

State aid: Commission opens in-depth investigation into restructuring support for Romanian National Uranium Company

On 12 June 2017, Romania notified to the Commission a plan for the restructuring of Compania Nationala a Uraniului SA ('CNU', the National Uranium Company). The restructuring plan foresees around €95 million (RON 441 million) of support to CNU, in the form of grants, subsidies, debt write-off and debt-to-equity conversion. It follows an urgent rescue aid loan of around €13.3 million (RON 62 million) to keep the company afloat, which the Commission temporarily [approved on 30 September 2016](#).

EU State aid rules only allow a State intervention for a company in financial difficulty under specific conditions, requiring in particular that the company is subject to a sound restructuring plan to ensure its return to long-term viability, that the company contributes to the cost of its restructuring and that any competition distortions are limited.

At this stage, the Commission has doubts that the planned restructuring aid is in line with these conditions. In particular, the Commission's in-depth investigation will examine:

- whether the proposed restructuring plan could restore the long-term viability of CNU without continued State aid;
- whether CNU or market investors sufficiently contribute to the restructuring costs, thus ensuring that the restructuring plan does not rely mainly on public funding and that the aid is proportionate; and
- whether Romania is offering appropriate measures to limit the distortions of competition created by the aid.

The Commission will now investigate further to find out whether its initial concerns are confirmed. The opening of an investigation gives interested third parties the opportunity to submit comments. It does not prejudice the outcome of the investigation.

Background

CNU is a fully State-owned Romanian company active in the exploitation of Romanian uranium mines and production of raw material transformed into fuel for nuclear power plants. CNU extracts uranium ore, processes it to form uranium octoxide (U₃O₈) and, after further refinery, transforms it into uranium dioxide (UO₂). CNU has two operating sites: an uranium mining site, located in Crucea-Botusana (Suceava County, North-East region) and a processing-refining plant, located in Feldioara (Brasov County, Centre region). In 2017 the company employed 772 people.

CNU has been in financial difficulty since the loss of its main client, the nuclear energy producer Societatea Nationala Nuclearelectrica. The notified restructuring plan foresees various public support measures:

- prolongation of the initial rescue loan of RON 62 million (€13.3 million);
- grant of RON 75.5 million (€16.2 million) to support investments for the modernisation of CNU;
- write-off of public debt of RON 77 million (€16.6 million);
- conversion of CNU's public debt of RON 13.34 million (€2.9 million) into CNU shares held by the Romanian State; and
- operating subsidy of RON 213 million (€45.8 million) to cover the difference between CNU's production costs and market prices over the planned restructuring period.

Under the Commission's [2014 Guidelines on State aid for rescue and restructuring](#) non-financial undertakings in difficulty, companies in financial difficulty may receive State aid provided they meet certain conditions. Aid may be granted for a period of 6 months ("rescue aid"). Beyond this period, the aid must either be reimbursed or a restructuring plan must be notified to the Commission for the aid to be approved ("restructuring aid"). The plan must ensure that the viability of the company is restored without further State support, that the company contributes to an adequate level to the costs of its restructuring and that distortions of competition created by the aid are addressed through compensatory measures.

The non-confidential version of the decision will be made available under the case number SA.48394 in the [State Aid Register](#) on the Commission's [competition](#) website once any confidentiality issues have been resolved.