

## **Commission opens in-depth investigation into €49.6 million state guarantee in favour of Romanian chemical producer Oltchim**

*The European Commission has launched a formal investigation under EC Treaty state aid rules into a guarantee worth €49.6 million granted by Romania in favour of Oltchim, one of Romania's largest chemical companies. The Commission has doubts whether the state guarantee, to be issued under an existing aid scheme approved by the Commission on 5 June 2009, is in line with its Temporary Framework for state aid to the economy during the crisis, as amended on 25 February 2009. In particular, the Commission needs to verify whether Oltchim was already in difficulties before the current financial and economic crisis (in which case it would not qualify for Temporary Framework aid). The opening of the in-depth inquiry gives interested third parties an opportunity to comment on the measure. It does not prejudge the outcome of the procedure.*

Competition Commissioner Neelie Kroes said: "The Temporary Framework allows companies to overcome financial problems arising from the current credit squeeze. The Commission will verify whether Oltchim's difficulties are linked to the crisis or predate it. In the latter case, the Temporary Framework is not the appropriate instrument to address the company's problems. This would not preclude, however, the possibility of granting for example rescue and restructuring aid to the company, if the conditions of the Rescue and Restructuring Guidelines were met. "

Following the public announcement of plans to grant a guarantee under the Temporary Framework in favour of the chemical producer Oltchim, the Commission received a complaint questioning the compatibility of the guarantee with the criteria of the Temporary Framework. The guarantee at stake would be issued by EximBank to cover 80% (€49.6 million) of a commercial loan of €62 million destined to purchase the company's supplier Arpechim.

Romania granted the guarantee under a Temporary Framework aid scheme approved by the Commission on 5 June 2009. The scheme, in accordance with the relevant provisions of the Temporary Framework, explicitly excludes from its scope firms which were in difficulty prior to the financial crises, i.e. before 1 July 2008.

At this stage, the Commission has doubts whether Oltchim was not already in difficulties on 1 July 2008. Furthermore, the Commission needs to investigate further whether the envisaged state guarantee complies with the provision of the Temporary Framework, that limits the maximum amount of the loan (in the case of Oltchim €62 million) to the total annual wage bill of the beneficiary for 2008.