WRITTEN QUESTION P-5896/08
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to the Commission

Subject: Distortion of competition resulting from subsidisation of a Greek spinning mill

It is well known that there is enormous competition within the world textile industry. Competition within the European Union is growing against the background of the cheap Asian textile imports flooding the European textile market. In July 2008 the Commission endorsed state aid of EUR 2.3 million for the Greek spinning company Varvaressos. As the textile industry, and the spinning sector in particular, is now barely profitable (not least because of the high energy intensity involved and the related high energy costs), a subsidy of this size does have an impact on European competitors. The Greek company is in direct competition with two Austrian spinning companies, which, like Italian and German competitors, are suffering as a result of Varvaressos' very low prices.

1. Can the Commission state on what basis and according to what criteria this state aid from the Greek Government was approved?

2. How can it be said that an aid package of this size does not distort competition with other European spinning companies when the sector is now barely profitable and when it is known that the subsidised company is placing many of its competitors under pressure on account of its very low prices?

3. What conditions need to be satisfied in order for a loan guarantee of this size by the State (as in the case outlined above) not to infringe the rules on competition and on state aid, particularly in terms of the textile industry, which is subject to strong pressure from third countries?

4. What steps does the Commission intend to take to compensate competitors and to protect the jobs jeopardised by the increase in competition?

5. Can the Commission indicate which other Member States have applied for aid for spinning companies and how much aid has been granted?