European Commission: State Aid, Authorisation of Privatisation and Restructuring of the Société Française de Production

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The Société Française de Production (SFP), a completely State-owned firm that operates in the audiovisual production sector, was created in 1974 further to the dismantling of the ORTF (Office de Radiotélévision Française).

The SFP suffered a succession of crises since competition opened up in the audiovisual production sector, and has been granted a number of large subsidies by the State in order to be able to cope with the situation. The European Commission considered the payment of such aid unlawful, on the grounds that they were not justified by any plans for restructuring, and called for the SFP to repay the money received. In 1994 the French State obtained a suspension of this decision, and even the Commission's authorisation for the payment of emergency aid; this authorisation was renewed in 1998 as part of a plan for restructuring.

In 1998, after the failure of two attempts at privatisation, one in 1996 and the other in 1997, and despite the State aid, the SFP found itself in an increasingly critical financial situation. Despite considerable industrial action, the Government decided to privatise and restructure the company. Before finally taking action, the Government applied to the European Commission for authorisation, since the project included the payment of substantial sums of money by the State. In a decision on 17 July 2002 the European Commission approved the scheme, which aimed to minimise the negative effects of restructuring by financing social measures in favour of the employees who had been made redundant. The Commission considered that this State-financed redundancy scheme did not constitute aid within the meaning of Article 87 of the EC Treaty, but came under the social policy of Member States, inasmuch as the social measures did not reduce the burden of charges normally payable by the company under its statutory and contractual obligations.

Following this authorisation, the SFP - which continues to operate in the field of large-scale productions (the world athletics championships, for example) - was sold to a private group, Euro Media Television Group, in partnership with the Bolloré Group.

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Résumé de la décision de la Commission européenne en date du 17 juillet 2002

Summary of the Decision adopted by the European Commission on 17 July 2002

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