficulty when it is not able to cover its losses either from its own financial resources or from other sources that it may obtain from owners/shareholders or creditors, and which, in the absence of external intervention of the State will almost certainly lead to the company's demise.
- (50) According to article 2 (3) of the Regulation, a company is considered as being in difficulty when we find the usual characteristics of an enterprise in difficulty, such as increasing

losses, decrease of the firm's capital, increase of the debts, increase in the volume of stocks, liquidity indicators situated much under the normal limit.

- (51) In this respect, the Competition Council notes that, according to those provided at paragraph 12, 13, 14, the company fulfills the criteria foreseen under Art. 2 (3) of the Regulation in order for SC UMUC SA Bucuresti to qualify as "firm in difficulty".

5. Affiliation to a group of companies

- (52) According to the provisions of art. 2 (5) of the Regulation a company belonging or that is taken over by a group is not normally eligible to receive a State aid for rescuing and restructuring, except for the case when it can be proved that the financial difficulties belong to the company itself and are not the outcome of an arbitrary allocation of costs within the group and that these difficulties are much too serious to be handled by group itself.
- (53) The difficulties of SC UMUC SA Bucuresti's are its own, and are due to the company's lack of liquidities prior to privatization. The fiscal facilities granted to the company refer to debts accrued in the years preceding the sale of the majority share package.
- (54) As a result of the company's privatization process and the signing of the Sale –purchase contract no. 19/19.03.2004, SC UMUC SA Bucuresti's new owner is SC METACOM GROUP SRL which is part of a group formed from 13 undertakings. The companies forming the group are the following: METACOM TRANS, METACOM STEEL, METACOM INTERNATIONAL, METACOM STEELBUILDING, MARTACOM GRUP, MATACOM STEELBUILDING DC, METACOM CONSTRUCT, METACOM SANDBLASTING GL, METACOM SANDBLASTING TL, METACOM SANDBLASTING, METACOM ANTICOR, METACOM MARITIM and METACOM SND. In accordance with the information enclosed in the notification form, the undertakings within the group have ended the fiscal year 2003 with a total profit of RON 2,377,068.
- (55) The Competition Council notes that, at privatization, SC METACOM GROUP SRL paid for the package of 67.668% of SC UMUC SA Bucuresti's equity a price of RON 289,656.4. At the same time, it finances SC UMUC SA Bucuresti SA's technological and environmental restructuring measures, amounting RON 7,420,803 and brings a working capital amounting RON 1,672,860, SC METACOM GROUP SRL's contribution to the financing of the restructuring program being of RON 9,093,663.
- (56) Under these circumstances, the Competition Council considers that SC METACOM GROUP SRL could not bear SC UMUC SA's financial difficulties as well as the company's restructuring, without an intervention from the State, as the company's debts to the state abudget amount RON 43,329,726. Compared to the financial resources of the group including SC METACOM GROUP SRL, this contribution is significant.
- (57) In accordance with the information presented in the notification form, SC UMUC SA Bucuresti has participated to SC OCRIM ROMANIA SRL's equity with a contribution amounting RON 2,040, representing 3% of SC OCRIM SRL's equity. SC OCRIM SRL has ended the fiscal year 2003 with a loss of RON 125,282.1.
- (58) Given the above, the Competition Council considers that the condition foreseen by art. 2 (5) of the Regulation, regarding affiliation to a group of firms is fulfilled.

6. Restructuring plan. Restoring the long term viability of SC UMUC SA Bucuresti

- (59) According to art. 13 of the Regulation, restructuring aid is granted subject to the implementation of the restructuring plan (subject to an assessment by the Competition Council). The restructuring plan, which must be as short as possible, must include the abandonment of loss making activities and it must restore the company's long term viability, thereby allowing it to function with its own resources. The restructuring plan must be based on a realistic appraisal of market conditions, the restoring of viability having to result mainly from internal measures as well as from taking into consideration external factors such as price and demand variation over which the company has no substantial influence.
- (60) On August 2004, SC UMUC SA Bucuresti was privatized. Given the difficult situation, the company drafted a restructuring program for 2005-2009, together with AVAS and the Buyer. The summary of the company's restructuring measures was presented in subchapter II.6
- (61) The analysis of the restructuring plan and the assessment of the way in which it leads to the achievement of the long term viability of SC UMUC SA Bucuresti, take into consideration the provisions of article 13 of the Regulation.
- (62) The restructuring plan of SC UMUC SA Bucuresti starts from the financial and economic data that reflects the company's activities prior to privatization. This includes the circumstances which led to the difficult financial situation of SC UMUC SA Bucuresti and also the measures which will allow the restoring of the company's long term viability. The Competition Council concludes that the measures foreseen in the restructuring plan aim at counteracting the effects of the company being in difficulty through: assets capitalisation, reorganisation of the production activities, reduction of exploitation expenses, profit generating and the increase of financial possibilities.
- (63) The financial restructuring measures come to counteract the major causes for the company's difficult situation such as lack of liquidities, the high indebtedness ratio and maintaining in the patrimony of some non-used assets. The Competition Council concludes that financial restructuring aims at ensuring the fluidity of the company's financial activity. Thus, through assets capitalization (sale, rent) it is pursued the obtaining of resources needed for financing the restructuring plan, the contribution of working capital allowing the continuation of the current activity and the aid relieves the company from paying some overdue debts, thus making it eligible for attracting credits under the market conditions. This way SC UMUC SA Bucuresti will be able to pay its current debts to the State and to allocate the necessary liquidities in order to implement the necessary programmed investments in view of development and support of the production program for the future.
- (64) By the organizational restructuring measures it is aimed to to reduce functioning costs of the production units and to increase labour productivity.
- (65) Another main cause - precarious technical endowment and high degree of usage of equipments – is eliminated through the technical investments that will be done. These regard the improvement of the functional characteristics of products, the increase of production efficaciousness and of labour productivity, the reduction of power consumption, all these

reducing losses, contributing to getting profit from the activity of exploitation and manufacturing products at the highest quality standards.

- (66) The restructuring plan was drawn up as a result of a diagnosis analyses which stresses the strong and weak points of the company. The strategy of SC UMUC SA Bucuresti aims to preserve the company's strong points, namely: experience in the field, qualified labour force, endowment for a large range of products, the existence of a stable market for the company's products, good price/quality ratio. At the same time, the strategy of the company aims to limit and counteract the weak points with specific measures such as: reduced productivity because of endowment with obsolete equipments, small amount of investments, insufficient delimitation and dimensioning of certain procedural components, deficiencies in the marketing policy of the company, high degree of indebtedness, high production costs and high power consumption.
- (67) The Competition Council ascertains that by applying the measures contained in the restructuring plan, the economic and financial indicators are estimated to improve for 2005 – 2009 as follows:

Table no. 15 - Foreseen evolution of the economic-financial indicators, as a result of the application of restructuring measures -RON-

	Denumirea indicatorilor	2005	2006	2007	2008	2009
1.	Equity	10,701,350	10,701,350	12,476,350	14,251,350	15,626,350
2.	Net turnover	12,120,637	23,542,410	28,250,892	29,945,946	33,240,000
3.	Total revenues, of which:	14,425,707	33,132,092	31,320,892	30,020,146	33,322,362
	-exploitation revenues	14,289,045	33,062,092	31,250,892	29,945,946	33,240,000
	- financial revenues	136,662	70,000	70,000	74,200	82,362
4.	Total expenses, of which:	17,041,631	24,865,767	24,711,977	25,710,075	27,834,175
	- exploitation	16,528,106	22,684,878	22,467,314	23,466,660	25,810,224
	- financial	513,525	2,180,889	2,244,663	2,243,414	2,023,951
5.	Gross profit/ Loss	-2,615,924	8,266,325	5,551,489	3,404,957	4,335,667
6.	Assets	12,326,114	17,800,307	11,868,625	9,716,663	10,003,161
7.	Total debts	61,006,300	21,869,705	5,861,991	4,051,401	4,286,399
8.	Overdue payments	43,803,330	0	0	0	0

Source: SC UMUC SA Bucuresti's restructuring plan

The analysis of the main economic-financial indicators shows the increase trend of turnover and revenues at the same time with the decrease of expenses and total debts. The company estimates to register profit starting with 2006.

- (68) After implementing the restructuring measures, at the end of the restructuring period, the company estimates to reach the following target indicators as follows:

Table no. 16 - Target economic – financial indicators

1. Net profit	RON	4,335,667
2. Turnover	RON	33,240,000
3. Equity	RON	14,368,028
4. Receivables collection period	zile	30
5. Economic profitability	%	18.86
6. Financial profitability	%	30.18
7. Cash flow	RON	61,904

Source: SC UMUC SA Bucuresti's restructuring plan

- (69) Taking into consideration these facts, the Competition Council considers that the restructuring plan will restore SC UMUC SA Bucuresti's long term viability, which results mainly from the internal measures included in the restructuring plan and is not based on external factors such as the fluctuation of price and demand. The restructuring plan implemented by the company will ensure a significant change which will allow the company, after the end of the restructuring, to entirely cover the costs and to compete on the free market.

7. Preventing excessive distortion of competition

- (70) According to the provisions of the Regulation, in order to minimize, as much as possible, the negative effects on competition on the relevant markets affected by the granted State aid, compensatory measures are necessary. These measures shall be proportionate with the distorting effects caused by the State aid and especially with the company's size and its relative importance on the relevant markets. Reducing the company's presence on the market will be established based on the market study annexed to the notification, as well as on any relevant information and will be part of the restructuring plan.

- (71) According to the provisions of art. 14 (3) of the Regulation, the Competition Council considers that the reduction of production capacities which generate losses does not represent compensatory measure, this being essential in view of restoring the company's viability. According to the information transmitted by AVAS, in view of ensuring the viability, until the end of the restructuring period, the company will reduce its non-viable capacities as follows:

- with 10% compared to the level of 2004 on the market of equipments for the chemical industry;
- with 10% compared to the level of 2004 on the market of steel receptacles;

These reductions of capacities generating losses consist in the take out of function and capitalization of the following equipments:

- for the equipments for the chemical industry: 2 boilers, 2 drilling machines, one friction attrition press, 3 machines for manufacturing wing pipes, a paralel lathe, 3 wellding convertors, 2 cutting machines with abrasive disk, 3 grinders, forging hammer, oven 3sqm with blowpipes, 5 rotating devices, one stand for pump testing, 2 devices for welding, a rolling machine, a pump for testing the pipes into the oil, a stand for pipes testing, a stamping machine, 3 devices for circular welding, one welding source, an oil quencing tank, one forge oven 0.4sqm, a machine for manufacturing refrigeratories, a machine for folding profiles, a compressor, a welding device, 3 sling calipers, 5 buzzers for nuclear radiations, one thermometers bag, an orthotest device, 2 intinerating ovens, 3 devices for testing the hardness, one device for establishing metall hardness, 4 electrical range, a mechanical peace, a hydraulical peace, a balance, a pump for testing the pressure-gauge, a moto-piler, a trailer for transport, 10 working benches, a bars rack, 2 welding groups and 2 convertors;
- for steel receptacles: one aggregate, a tank for quencing the water, an 8sqm oven, 2 installations for chamfering trenchers, one drilling machine, a pharalel lathe, a machine for chamfering board, 11 grinders, 2 rotating devices, one cutting armatures machine, one welding machine, one drilling machine, one vacuum pump, 5 welding groups, one tank for quencing the spheres, one reeling machine, one welding rectifier, 3 welding convertors, one computer, one lining machine, 4 levels, one pyrometer with thermocouple, a device for detecting the paint layer, a buzzer for nuclear radiations, 2

stabilizers, 2 drying oven, 2 optical pyrometers, 10 standard plates, one device for controlling the impermeability, 2 devices for measuring the radiations, one halogen leak detector and a tractor.

(72) Since SC UMUC SA Bucuresti is a large enterprise, the state aid grantor imposed as compensatory measure the reduction of viable production capacities of the company as follows:

- with 21% compared to the level of 2004 on the market of equipments for the chemical industry;
- with 40% compared to the level of 2004 on the market of steel receptacles;
- with 1.5% compared to the level of 2004 on the steel constructions for industrial constructions market.

These capacity reductions are irreversible and are part of the restructuring plan. The equipments and installations corresponding to this capacity will be dismantled and capitalized in order to obtain liquidities.

(73) Fixed assets which result from the reduction of viable production capacities which will be dismantled and sold are:

- for the equipments for the chemical industry: one hall, a boiler, 10 lathes of different types, 5 welding machines different types, 2 planing machines, one rolling machine, a platen, one autoclave, 14 drilling machines of different types, one motion pillar, 2 welding convertors, 2 tractors, 6 grinders of different types, 2 richtplats, one welding beam, 4 drying flux bunkers, one folding device, one oven for drying the electrodes, one positioner, one combined scissor, one positioner for rotating the welding, one machine for calibrating the shafts, one cutting machine, 6 lincoln devices, one rolling mono-beam bridge, 2 controll tables, 2 tail board for rasping, one hydraulical press and one cutting machine;
- for steel receptacles: one machine for regrinding tools, one machine for regrinding the cutting machine, 11 lathes of different types, 4 welding groups, one plane machine, one abrading, one cutting machine, one mill reaming machines, one welding installation under lincoln flux, 12 welding convertors different types, 2 milling machines, 4 grinders of different types, one valtz, one peace for folding board, 7 drilling machines of different types, 2 heat changers, 10 pneumatic keys, 3 devices for rolling, one pantograph, 2 ovens for drying the electrodes, one welding source, 4 devices for welding of different types, one oven for drying the electrodes, one ricplat, one guillotine, one welding redresser, 2 lincoln devices, one tractor, 4 tail board for rasping, 2 tool desks, 2 controlling tables, 4 motionless rolling blocks, 50 cylinders and a fillet rectifying machine;
- for steel constructions for industrial constructions market: tools sharpener, 6 lathes, 6 milling machines, a gear cutting machine, 3 burnishers, milling head sharpener, rectifying machine, 3 vertical shapers, a drilling machine, a rockwel device, 2 rebatable scraping buckets, 2 tool desks, 2 heliographs, 2 drawing devices, a vertical shaper and a load setting installation.

(74) According to art. 14 of the Regulation, the compensatory measures will be proportional with the effects that distortion competition of the state aid and, especially, with the size and relative importance of the company on the concerned markets. SC UMUC SA Bucuresti has low market shares on the relevant markets on which it is active, respectively 0.0068% for chemical industry equipments, 0.0001% for steel receptacles and 0.0195% for steel constructions for industrial constructions market; the annexed market study shows that,

through the implementation of the restructuring plan the market shares of the company will not increase. Therefore, the Competition Council finds appropriate the compensatory measures imposed by AVAS.

- (75) During the implementation of the restructuring program the production capacities are the following:

Table no. 17 – Evolution of the production capacities for the period 2004 – 2009 - tones -

Products	Production capacity					
	2004	2005	2006	2007	2008	2009
Equipments for the chemical industry	4,650	4,350	3,200	3,200	3,200	3,200
Steel receptacles > 300 l	1,000	850	700	500	500	500
Steel constructions for industrial constructions market	3,350	3,300	3,300	3,300	3,300	3,300

Source: Notification form

- (76) Considering the above-mentioned facts, the Competition Council estimates that the State aid shall only be used for the company's return to viability without allowing the beneficiary to extend its production capacity while implementing the restructuring plan.

8. Aid limited to the minimum necessary

- (77) In accordance with art. 15 of the Regulation, the State aid intensity and quantum is limited to the minimum necessary in order to allow restructuring. The State aid benefiting company must significantly contribute to the restructuring programme, using own resources, including the sale of unessential assets or using external sources obtained under normal market conditions. According to art.15 (2) of the Regulation, for large undertakings a contribution of at least 50% is considered as adequate.

- (78) The total restructuring cost of SC UMUC SA Bucuresti is of RON 87,602,192 and is composed of :

a. Organisational restructuring cost	RON 82,300;
b. Technological restructuring cost	RON 39,880,906;
c. Environmental restructuring cost	RON 144,400;
d. Financial restructuring cost	RON 47,494,586.

- (79) The restructuring cost of the state aid beneficiary company is supported from:

- Own sources of SC UMUC SA Bucuresti	RON 35,178,803;
- Own sources of the Buyer	RON 9,093,663;
- State aid	RON 43,329,726.

- (80) From the total restructuring cost in amount of RON 87,602,192, 50.5% will be financed from its own sources and 49.5% from state aid.

- (81) Its own contribution for covering the restructuring costs is covered by :

- Capital injection of the majority shareholder -	RON 9,093,663;
- Bank loan in market terms -	RON 15,930,663;

- Revenues from renting corporal immobilization assets⁴ - RON 11,929,152;
- Revenues from sale of corporal immobilization assets⁵ – RON 7,318,988.

- (82) In accordance with art. 15 of the Regulation, the State aid intensity and quantum are limited to the minimum necessary in order to allow restructuring according to the existing financial resources of the company and of shareholders or of the group they belong to. In case of SC UMUC SA Bucuresti, the State aid intensity calculated as ratio between the value of the State aid and the total restructuring cost amounts to 49.5%.
- (83) Having in view the above mentioned aspects, the Competition Council considers as significant the contribution of SC UMUC SA Bucuresti to the restructuring costs and considers that the aid is strictly limited to what is strictly needed to restore the company's viability.

9. Fulfilling the “first time, last time” principle

- (84) According to the information supplied by AVAS, the company never received restructuring aid in the past. Thus, the provisions of article 24 of the Regulation, stating that the rescue and restructuring aid for firms in difficulty must be granted only once, are observed.

10. Monitoring and annual reporting

- (85) In accordance with article 18 of the Regulation, the Competition Council permanently monitors the implementation of the restructuring plan so that the company will not fail to fulfil the established objectives.
- (86) The Competition Council will monitor the implementation of the restructuring plan until the end of the period to be sure that increases of the production capacities or that major deviation from the achievement of the restructuring measures do not take place and that the State aid will not lead to the creation of complementary liquidities to be used for other activities included in the restructuring program.

IV. CONCLUSIONS

- (87) Having in view the above mentioned aspects, the Competition Council concludes that the individual State aid intended to be granted to SC UMUC SA Bucuresti. is compatible with a normal competitive environment and does not significantly affect trade with the Member States of the European Union.

DECIDES

- Art. 1.** The financial support measures notified by The Authority for State Assets Recovery, having as beneficiary SC UMUC SA Bucuresti represent State aid according to art. 2(1) of the Law no. 143/1999, republished.

⁴ It concerns the rental of corporal immobilised assets for which exists contracts already concluded.

⁵ It concerns the selling of corporal immobilised assets and land, for which exists contracts already concluded or for which already exist pre-contracts.

- Art. 2.** On the basis of art. 21 (2) letter c) corroborated with art. 23 (1) letter e) of Law no. 143/1999, republished, the restructuring State aid to be granted to SC UMUC SA Bucuresti, at its privatization is authorised under the condition of fulfilling art. 3 and art. 4 of the present Decision.
- Art. 3.** The company is compelled to fully implement the assumed restructuring plan.
- Art. 4.** The company shall reduce its production capacities by 2009 in accordance with the assumed Restructuring Program.
- Art. 5.** If the conditions imposed by the present decision are not fulfilled, the provisions of art. 22 and art. 25 (3) of Law no. 143/1999 on State aid, republished, as well as art. 194¹ and art. 194² of the Fiscal procedure Code, as amended and completed by the EGO no. 129/2005, shall be applied.
- Art. 6.** The value of the State aid to be granted is RON 43,329,726.
- Art. 7.** This decision is applicable as of its date of communication.
- Art. 8.** According to the provisions of art. 32 of Law no.143/1999, republished, the state aid grantors shall submit to the Competition Council information on the granted State aid, for its inventorying and monitoring. The Authority for State Assets Recovery shall submit to the Competition Council annual reports on the implementation of the restructuring plan. The first report shall be submitted within 6 months from the date of issuance of this decision. The next periodical reports shall enclose the necessary data on the stage (both physical units and amount) of the implementation of the restructuring plan. At the same time, the information on the implementation of the compensatory measures related to the production capacities, which were imposed by the present Decision, shall also be reported.
- Art. 9.** Pursuant to Art. 46 of Law 143/1999 on State aid, republished, this decision may be appealed by the interested persons at the Bucharest, Court of Appeals, the Administrative litigation section, within 30 days from its communication.
- Art. 10.** This Decision shall be communicated by the General Secretariat of the Competition Council to:
- The Authority for State Assets Recovery, str. Cpt. Av. Alexandru Serbanescu, no. 50, sector 1, Bucharest;
 - The Ministry of Public Finance, Str. Apolodor nr. 17, sector 5, Bucharest;
 - SC UMUC SA Bucuresti, Bd. Metalurgiei nr. 78, sector 4, Bucharest, cod postal 041836.

PRESEDENT

MIHAI BERINDE