

COMMISSION OF THE EUROPEAN COMMUNITIES

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COMMUNICATION FROM THE COMMISSION TO THE COUNCIL

ON THE GRANTING OF FINANCIAL SUPPORT FOR "PILOT" AND/OR "DEMONSTRATION"
PROJECTS IN THE IRON AND STEEL INDUSTRY PURSUANT TO ARTICLE 55 OF
THE TREATY ESTABLISHING THE EUROPEAN COAL AND STEEL COMMUNITY

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COMMUNICATION
ON THE GRANTING OF FINANCIAL SUPPORT
FOR "PILOT" AND/OR "DEMONSTRATION" PROJECTS IN THE IRON AND STEEL INDUSTRY
PURSUANT TO ARTICLE 55 OF THE TREATY ESTABLISHING THE
EUROPEAN COAL AND STEEL COMMUNITY

Article 55 of the Treaty establishing the European Coal and Steel Community states that the Commission of the European Communities shall promote technical and economic research relating to the production and increased use of steel and to that end shall organize all appropriate contacts.

The research programme financed up to now by the Community has proved an excellent way of encouraging and performing research on problems of common interest.

In addition to the research activities in accordance with the medium-term guidelines for aid to steel research (1981-85) (*), there is a growing parallel need to establish the feasibility of innovative technologies through pilot and/or demonstration projects up to the operational stage. This transfer of laboratory-based research to pilot and/or demonstration projects is an essential element in the Community's overall strategy for industrial development.

This need is particularly acute in the iron and steel industry because the potential to innovate has been seriously weakened by a deteriorating financial situation. Numerous valuable new processes and technologies have, over the years, been developed in the European steel industry but have remained unexploited. This has been due, in large measure, to the high cost of industrial development, heavy capital investment, lack of appropriate funding and technical risk.

It is the Commission's view that support should be provided for pilot and/or demonstration projects, the results of which will help to improve the competitiveness of the Community steel industry.

The Commission may grant, under the conditions set out in this communication, financial support for pilot and demonstration projects in the iron and steel industry that will permit the transition to industrial and commercial exploitation of production techniques, processes and plant and products that are innovatory in themselves or in their applications and for which major capital expenditure is required to establish technical and/or commercial feasibility. The projects must offer prospects of economic viability demonstrated by previous studies and research.

1. The pilot stage is characterized by the construction, operation and development of an installation having an adequate capacity and using suitably large components with a view to verifying the practicability of theoretical or laboratory concepts and/or increasing the reliability of the technical and economic data needed to progress to the demonstration stage, and in certain cases to the industrial and/or commercial stage.

(*) OJ C99, 2 May 1981, p. 3 - 5

The demonstration stage is characterized by the construction and/or operation of an industrial-scale installation which should make it possible to bring together all the technical and economic data, in order to proceed at the least possible risk to the commercial and/or industrial exploitation of the technology.

2. To carry out this programme, the Commission plans to allocate a total amount of approximately 50 million ECU for a probable period of five years; the funds to be made available annually will depend on budget constraints.
3. Any firm, research institute or other body having an activity related to iron and steel, established in the territory of the Member States, may submit applications for financial aid to the Commission.

Applications are to be sent in on the attached form to the following address:

COMMISSION OF THE EUROPEAN COMMUNITIES
Directorate-General for Science, Research and Development
Iron and Steel Pilot/Demonstration Projects
Rue de la Loi 200
B-1049 BRUSSELS

Under the Treaty establishing the European Coal and Steel Community, projects must be of value to the European Community and in general preference will be given to projects submitted by at least two partners in two different member countries. One of the partners must be a steel company.

Applications for aid must be submitted before 1 February of each year for the current financial year. As an exception, projects for the 1983 financial year may be submitted up to 1 July 1983.

4. All projects must relate to the implementation of new techniques or technologies with the following objective(s): reduction in production and operating costs, improvement in plant productivity, higher product quality, reduction in the capital cost of plant, development of new processes or production facilities, improvement of product performance or increase in the range of product applications.

They must also satisfy the following conditions:

- . they must relate to pilot industrial installations or demonstration installations,
- . they must exploit techniques or processes which are innovatory in themselves or in their application,
- . they must hold out reasonable prospects of technical and economic reliability, judging from earlier research results,
- . they must be of value to the Community.

The projects may in particular relate to the following fields:

- . Sintering and pelletizing
- . Use of coke and its products in the steel industry
- . Blast furnace and direct reduction
- . Oxygen and electric steelmaking

- . Casting and solidification
 - . Working of steel (furnaces, hot and cold rolling)
 - . Treatment of semi-finished and finished products and by-products
 - . use and promotion of steel.
5. Every project will be examined by the Commission on the basis of the following information, to be provided by the applicants:
- . A detailed description of the work and of previous research,
 - . A detailed description of the project, including its subdivision into technical phases (*), the organization of its administration and its time scale,
 - . The application prospects of these technologies or processes and the technical and/or economic benefits obtainable,
 - . The financial situation and technical capability of the partners in the project,
 - . The nature and extent of the technical and economic risks inherent in the project,
 - . The cost of the project, the cost breakdown by technical phases, its prospects of economic viability and details of any financial aid which the project has received, at an earlier stage of research and development, from the Community, the Member States or any other organization,
 - . Details of any other financial support by, or expected from, the Member States, the Community or any other organization,
 - . Any other information which may justify the Community support requested.
6. After receipt of the applications, the Commission of the European Communities will consult a committee of highly qualified experts which will advise it on the eligibility of the projects submitted. The Committee will be chaired by a Commission representative.

The project will be selected on the basis of the following main considerations:

- . They must be in keeping with the technical aims of the programme of pilot and demonstration projects in the steel industry as set out in the first paragraph of section 4 above.
- . They must be of value to the Community.
- . They must be in line with the General Objectives published periodically by the Commission pursuant to Article 46 of the ECSC Treaty.
- . They must meet the technical, commercial and social requirements and interests of the iron and steel industry in the Community.
- . They must be of strategic importance in connection with the maintenance and improvement of Community technical cooperation.
- . They must hold out prospects of industrial and commercial viability in the medium term.

(*) A technical phase is a stage in the project that is of technical value in itself and provides data enabling the scientific, technical and/or economic justification of the following stage to be assessed and a decision taken on whether or not to continue the project.

7. The Committee referred to in section 6 will assist the Commission with project management and may consult specialized committees.
8. Community financial support may not normally exceed 50% of the total cost of the project. The amount will be decided individually for each project in the light of its characteristics (section 5), selection criteria (section 6), value to the Community, other aid received or expected and the amount of risk accepted by the proposers of the project.

The support will take the form of financial aid, of which a maximum of 50% is repayable in the event of commercial exploitation of the results. The repayment conditions will be laid down in the contract.

9. The Commission will negotiate and conclude the contracts necessary for the implementation of the selected projects. To that end it will draw up a model contract setting forth the rights and obligations of each party.

The contracts may possibly be concluded on the bases of technical phases, each depending on the results obtained in the preceding phase. In that case, the Commission will, in the light of annual budget possibilities, first set aside the funds needed to continue the work.

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Project n°:

Commission of the European Communities
Directorate-General for Science, Research
and Development
200 rue de la Loi
B-1049 Brussels

PROPOSAL FOR "PILOT" AND/OR "DEMONSTRATION" PROJECT IN THE IRON AND STEEL SECTOR

RESERVED FOR THE COMMISSION	
Applicant(s):	
Budget :	
Duration :	

1. INFORMATION REGARDING THE PROPOSER

1.1. Exact name and address or registered office of the physical or legal person with whom a contract, if any, will be concluded. In the case of an individual, please attach documentary evidence of the legal personality of the proposer:

1.2. Name of the person or persons authorized to sign the contract and evidence of his or their authority:

1.3. Name, adress, telephone and telex numbers of the project director:

1.4. Main activities and prior contribution in similar or related technical fields:

1.5. Balance sheet for the past financial year or indications of the amount of capital, the turnover and the financial out-turn of the undertaking for the previous financial year:

2. TECHNICAL ECONOMIC INFORMATION REGARDING THE PROPOSED PROJECT (*)

2.1. Title of the project:

2.2. Detailed description of the project, including the organization of its management and the timetable for each phase (attach a PERT diagram or timetable).

2.3. Type and extent of the technical and economic risks associated with the project:

2.4. Technical and economical value of the project for the steel industry:

2.5. Names and addresses of any subcontractors and the parts of the projects which they would carry out:

2.6. List of patents protecting the items demonstrated:

2.7. Place(s) where the work will be carried out:

(*) For the points 2.2 to 2.6., detailed descriptions may be attached as separate documents.

3. FINANCIAL INFORMATION

3.1. Economic and commercial viability and proposed methods of financing:

3.2. Total cost of the project in national currency and a breakdown of costs for each phase, for subsidiary operations and by categories of expenditure (see attached table):

3.3. List of durable equipment which it is intended to obtain and use (in Annex):

3.4. State the amount of Community aid applied for and list other financial support provided for or applied for from the Member States, from the Community or from any other organisation:

3.5. List the financial aids, if any, which will have been assigned to the project by the Member States, by the Community or by any other organisation at the research and development stage:

4. ACCESS TO THE RESULTS

4.1. Type of knowledge which could be divulged:

4.2. Information method envisaged (publication, site installation visits, training, etc.):

5. OTHER INFORMATION

ALL other elements supporting the application for Community aid:

TABLE
 DETAILED COSTS OF THE PROJECT
 - national currency ... -

Stages and operations no.	STAFF			EXTERNAL SUPPLIES			Other Expenditures (*)	Total per stage and operation
	Engineers	Technicians and similar	Others	Studies	Services	Equipment		
TOTAL								

(*) Specify the type of expenditure