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Information and Notices

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EN

I

(Information)

COMMISSION

Ecu ⁽¹⁾

3 April 1998

(98/C 103/01)

Currency amount for one unit:

Belgian and Luxembourg franc	40,9305	Finnish markka	6,02508
Danish krone	7,56385	Swedish krona	8,57775
German mark	1,98393	Pound sterling	0,644121
Greek drachma	344,212	United States dollar	1,07008
Spanish peseta	168,345	Canadian dollar	1,52122
French franc	6,64936	Japanese yen	144,354
Irish pound	0,788388	Swiss franc	1,64204
Italian lira	1956,39	Norwegian krone	8,20376
Dutch guilder	2,23475	Icelandic krona	78,1050
Austrian schilling	13,9581	Australian dollar	1,62873
Portuguese escudo	203,240	New Zealand dollar	1,94312
		South African rand	5,39427

The Commission has installed a telex with an automatic answering device which gives the conversion rates in a number of currencies. This service is available every day from 3.30 p.m. until 1 p.m. the following day. Users of the service should do as follows:

- call telex number Brussels 23789,
- give their own telex code,
- type the code 'cccc' which puts the automatic system into operation resulting in the transmission of the conversion rates of the ecu,
- the transmission should not be interrupted until the end of the message, which is marked by the code 'ffff'.

Note: The Commission also has an automatic fax answering service (No 296 10 97/296 60 11) providing daily data concerning calculation of the conversion rates applicable for the purposes of the common agricultural policy.

⁽¹⁾ Council Regulation (EEC) No 3180/78 of 18 December 1978 (OJ L 379, 30.12.1978, p. 1), as last amended by Regulation (EEC) No 1971/89 (OJ L 189, 4.7.1989, p. 1).

Council Decision 80/1184/EEC of 18 December 1980 (Convention of Lomé) (OJ L 349, 23.12.1980, p. 34).

Commission Decision No 3334/80/ECSC of 19 December 1980 (OJ L 349, 23.12.1980, p. 27).

Financial Regulation of 16 December 1980 concerning the general budget of the European Communities (OJ L 345, 20.12.1980, p. 23).

Council Regulation (EEC) No 3308/80 of 16 December 1980 (OJ L 345, 20.12.1980, p. 1).

Decision of the Council of Governors of the European Investment Bank of 13 May 1981 (OJ L 311, 30.10.1981, p. 1).

Prior notification of a concentration**(Case No IV/M.1146 — SHV Energy/Thyssen Klöckner Recycling)**

(98/C 103/02)

(Text with EEA relevance)

1. On 30 March 1998, the Commission received notification of a proposed concentration pursuant to Article 4 of Council Regulation (EEC) No 4064/89 ⁽¹⁾ by which the undertaking SHV Energy NV, Utrecht/NL belonging to the SHV group acquires within the meaning of Article 3(1)(b) of the Regulation control of the business activities of the undertaking TKR Thyssen Klöckner Recycling GmbH/D (TKR) in the field of production of and trade in ferrous and non-ferrous scrap by way of purchase of shares and of assets.

2. The business activities of the undertakings concerned are:

— SHV: production of and trade in energy and raw materials,

— TKR: production and trade in scrap.

3. On preliminary examination, the Commission finds that the notified concentration could fall within the scope of Regulation (EEC) No 4064/89. However, the final decision on this point is reserved.

4. The Commission invites interested third parties to submit their possible observations on the proposed operation.

Observations must reach the Commission not later than 10 days following the date of this publication. Observations can be sent by fax (No (32-2) 296 43 01 or 296 72 44) or by post, under reference IV/M.1146 — SHV Energy/Thyssen Klöckner Recycling, to:

European Commission,
Directorate-General for Competition (DG IV),
Directorate B — Merger Task Force,
Avenue de Cortenberg/Kortenberglaan 150,
B-1040 Brussels.

⁽¹⁾ OJ L 395, 30.12.1989; corrigendum: OJ L 257, 21.9.1990, p. 13.

STATE AID

C 76/97 (ex NN 115/97)

Spain

(98/C 103/03)

(Text with EEA relevance)

*(Articles 92 to 94 of the Treaty establishing the European Community)***Commission notice pursuant to Article 93(2) of the EC Treaty to other Member States and interested parties concerning aid for Daewoo Electronics Manufacturing España SA (Demesa)**

By the letter reproduced below, the Commission informed the Spanish Government of its decision to initiate the Article 93(2) procedure.

1. PROCEDURAL ASPECTS

In June 1996, the Commission received a complaint from ANFEL⁽¹⁾, the Spanish federation of manufacturers of household appliances. The complaint mentioned the establishment by the Korean conglomerate Daewoo of a plant for the production of refrigerators in the Basque Country (Spain) which, according to the complainant, was receiving subsidies and exemptions which went beyond the aid ceiling permitted for regional aid in the area. The Commission received further complaints from a competitor of Demesa, the European Committee of Manufacturers of Domestic Equipment (CECED) and ANIE, the Italian federation of manufacturers of household appliances (through the Italian Permanent Representation).

The Commission asked the Spanish Government for information by letter dated 26 June 1996. A reminder was sent on 11 September 1996. The Spanish Government replied by letter dated 11 February 1997. The Commission put further questions by letter dated 24 March 1997. A reminder was sent by letter dated 24 April 1997. The Spanish Government replied by letter dated 24 April 1997. A meeting was held between representatives of the Commission and the Basque regional authorities on 6 June 1997. The Commission asked for new clarifications by letters dated 28 July 1997 and 14 August 1997. A reminder was sent on 23 September 1997. The Spanish Government replied by letter dated 3 October 1997. Further information was sent by letter of 23 October 1997.

By letter dated 21 October 1997, the Commission informed the Spanish Government that the case had been

inscribed as non-notified aid, pursuant to Article 93(3) of the EC Treaty. It also pointed out that the information received from the Spanish Government was considered unsatisfactory, in so far as it did not directly respond to its questions regarding the following aspects:

- how Demesa would contribute to the regional development, given the situation of the sector and the effects that the establishment of this plant could have on its competitors, an important part of which were also located in the Basque Country,
- to what extent this investment could be considered as strategic, as the conditions of the program Ekimen establishes,
- if there existed, as the numerous complainants in the case had repeatedly stated, protocols annexed to the Collaboration Agreement that contain already concluded commitments between the Basque regional authorities and Daewoo on the amount and type of aid that Demesa is to receive in relation to energy saving programmes, specific R & D projects and environmental protection,
- information relating to the acquisition of the land by Demesa,
- from which fiscal measures, among those existing, had/would Demesa benefit, as well as their amount.

2. THE BENEFICIARY

The beneficiary of the measures is the firm Daewoo Electronics Manufacturing España SA (Demesa), a 100 % subsidiary of Daewoo Electronics Co. Ltd, one of the Daewoo Group's companies. The firm was created in November 1996 and had originally as its seat an industrial estate in Nanclares de Oca (Álava). In May 1997, it transferred its head office to its present location in the Jundiz industrial estate, where its production plant is being built.

⁽¹⁾ Asociación Nacional de Fabricantes de Electrodomésticos de Línea Blanca.

Daewoo is a Korean group, which consists of some 25 companies with various business activities in trading motor vehicles, heavy industry, shipbuilding, electronics and telecommunications, finance and services, construction and hotels.

The Daewoo Group has 403 overseas subsidiaries and local branch offices around the world. The group has been investing at a rapid pace especially in emerging markets. In Europe, Daewoo is involved in a number of European countries, and its network is growing as Daewoo expands its production, sales, and financial activities. At present, production and sales subsidiaries in motor vehicles and consumer electronics dominate Daewoo's activities in the region.

Daewoo Electronics Co. Ltd was created in 1971. It manufactures consumer electronic products and home appliances for both the Korean and foreign markets. Its sales in 1995 totalled USD 4 061 million.

3. THE INVESTMENT PROJECT

3.1. The Collaboration Agreement

A Collaboration Agreement was concluded on 13 March 1996 between the Basque regional authorities and Daewoo Electronics Co. Ltd. The Agreement stated the intention of Daewoo of establishing a refrigerator manufacturing plant in the Basque Country. The Basque regional authorities for their part, stated their desire to collaborate in this investment by providing certain grants.

Daewoo wanted to create a company with its seat in the Basque Country (Demesa), whose purpose was to sell consumer electronics and electrical products. The company was then to establish a business plan which would be presented to the regional authorities for its approval.

Part 3 of the Agreement made reference to the grants and other facilities that the project could receive from the regional authorities. Demesa would be able to benefit from the following:

- a non-refundable grant of up to 25 % of the tangible investments in fixed assets to be made in accordance with the project, and of the start-up expenses entered in the books of the company as depreciable expenses,
- any public aid generally available to investors in the Basque Country in relation to energy saving programmes, and specific R & D and environmental protection projects,
- the Basque administration would make its best efforts to enable Daewoo to purchase the land for the implementation of the project on the best market conditions.

3.2. The business plan:

Demesa concluded the business plan in September 1996 and then presented it to the Basque regional authorities. The plan, which covers the period 1996 to 2001, refers to the establishment of a plant in the Basque Country for the manufacturing of refrigerators.

The foreseen investment is, according to the plan, of some ESP 12 200 million, with the creation of 745 jobs. Sales starting in 1997⁽²⁾ would aim mainly at the domestic (Spanish) market, as well as France and Italy. As of 1998, sales would extend to the United Kingdom, Germany and the rest of Europe.

⁽²⁾ According to press information, production will only start in December 1997.

(%)					
Forecast market share	1997	1998	1999	2000	2001
Domestic	2,7	6,2	9,9	12,4	14,4
Other	0,4	0,1—0,9	0,4—1,9	0,6—2,5	3—1

At the beginning, the majority of the turnover will come from domestic sales, but exports will increase each year, reaching over 60 % of the total in three to four years:

(%)

Forecast % of total turnover/market	1997	1998	1999	2000	2001
Domestic	70	57,4	46,7	40	36,7
Export	30	42,6	53,3	60	63,3

The investment plan covers the following expenses:

Tangible investment in fixed assets:

(ESP million)

	1996	1997	1998	1999	2000	2001	Total/Item
Land		474,4					474,4
Buildings		2 000					2 000
Production equipment		3 065,1		2 460,1		1 870,9	7 396,1
Moulds		597,9		494,9	136,6	374,1	1 603,5
Office equipment		1,6	18,6	4,5	7,9	4,3	36,9
Total/Year		6 139	18,6	2 959,5	144,5	2 249,3	11 510,9

Depreciable expenses:

(ESP million)

	1996	1997	1998	1999	2000	2001	Total/Item
Expenses prior to start-up	104,9						104,9
Monitoring		8,3		8,3		8,3	24,9
Training		83,3	12,3	28,4	18,9	19,8	162,7
Technical information	17		9,6	3,1	2,6		32,3
Total/Year	121,9	91,6	21,9	39,8	21,5	28,1	324,8

The total amount of the investment is ESP 11 835,7 million.

3.3. Financing of the plan:

According to the plan, the project would be financed through the following means:

- share capital amounting to USD 24 million (ESP 3 000 million ⁽³⁾),
- ESP 7 875 million in long-term bank credits,

⁽³⁾ Exchange rate used in the plan: USD 1 = ESP 125.

- as stated in point 3 of the Collaboration Agreement, a non-refundable grant of up to 25 % of the tangible investment in fixed assets, in the following amounts:

(ESP million)

	Total investment	Subsidy
Land	474,4	118,6
Buildings	2 000	500
Production equipment	7 396,1	1 849
Moulds	1 603,5	400,9
Office equipment	36,9	9,2
Tangible assets	11 510,9	2 877,7

(ESP million)

	Total investment	Subsidy
Expenses prior to start-up	104,9	26,3
Monitoring	24,9	6,2
Training	162,7	40,6
Technical information	32,3	8,1
Depreciable expenses	324,8	81,2

According to the information presented, this total subsidy amounts to ESP 2 958,9 million, and was to be paid over the period of four years:

- ESP 30,5 million in 1996,
- ESP 1 557,6 million in 1997,
- ESP 759,9 million in 1998,
- ESP 610,9 million in 1999.

4. DIFFERENT GRANTS AND FACILITIES

4.1. Non-refundable grant

The non-refundable grant covering 25 % of the tangible investment in fixed assets was allegedly granted on 24 December 1996 in the framework of Ekimen, a regional aid scheme approved by the Commission by letter SG(96) D/11028 of 13 December 1996 ⁽⁴⁾.

The scheme covers the period 1996 to 1998. Its purposes are regional development and the creation of jobs. The aid takes the form of a non-refundable grant or an interest rate bonification ⁽⁵⁾. It covers the creation of new establishments or the extension or modernisation of existing ones.

The beneficiaries are industrial companies, or those active in extraction or that provide services for the latter. They also have to comply with the following conditions:

- the investment project has to be technically, economically and financially viable,
- it has to be implemented within a period of three years from the date of concession of the aid,
- the investment has to be over ESP 360 million,
- it must entail the creation of a minimum of 30 jobs,
- a minimum of 30 % of the investment has to be financed by the beneficiary's own resources.

⁽⁴⁾ State aid N 529/96. The Decree of the Basque Regional Government establishing the scheme (Decree No 289/1996 of 17 December), was published in the Official Journal of the Basque Country on 23 December 1996).

⁽⁵⁾ Bonifications can cover between two and five points of the nominal interest rate.

The eligible costs include land, buildings and plant, with a maximum of 25 % nge ⁽⁶⁾ (35 % for SMEs). Within the 25 % limit, other expenses may be eligible. However, aid may not go beyond a limit of ESP 5 million per job created (except in the case of strategic projects) and a maximum of ESP 4 000 million per project.

The non-refundable grants are given according to the following percentages, depending on the type of project:

- 10 % as the general rule,
- an extra 5 % for those projects considered strategic (i.e. those that invest ESP 10 000 million or create 300 jobs within three years),
- an extra 5 % for those projects with a significant job creation (i.e. those that invest ESP 750 million and create 50 jobs),
- an extra 5 % for those projects located within a preferential interest area (listed in Annex I of Decree 289/1996) ⁽⁷⁾.

4.2. Energy saving programmes, and specific R & D and environmental protection projects

By letter of 3 October 1996, the Spanish Government informed the Commission, in relation to point 3 of the Collaboration Agreement, that investors in the Basque Country could receive aid for the abovementioned concepts on the basis of the following aid schemes:

- Decree of the Basque Regional Government No 185/1997 of 29 July 1997 establishing aid to R & D and technological innovation activities in the Basque Country: this aid scheme, approved by the Commission in July 1997 ⁽⁸⁾, establishes the possibility of receiving aid in the form of non-refundable grants for R & D activities in line with the conditions and limits established in the Community framework for State aid for research and development ⁽⁹⁾.

- in the area of energy saving, investors in the Basque Country can benefit from aid in the framework of Law 82/1980, on energy conservation. An Order of 6 February 1997 establishes the type of aid in the area of energy saving and efficiency and regulates the concession of grants for the year 1997. Eligible projects include the rational use of energy or energy source replacement in industry, transport, buildings and services. In March 1986, the Spanish Government notified it to the Commission, following Spain's accession to the European Community. In October 1995, the Commission proposed appropriate measures for the aid scheme to adapt it to the Community guidelines on State aid for environmental protection, which have been adopted by the Spanish Government ⁽¹⁰⁾. The proposed measures referred mainly to the cases where aid for energy saving would be allowed (cases where the aim and result entail significant benefits for the environment and where the necessity is demonstrated) and the type of eligible investment costs and the permitted intensities,
- in the area of environmental protection, the Decree of the Basque Regional Government No 15/1992 of 4 February 1992 regulates the concession of grants to cover the cost of acquiring and installing pollution correcting devices or elements for the measurement and control of pollution, recovery of degraded zones, fuel replacements which entail an environmental improvement and environmental audits. This Decree was notified to the Commission in 1991; it was subsequently approved for a two-year period ⁽¹¹⁾. Consequently, aid granted in its framework would not be covered anymore by the Commission's approval and would have to be notified, pursuant to Article 93(3) of the EC Treaty. By letter dated 4 March 1997, the Spanish Government agreed to notify 1997's call for tender. The Commission has not yet received any such notification.

4.3. Other measures mentioned by the Spanish authorities

According to the Spanish Government, Demesa is also eligible for benefit from the following measures:

4.3.1. Purchase of the land

As already stated, Part 3 of the Collaboration Agreement signed between the Basque regional authorities and

⁽⁶⁾ The maximum limit for regional aid in the Basque Country, according to the present Spanish map for regional aid (OJ C 25, 31.1.1996, p. 3).

⁽⁷⁾ The areas included are in industrial decline, included in Objective 5b (Structural Funds) or some where fishing has a special incidence. Vitoria is not included in the list.

⁽⁸⁾ State aid N 230/97.

⁽⁹⁾ OJ C 45, 17.2.1996, p. 5.

⁽¹⁰⁾ State aid E 12/91. Letter to the Spanish Government SG(97) D/2727 of 11 April 1997.

⁽¹¹⁾ State aid N 662/91, approved by letter SG(91) D/25402 of 23 December 1991.

Daewoo Electronics Co. Ltd said that the Basque administration would make its best efforts to enable Daewoo to purchase the land for the implementation of the project in the best market conditions.

According to the information supplied by the Spanish Government, Demesa is interested in acquiring 100 000 m² in the Jundiz industrial estate in Vitoria (Álava). By letter dated 10 October 1996, Gazteizko Industria Lurra SA, the owner of the industrial estate, confirmed their intention to sell Demesa 100 000 m² for ESP 4 125 per m², with supply of water, electricity and gas and connection to the sewage network. In this letter, Gazteizko Industria Lurra SA stated that the sale could not be formalised at that time because it was not possible to segregate the plot. It therefore allowed Demesa to occupy the plot to start building the plant.

In another letter of 11 September 1997 Gazteizko Industria Lurra SA stated that, at the time of the previous letter, there had been verbal claims from some farmers against the occupation of the plot. They maintained they had a contract with the previous landowners, and the building of Demesa's plant destroyed their crop. According to this letter, an interdict was introduced in the courts in April 1997 aiming to paralyse the works. Then, after an agreement with the complainants, Gazteizko Industria Lurra SA could proceed to the sale.

According to the information supplied by the complainants, Gazteizko Industria Lurra SA is a publicly-owned company. Created in 1994, at the time it was owned 100 % by SPRI SA⁽¹²⁾, a public holding of the Basque Government. At present, the company is jointly owned by SPRI SA (40 %), and Vitoria City Council (60 %).

The complainants have provided the Commission with the registry documents relating to the plot of land currently occupied by Demesa, which amounts to 500 000 m² and not to 100 000 m², as stated in the information provided by the Spanish Government. This information states that the land was originally acquired by the Vitoria Savings Bank (Caja de Ahorros y Monte de Piedad de la Ciudad de Vitoria, at present Caja de Ahorros de Álava y Vitoria (Caja Vital)) by expropriation. In 1993, the bank sold the land to Gazteizko Industria Lurra SA. According to these documents, there were no charges on the land.

The complainants have also provided information concerning the price of industrial land in Jundiz.

According to this information, the following prices per m² are being paid (in ESP):

Surface (in m ²)	Sale	Long-term rent
1 000	7 000	280
5 000	6 500	260
10 000	6 000	240

The information provided by the Spanish Government only mentions an ESP 240/m² and year rent price in a neighbouring industrial estate (Ali-Gobeo). No mention is made of the relevant price in this case, i.e. the sale price in Jundiz.

4.3.2. *Fiscal measures in the framework of the fiscal regime of the Province of Álava (Norma Foral 24 of 5 July 1996 on the corporate tax)*

The law containing these measures has been passed by the Álava Provincial Council under the powers conferred to it by the Economic Agreement which regulates the tax relationship between the central government and the Basque Country⁽¹³⁾.

Within the terms of the agreement, the competent institutions in each of the three Basque provinces may, under certain conditions, maintain, establish and regulate the tax system within their own territory. Each of the Basque provinces and Navarra constitute a different part of the fiscal territory of Spain. In them the laws establishing the tax system applicable to the rest of Spain do not apply.

The measures from which Demesa can benefit are, according to the Spanish Government, the following:

- (a) a reduction of 99 %, 75 %, 50 % and 25 % of the basis of assessment for the corporate tax for newly established companies (Article 26 of the Norma Foral 24/1996). These reductions are to be applied from the first year that the basis of assessment is positive, but only if this takes place within the first four years from the date of the start of the activities.

To be eligible for these reductions, the beneficiary must, among other conditions, fulfil the following:

⁽¹²⁾ Sociedad para la Promoción y Reconversión Industrial. It acts as an industrial policy instrument of the Basque Regional Government (Department of Industry, Agriculture and Fisheries), and aims to promote and support Basque industry. Its shareholders are the Basque Regional Government (95,52 %) and the Basque savings banks BBK, Kutxa and Caja Vital (4,48 %).

⁽¹³⁾ Law 12 of 13 May 1981, amended by Law 2 of 12 June 1990, 27 of 26 December 1990 and 7 of 16 April 1993.

- initiate its activity with a minimum share capital of ESP 20 million,
- tangible investments in fixed assets in the first two years of activity must be at least ESP 80 million,
- a minimum of 10 jobs have to be created in the six months following the initiation of activities; the yearly average of the staff shall be kept at this level for the whole period that the reductions are applied,
- the company must have an action plan which covers a minimum five year period.

At present, it would seem that Demesa's project complies with these conditions.

Article 26(4) excludes the provision of any other tax benefit to the minimum amounts mentioned in this Article in relation to the tangible investments in fixed assets and the minimum number of jobs to be created.

- (b) A deduction of ESP 600 000 per job created and year to be applied to the final amount to be paid for the corporate tax (Article 45 of the Norma Foral 24/1996). This staff increase has to be calculated in relation to staff levels the previous year and has to be maintained for a period of two years following the closure of the tax period in which the right to the deduction is generated.

4.3.3. *Fiscal credit in the framework of Norma Foral 22 of 20 December 1994 on the implementation of the budget of the Province of Álava for 1995*

The fiscal credit was established in the sixth supplementing provision to Norma Foral 22/1994. Originally only valid for investments made between 1 January 1995 and 31 December 1995, it was subsequently extended by Norma Foral 33 of 20 December 1995 (fifth supplementing provision), by Norma Foral 24 of 5 July 1996 (derogatory provision, point 2.11) until 31 December 1996 and by Norma Foral 31 of 18 December 1996 (seventh supplementing provision) until 31 December 1997. These laws were also passed by the Álava Provincial Council under the powers conferred to it by the Economic Agreement, and only apply in the Province of Álava.

This tax credit is applied as a 45 % reduction of the final quota to be paid in corporate tax, calculated on that part of those investments in new tangible fixed assets exceeding ESP 2 500 million that the Álava Provincial Council may decide.

Deductions not applied by lack of quota can be carried forward for nine years following that in which the agreement of the Álava Provincial Council is taken. This agreement also establishes the periods and limitations that may apply in each case; investments made in the phase of preparation of the project may be deemed eligible if so decided by the Provincial Council.

According to its legal basis, this credit excludes the provision of any other existing tax benefits on the basis of the same investments.

4.4. **Other fiscal measures not mentioned by the Spanish authorities**

Although not specifically mentioned by the Spanish Government, Demesa could also benefit from the following measures included in the fiscal regime of the Province of Álava (Norma Foral 24 of 5 July 1996 on the Corporate Tax):

(a) a *tax rate of 32,5 %* (Article 29),

- (b) a *deduction for tangible investment in new fixed assets* (Article 37): tangible investment in new fixed assets intended for the economic activity of the company (excluding land), will give the right to a deduction (of the amount to be paid for the tax) equal to 15 % of the amount of these investments.

To receive this deduction:

- the assets must have a depreciation period of at least five years (except computer equipment),
- the value of the assets included in the investment must amount to more than ESP 10 million in each tax period and must meet at least one of the following conditions:
 - amount to more than 10 % of the accounting value of the pre-existent tangible or intangible fixed assets, or
 - amount to more than 15 % of the accounting value of the fixed assets of equal nature (without depreciation).

If, despite meeting one of these conditions, the ESP 10 million threshold is not reached, the deduction can still be applied if an indefinite contract that means an increase in the staff average is concluded and is kept for at least two years;

- (c) a *reserve for productive investments* (Article 39): 10 % of the accounting result of the tax period set aside for a special reserve (reserve for productive investments) can be deducted from the amount to be paid for that period. Several conditions have to be met, among others, that the money is used for the acquisition of new tangible fixed assets (excluding land) within two years. The assets will have to be used for the economic activity of the company and will have to be kept in use for a period of five years (or the length of its useful life, if shorter). If after the two years the reserve has not been used, the amount, together with its interests on arrears, will have to be added to what is to be paid in that year.

After five years from its use on fixed assets, the reserve can be used against negative accounting results or for a capital increase. The investments for which the reserve is used will not be able to benefit from any other tax benefit, except those linked to depreciation and the deferment for reinvesting extraordinary benefits,

- (d) *acquisition of variable-income securities* (Article 40): a 5 % deduction can be applied, calculated on the excess of the average volume of investment in the previous year in the share capital of manufacturing enterprises or companies whose assets are in more than 75 % made of participations in such enterprises (except when there is a tax link between them).

The 5 % will increase to 6,5 % in the following cases:

- when the participation is in companies quoted in the Bilboa Stock Exchange. If it is in companies that begin to quote after the coming into force of the Norma Foral, the deduction will be of 8,5 %,
- when participating in companies through monetary capital increases.

The average volume of investments must be kept for a year from the closing of the exercise in which the investment is carried out;

- (e) *deduction for R & D activities* (Article 41): the deduction consists of 30 % of the value of the investment in R & D made in the tax period. If the expenditure is above the average of the previous two

years, an additional deduction equal to 20 % of the difference will be applied.

The amount of the basis for the deduction will be reduced by 67,5 % of the grants received for these activities registered as income in the tax period;

- (f) *deduction for conservation and environment improvement activities* (Article 42): 15 % of the following amounts can be deducted:

- of the investments in new tangible fixed assets intended directly for the reduction and correction of the contaminating impact of the activity of the company,
- investments in fixed assets and expenditure incurred by cleaning land contaminated in the framework of projects approved by Basque official organisations.

This deduction is not automatic; it must be requested. The assets will have to be kept in use for a period of five years (or the length of its useful life, if shorter);

- (g) *deduction for export activities* (Article 43): exports will give the right to the following deductions of the amount to be paid:

- 25 % of the investments for the creation of subsidiaries or permanent establishments abroad, as well as the acquisition of participations in foreign companies and the establishing of, or increase in, capital in subsidiary companies directly related to the exporting activity, provided that the share is at least of 25 % of the capital of the subsidiary. In the tax period in which a 25 % share is reached, a 25 % of the total investment carried out in that and the two preceding tax periods will be deducted,
- 25 % of the amount spent on multiannual advertising and publicity for the launching of products, or the opening and exploration of markets abroad, and the participation in fairs and similar demonstrations, including those held in Spain of an international nature.

The basis for the deduction will be reduced by 67,5 % of the grants received for these investments and expenditure. The deduction cannot exceed 4 % of the income obtained from all exporting activities.

The amounts not deducted can be used in the five successive years. The period for the implementation of the deduction can also be deferred until the first tax period in which, within the period of prescription, the company obtains positive results derived from the exporting activity;

- (h) *deduction for expenditure on vocational training*: 10 % of the expenditure on vocational training can be deducted from the amount to be paid in that tax period. The basis for the deduction will be reduced by 67,5 % of the amount of any grants received for this activity. If the expenditure is above the average of the two previous years, an additional deduction equal to 15 % of the difference will be applied.

As is the case with the other fiscal measures, these have also been established by the Province of Álava under the powers conferred to it by the Economic Agreement which regulates the tax relationship between the central government and the Basque Country and only apply in the territory of the province.

5. APPRAISAL

The assessment of whether the different measures applied to Demesa constitute State aid in the sense of Article 92(1) of the EC Treaty has to be made in the light of the situation of the sector in which the company is active. The complaints received by the Commission in the present case have repeatedly stressed the difficult situation of the sector concerned, which suffers from excess production capacity and is characterised by being a mature market where 95 % of the sales are based on replacements. There are few possibilities for development.

According to the business plan of Demesa presented by the Spanish Government, the plant created by Daewoo in Vitoria will initially produce 50 000 annual units, a number which will be increased to 600 000 in 2001. Of the production 63,3 % will be exported to other Community markets. These new units would have a clear impact on a market where excess of production capacity is calculated at 5 million units per year.

As already stated, the company aims to obtain a 14,4 % share in the domestic market, but the business plan itself refers to the stagnation in demand for domestic appliances (cold range) in Spain and to the saturation of the market. According to the complainants, a significant proportion of Demesa's competitors that risk closure because of the investment are companies also located in the Basque Country.

5.1. Non-refundable grant

The non-refundable grant covering 25 % of the tangible investment in fixed assets was allegedly granted in the framework of Ekimen, an aid scheme approved by the Commission.

According to the case-law of the Court of Justice⁽¹⁴⁾, when the Commission has before it a specific grant of an aid alleged to be made pursuant to a previously authorised scheme, it cannot at the outset examine it directly in relation to the Treaty. Prior to the initiation of any procedure, it must first examine whether the aid is covered by the general scheme and satisfies the conditions laid down in the decision approving it. If the Commission has doubts as to the conformity of an individual aid with the decision approving the general scheme, it may order the Member State concerned to supply, within such period as it may specify, all such documentation, information and data as are necessary in order that it may examine the compatibility of the aid in question with the decision approving the aid scheme. If following this examination the Commission finds that the individual aid is not covered by the decision approving the scheme, the aid must be regarded as new aid, and be treated as such.

On the basis of the information currently available to the Commission, it seems that the conditions under which the scheme was approved have not been respected. Among the conditions imposed by the scheme, to be eligible the project has to be implemented within a period of three years from the date of concession of the aid. The information provided by the Spanish Government mentions that Demesa's plan covers the period 1996 to 2001, namely six years. The financial forecasts provided also mention the payment of the subsidy over the period 1997 to 2001.

The aid percentage in Ekimen is calculated according to the location of the company and the type of project. To the general 10 %, those projects considered strategic or that entail a significant job creation can receive an extra 5 % for each concept. Another 5 % is destined for those projects located within a preferential interest area, as listed in Annex I to the Decree which implements the scheme⁽¹⁵⁾. Vitoria (where Demesa is located) is not included in this list. Nor is it clear to what extent this investment could be considered as strategic, as the conditions of the Ekimen program establish.

⁽¹⁴⁾ Cases C-47/91 Italy v. Commission [1994] ECR I-4635 and C-278/95- P Siemens SA v. Commission [1997] ECR I-2507.

⁽¹⁵⁾ Decree No 289 of 17 December 1996 of the Department of Industry, Agriculture and Fisheries of the Basque Government.

Furthermore, the complainants also claim that investment costs have been overvalued. To document this claim, they have provided an estimate from an Italian firm generally recognised as the main constructor of these types of plants in Europe. According to this estimate, the real cost of the investment would be ESP 5 785 million, and not ESP 11 835,7 million as stated by the Spanish Government. Were this to be the case, the company would in reality be receiving aid covering 51,14 % of the investment.

Therefore, in line with the abovementioned judgment in case 47/94, *Italy v. Commission*, as well as its judgments in cases 301/87, *France v. Commission*, and 342/90, *Germany and Pleuger Worthington GmbH v. Commission*, where the Court of Justice stated that the Commission can issue an interim decision asking the Member State concerned to provide the Commission, within such period as it may specify, with all such documentation, information and data as are necessary in order that it may examine the compatibility of the aid with the common market, the Commission considers it necessary to formally ask the Spanish Government to provide all necessary information to allow the Commission to examine the compatibility of the non-refundable grant given to Demesa with its decision to approve the Ekimen aid scheme, and whether the investment costs provided so far by the Spanish Government correspond to the real amounts invested by Demesa.

In accordance with the abovementioned judgments, if the Spanish Government fails to comply with this Decision, by not supplying, within 10 working days of its notification, all the relevant information for an assessment of the compatibility of the aid in question, the Commission could directly assess the compatibility with the Treaty and take a final decision on the basis of the information available to it.

5.2. Other measures

According to the Spanish Government, Demesa has not asked for any aid further to the non-refundable grant covering the 25 % of the tangible investments in fixed assets and of the start-up expenses entered in the books as depreciable expenses. However, as stated in its letter to the Member States SG(89) D/5521, the Commission considers that the process of putting aid into effect has been initiated not by the action of granting aid to the recipient but rather by the prior action of instituting or implementing the aid at a legislative level according to the constitutional rules of the Member State concerned. Aid is therefore deemed to have been put into effect as soon as the legislative machinery enabling it to be granted without further formality has been set up.

5.2.1. *Energy saving programmes, and specific R & D and environmental protection projects*

In what refers to any possible aid in relation to energy saving programmes, and specific R & D projects (Part 3 of the Collaboration Agreement)⁽¹⁶⁾, the Spanish Government has stated in its letter of 3 October 1997 that Demesa has not yet asked for any such aid. They are not the object of the present opening of the Article 93(2) of the EC Treaty procedure.

However, the Commission notes that the maximum aid ceiling permitted in the Basque Country has already been reached. As stated in the letter of 13 December 1996 by which the Commission approved Ekimen, the application of the scheme is subject to the rules governing the cumulation of aids, whether such cumulation involves aids for different purposes⁽¹⁷⁾ or aids for the same purpose under schemes adopted by the same entity or by different entities (central, regional and/or local). In this case, the combined aid could not exceed the highest ceiling for the different schemes introduced. Given the market distortions created by the project, the Commission considers it necessary that the Spanish Government inform it of any aid given to Demesa for these concepts, in order to be able to establish that any such aid given to Demesa for these concepts, in order to be able to establish that any such aid respects this rule.

In the case of aid to be given for environmental protection, the Spanish Government has given Decree of the Basque Regional Government No 15 of 4 February 1992 as the possible legal base for aid to Demesa for this concept. This was approved in 1991 by the Commission for a two-year period. Consequently, any aid granted in its framework would no longer be covered by the Commission's approval and will have to be notified, pursuant to Article 93(3) of the EC Treaty, to allow the Commission to assess its compatibility with the common market.

5.2.2. *Purchase of the land*

The Commission considers both the fact that Demesa has been occupying land owned by a public company

⁽¹⁶⁾ Decree of the Basque Regional Government No 185 of 29 July 1997, establishing aid to R & D and technological innovation activities in the Basque Country and Law 82/1980 on energy conservation (with Order of 6 February 1997).

⁽¹⁷⁾ OJ C 3, 5.1.1985.

free of charge since 1996 and the fact that the price quoted as the selling price, in the event of a sale, seems not to be in line with market prices, constitute aid in the sense of Article 92(1) of the EC Treaty. Both facts favour Demesa, giving it a competitive advantage in relation to other producers which have to face up to these costs in line with the market. The advantage given to the company is greater since the sector in which Demesa is active is very competitive and suffers from excess production capacity.

According to the information available to it at present, Demesa has been occupying a 500 000 m² plot of land in the Jundiz industrial estate (Vitoria) free of charge since 1996. The land is owned by Gazteizko Industria Lurra SA, a public company. The Spanish Government has given an ownership dispute with the previous landholders as the reason why the firm has not been able to buy it. However, none of the registry documents on the land which the Commission has received so far mention the existence of this dispute. Furthermore, the accounts of Demesa for 1996 do not contain any provision for the sale. Demesa is not paying a rent for the plot.

It is also at present unclear whether the price quoted as the selling price, ESP 4 125/m², is in line with market prices. The Communication from the Commission to the Member States on aid elements in land sales by public authorities⁽¹⁸⁾ states that the Commission considers a sale of public land to have been made at market value and not containing State aid when it has either:

- taken place through an unconditional bidding procedure honouring the best or only bid or, in the absence of this procedure,
- has had an independent evaluation carried out by an independent asset valuer (in the sense of point 2a) of the communication) prior to sale negotiations to establish the market value on the basis of generally accepted market indicators and valuation standards.

According to the information at present available to the Commission, the projected sale of land to Demesa has not followed any of these procedures. Moreover, the complainants have provided information according to which the current selling price in the area varies between ESP 6 000 and 7 000/m².

The Commission also believes that in this case there are serious doubts regarding the possible compatibility of

these aids with the common market and that a thorough examination is therefore required to clarify the existing doubts.

5.2.3. *Different fiscal measures*

For the Commission, the fiscal credit established in the sixth supplementing provision to Norma Foral 22/1994 and which is applied as a 45 % reduction of the final quota to be paid in corporate tax, constitutes aid in the sense of Article 92(1) of the EC Treaty, given the discretionary power that the Álava Provincial Council has in determining which investments in new tangible fixed assets exceeding ESP 2 500 million are eligible, in calculating on what proportion of those investments the 45 % is applied and in establishing the periods and limitations that may apply in each case. Such fiscal credit would undoubtedly give Demesa a competitive advantage in relation to other companies active in the same sector, which do not receive it, creating a distortion in the market.

According to press information, Demesa has already received this fiscal credit. But neither the Norma Foral 22/1994 establishing the aid nor its extensions have been notified to the Commission. The Spanish Government should have notified it, pursuant to Article 93(3) of the EC Treaty, before the aid was put into effect⁽¹⁹⁾; the aid has therefore to be considered illegal, as it has not been notified to the Commission.

Furthermore, according to its legal basis, the credit is incompatible with any other existing tax benefits to be received on the basis of the same investments. It is unclear whether this has been respected, as the Spanish Government has mentioned the possibility that Demesa will benefit from other fiscal measures for its investment (i.e. the reduction of 99 %, 75 %, 50 % and 25 % of the basis of assessment for the corporate tax for newly established companies and a deduction of ESP 600 000 per job created and year to be applied to the final amount to be paid for the corporate tax).

These other measures are to be granted on the basis of Norma Foral 24/1996. The Commission has also identified further fiscal measures in the framework of the same Norma Foral of which Demesa may also benefit without requesting them⁽²⁰⁾.

⁽¹⁹⁾ Letter to the Member States SG(89) D/5521.

⁽²⁰⁾ See point 4.4. The only exception is the deduction for conservation and environment improvement activities, where a request for its application would be necessary.

⁽¹⁸⁾ OJ C 209, 10.3.1997.

From the information available to it at present, the Commission feels that all these fiscal measures appear to allow Demesa to pay less for its investment than other firms which do not benefit from them, and that this strengthens its financial position and scope for action in relation to competitors that do not qualify. Therefore, their application appears to create an important distortion in the market given the difficult situation of the sector, a mature market based 95 % on replacements, suffering from excess production capacity and which has very limited possibilities of development. They may constitute State aid in the sense of Article 92(1) of the EC Treaty.

Furthermore, as already stated, these fiscal measures, which have been established by the Province of Álava under the powers conferred to it by the Economic Agreement which regulates the tax relationship between the central government and the Basque Country, only apply in the territory of the province. The Commission considers it necessary to proceed to an in-depth review of all the different fiscal measures of which Demesa is/would be the addressee as, on the basis of the information currently available it cannot establish if, in the event that their application to Demesa constituted State aid in the sense of Article 92(1) of the EC Treaty, they could possibly be considered compatible with the common market on the basis of one of the exceptions referred to in Article 92(2) and (3) of the EC Treaty. As already stated, the 25 % nge maximum aid ceiling permitted in the Basque Country has already been reached. Any new aid linked with the present investment project would exceed this ceiling.

6. CONCLUSION

Accordingly, the Commission hereby informs the Spanish Government that it has decided to:

(a) request the Spanish Government to provide the Commission, within 10 working days of the notification of this decision, with all documents, information and particulars necessary for examining whether:

- the non-refundable grant covering 25 % of the tangible investment in fixed assets, and of the start-up expenses entered in the books as depreciable expenses has been given in the framework of the Ekimen aid scheme, respecting all its conditions,
- whether the investment costs provided by the Spanish Government correspond to the real amounts invested by Demesa.

In accordance with the abovementioned judgments of the Court of Justice in cases 301/87 and 342/90, and case C-47/94, if the Spanish Government fails to comply with this Decision, by not supplying, within the 10 working days of its notification, all the relevant information for an assessment of the compatibility of the aid in question, the Commission could directly assess the compatibility with the Treaty and take a final decision on the basis of the information available to it;

- (b) ask the Government to inform it of any aid given to Demesa in the framework of energy saving programmes (Law 82/1980) and R & D (Decree of the Basque Government No 185 of 29 July 1997);
- (c) inform the Government that any aid which might be granted to Demesa for environmental protection (Decree of the Basque Government No 15 of 4 February 1992), would have to be notified to the Commission pursuant to Article 93(3) of the EC Treaty, so that it can establish its compatibility with the common market;
- (d) initiate the Article 93(2) procedure in relation to the possible exceeding of the 25 % nge aid ceiling applicable in the region through the concession to Demesa of further aid through:

— fiscal measures in the framework of the fiscal regime of the Province of Álava (Norma Foral 24 of 5 July 1996 on the corporate tax),

— fiscal credit applied as a 45 % reduction in the final quota to be paid in corporate tax (sixth supplementing provision to Norma Foral 22 of 20 December 1994 on the implementation of the budget of the Province of Álava for 1995, as extended by Norma Foral 33 of 20 December 1995 (fifth supplementing provision), Norma Foral 24 of 5 July 1996 (derogatory provision, point 2.11) and Norma Foral 31 of 18 December 1996 (seventh supplementing provision)),

— Demesa's use of a 500 000 m² plot in the Jundiz industrial estate since 1996 free of charge as well as a possible selling price for the land not in line with market prices.

As part of the procedure, the Spanish authorities are hereby invited to present, within one month of being notified of this letter, their comments as well as any other information they might consider relevant for the assessment of the case.

The Commission draws attention to the suspensory effect of Article 93(3) of the EC Treaty and to the communication published in the *Official Journal of the European Communities* C 318 of 24 November 1983 and to the letters sent to all Member States on 4 March 1991 and 22 February 1995, in which it was stipulated that any aid granted unlawfully may have to be recovered from the recipient firm in accordance with the procedures laid down by the national law, including interest calculated at the reference rate used for regional aid and with effect from the date on which aid was granted.

The Commission hereby requests that the Spanish Government inform the affected company without delay of the initiation of the procedure and of the fact that it might have to repay any aid improperly received.⁷

The Commission hereby gives the other Member States and interested parties notice to submit their comments on the measures in question within one month of the date of publication of this notice to:

European Commission,
Rue de la Loi/Wetstraat 200,
B-1049 Brussels.

The comments will be communicated to the Spanish Government.

STATE AID

C 86/97 (ex N 322/97)

Ireland

(98/C 103/04)

(Text with EEA relevance)

(Articles 92 to 94 of the Treaty establishing the European Community)

Communication from the Commission pursuant to Article 93(2) of the EC Treaty to the Member States and interested parties regarding aid to the shipping sector (refund to employers of social security contributions paid in respect of seafarers)

By the following letter, the Commission informed the Irish authorities of its decision to initiate the procedure.

'By letter of 15 May 1997, registered in the Commission on 20 May 1997 under N 322/97, the Irish Permanent Representation notified the abovementioned scheme in accordance with Article 93(3) of the EC Treaty. After a first request for further information had been sent to the Irish authorities on 30 June 1997 and after bilateral talks, additional information was submitted to the Commission by letter on 31 July 1997. A second request for further information was submitted to the Commission by letter on 31 July 1997. As second request for further information was sent to the Irish authorities on 8 September 1997, which was followed by a reminder on 28 October 1997. The Irish authorities replied to this request by letter of 23 October registered in the Commission on 27 October 1997 followed by a confirmation letter received by the Commission on 7 November 1997. Further information was sent to the

Commission on 13, 19 and 27 November as well as 3, 5 and 8 December 1997 on the basis of bilateral contracts.

The facts

Social security refund

The notified scheme provides for the refund to employers of up to 100 % of the social security contributions paid in respect of the employment of seafarers⁽¹⁾ on board two types of ships engaged in merchant shipping at sea:

⁽¹⁾ According to the Irish authorities seafarers are:

- masters (includes every person (except a pilot) having command or charge of any ship) and
- seamen (includes every person (except masters, pilots and apprentices duly indentured and registered), employed or engaged in any capacity on board any ship.

For the purpose of the present scheme these seafarers must be liable for social security in Ireland.

(1) ships owned to the extent of not less than 51 % by a person or persons resident in Ireland, or

(2) ships which are the subject of a letting on charter without crew by a lessor not resident in Ireland.

The aforementioned refunds are expected to amount to a total of about IEP 8 million. This budget is planned to be spent at a rate of IEP 2 million per annum as regards a four-year aid period, beginning on 6 April 1996 and ending on 5 April 2000.

In order to ensure the proper implementation of the scheme, the form and the manner of shipowners' applications, which have to be made not earlier than the last day of the contribution year in respect of which the contributions have been paid, are determined by the Collector-General. Furthermore on 19 November 1997 the Irish authorities confirmed that no aid payments as regards the notified scheme have been made so far.

According to the Irish authorities, the introduction of the scheme for the refund of social-security contributions and its application to the aforementioned vessels is an important element of a strategy for the Irish shipping sector which is aimed at:

- retaining in and attracting new tonnage to the register,
- strengthening the economic link between Irish shipowning and operating interests and the State,
- promoting quality EU-standard shipping.

However, it should be noted that the scheme provides only for type-1 vessels to be registered in Ireland. Type-2

vessels, which are chartered in but managed from within Ireland, are not required to fly the flag of a Member State in the framework of the aforementioned scheme.

According to the Irish authorities, type-2 vessels are nevertheless required to fulfil all the obligations imposed under the Merchant Shipping Acts 1894 to 1996, which require Irish registered ships to comply with standards which meet and in some instances exceed those specified in all international conventions, as if they were registered in Ireland. According to the information provided, procedures are in place to ensure that the Irish authorities are satisfied with the manning levels and the qualifications of those, who serve on the ships. The Irish authorities have moreover indicated that no type-2 vessels are in practice expected to come on stream in the immediate future.

As regards the requirements for registration of ships in Ireland it is noted that in June 1997 the Court of Justice of the European Communities gave its judgment in case C-151/96 ⁽²⁾ concerning the failure of Ireland to fulfil its obligations as regards the registration of vessels other than fishing vessels, which was bound to a nationality requirement and which precluded registration or management of a vessel in the case of a secondary establishment such as an agency, branch or a subsidiary.

In bilateral contacts on 13 and 19 November 1997, the Irish authorities advised the Commission services that drafting the Merchant Shipping (miscellaneous provisions) Bill 1997 to amend the provisions, which according to the aforementioned Court case failed to comply with the Treaty, is at an advanced stage and it is planned that the Bill will go to the legislature (Oireachtas) before the end of 1997 and that enactment will take place as early as possible in 1998. Following this amendment, it will be possible for vessel owners established in a Member State other than Ireland to register their ships in the Irish shipping register under conditions in conformity with Community law and to be granted aid under the aforementioned scheme.

In bilateral contacts on 5 and 8 December 1997, the Irish authorities declared that they would defer payments under the notified States aid scheme pending enactment of the aforementioned Irish legislation (Merchant Shipping (miscellaneous provisions) Bill 1997), if considered necessary by the Commission. Since the

⁽²⁾ Commission of the European Communities v. Ireland, (failure to fulfil Treaty obligations — registration of vessels).

Commission cannot approve a State aid scheme on the basis of legislation which infringes Community law, the Commission notes that, according to the aforementioned declaration of the Irish authorities, no payments under the notified State aid scheme will therefore be granted before enactment of the earlier mentioned Irish legislation (Merchant Shipping (miscellaneous provisions) Bill 1997).

Pension refund

The text of the Irish Social Welfare Regulations 1997, a part of which is included in the notification, provides not only for the aforementioned social security refund but also for a partial refund of pension payments. This second scheme provides for a 53 % refund of contributions paid in respect of old-age pension to self-employed contributors and formerly self-employed voluntary contributors aged 56 years on 6 April 1988.

According to the Irish authorities this pension refund is planned to be granted irrespective of sectors. As a horizontal measure, which is not connected to the earlier mentioned social-security refund, the pension refund is relevant to shipping only to the extent that persons falling within the scope of the scheme would be eligible for reimbursement as in other sectors of the economy. Since for maritime shipping in general, self employment is not the main form of employment, the measure is not likely to favour the shipping sector in particular as compared to other sectors. It should be noted that according to the Irish authorities the social security refund and the pension refund schemes were included in the same set of Regulations for reasons of administrative convenience.

The law

Article 92(1) of the Treaty provides that "any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between Member States, be incompatible with the common market".

Social-security refund

Since reimbursement of contributions for the social protection of seafarers results in the State receiving less resources and since these reduced rates threaten to distort competition by favouring a specific sector and affecting trade between Member States, the aforemen-

tioned social security refund is to be considered as State aid within the meaning of Article 92(1) of the Treaty.

The Community guidelines on State aid to maritime transport of 1989 ⁽³⁾ and those of 1997 ⁽⁴⁾ provide that aid in the form of alleviation of the burden of social security contributions in respect of social security contributions of EC seafarers should be allowed, provided the seafarers concerned are employed on board ships registered in a Member State. The 1997 guidelines allow such type of aid up to a maximum of a 100 % relief of contributions.

Since type-1 ships have to be registered in Ireland and since aid as regards these ships can amount to a maximum of 100 % of the employers' contribution to social security, the refund of such contributions does not entail any element of overcompensation. The measure as regards type-1 ships is also clearly linked to the levies since it provides for the reimbursement of specific contributions paid. Furthermore, since the reimbursement of social security contributions is to be made towards specific shipowners as defined above and as the Collector-General is determining the appropriate conditions for the shipowners' application, the social security refund as regards type-1 ships is considered to be transparent and not open to abuse.

However, as regards aid in respect of type-2 ships the Commission understands that reimbursement can be granted even if these vessels do not fly a Community flag. Although the Irish authorities indicate that such ships must fulfil all the obligations imposed under national law as if they were registered in Ireland and that no such vessels are in practice, expected to come on stream in the immediate future, the guidelines state that a flag-link is a binding condition when aid is granted in the form of alleviation of social security contributions of EC seafarers. Moreover, as regards type-2 ships it is not sufficiently clear if aid will be granted in favour of EC seafarers only.

Ceiling

As mentioned above, a reduction to zero of taxation and social charges for seafarers and of corporate taxation of shipping activities is the maximum level of aid which may be permitted. To avoid distortion of competition, other systems of aid may not provide greater benefit than this. Since apart from social and fiscal measures which provide only a partial reduction of tax revenue/social-

⁽³⁾ Guidelines for the examination of State aids to Community shipping companies SEC(89) 921 final, 3.8.1989.

⁽⁴⁾ Community guidelines on State aid to maritime transport (OJ C 205, 5.7.1997, p. 5).

security contributions there are no ceiling-relevant direct payments granted, such measures do not exceed the maximum level of aid permitted in Ireland under the aforementioned Community guidelines on State aid to maritime transport.

Pension refund

Since this element of the notification refers to a non-sector-specific scheme which has no connection with the scheme to refund social security contributions, it appears not to fall within the scope of Article 92(1) of the Treaty and therefore does not constitute State aid.

Conclusion

The subsidy to the pension refund appears not to fall within the scope of Article 92(1) of the Treaty and therefore does not constitute State aid. The Commission therefore does not object to the grant of this subsidy.

As stated earlier, the aid element concerning type-1 vessels is considered to be compatible with the provisions of the Community guidelines on State aid to maritime transport. Therefore the Commission does not raise any objections to the implementation of this element of the notified scheme which may therefore be considered compatible with the common market on the bases of Article 92(3)(c) of the EC Treaty.

However, in the light of the considerations raised earlier, the Commission has serious doubts regarding the compatibility of the aid element as regards type-2 ships with the common market. Therefore, the Commission has decided to initiate the procedure provided for in Article 93(2) of the EC Treaty in respect of the aid element granted in favour of employers as regards their social security contributions to seafarers employed on type-2 ships as defined above.

The Commission therefore calls on the Irish authorities to react to the issues raised above within one month of the date of this letter. In view of the fundamental nature of the Commission's doubts, the Irish authorities are invited to submit amendments to the aid scheme in order to meet the concerns expressed by the Commission. If no reply or an inadequate reply is received, the Commission reminds the Irish authorities that it may take a decision on the basis of the facts at its disposal.

The Commission informs the Irish authorities that it intends to publish the text of this letter in the *Official Journal of the European Communities* for the attention of other Member States and any interested parties. A notice will also appear in the EEA section of the *Official Journal of the European Communities*.

The Commission recalls that Member states may not introduce aid without prior notification to the Commission in accordance with Article 93(3). Where this occurs, aid is unlawful and the Commission reserves the right to require recovery of aid from beneficiaries with interest.

Recovery of aid would be required according to the procedures and provisions of Irish law. Interest would be chargeable from the date of receipt of aid by the beneficiary at the reference rate applied by the Commission for regional aid.'

The Commission hereby gives notice to the other Member States and interested parties to submit their comments on the aid measures in question within one month of the date of this publication, to the following address:

European Commission,
Rue de la Loi/Wetstraat 200,
B-1049 Brussels.

The comments will be forwarded to the Irish Authorities.

Authorisation for State aid pursuant to Articles 92 and 93 of the EC Treaty

Cases where the Commission raises no objections

(98/C 103/05)

(Text with EEA relevance)

Date of adoption: 11.12.1997

Member State: Netherlands

Aid No: N 460/97

Title: Compensation scheme for fishermen giving up the profession

Objective: Improving structures in the fisheries industry; partial compensation for loss of income due to complete withdrawal of fishing vessels from fishing

Legal basis: Besluit nr. 88 van de raad van bestuur van de Stichting Ontwikkelings- en Saneringsfonds voor de Visserij

Budget:

1997: NLG 1 250 000 (about ECU 571 397,2)

1998: NLG 1 250 000 (about ECU 571 397,2)

Date of adoption: 12.1.1998

Member State: Italy

Aid No: N 723/97

Title: Criteria and arrangements for granting aid to Lake Maggiore fishermen

Objective: To support the commercial fisheries sector and contribute to restoring balance among fish species in Lake Maggiore

Legal basis: Progetto di deliberazione che approva le modalità attuative con le quali si definiscono i criteri e i parametri per la determinazione e l'erogazione dell'aiuto economico ai pescatori professionali operanti sul Lago Maggiore che hanno vista compromessa la loro attività a seguito di eventi eccezionali (DDT)

Budget: 1997: ITL 980 million (approximately ECU 513 077,9)

Duration: A maximum of five years

Aid No: N 29/97

Title: Railfreight Distribution

Objective: Restructuring and sale of Railfreight Distribution

Legal basis: Contract with purchaser

Budget: GBP 247,1 million (ECU 338,5 million) in terms of NPV at 31 March 1997

Duration: Single payment

Conditions: Tendering procedure

Date of adoption: 21.1.1998

Member State: Italy (Lazio)

Aid No: N 264/97

Title: Measures under programming document 1997-1999

Objective: To promote the development of Objective 2 areas in Lazio

Legal basis: Docup 1997-1999

Budget: ECU 35,336 million

Aid intensity:

1. Investment aid: Small firms: 20 % nge —
Medium-sized firms: 15 % nge
2. Consultancy aid: 50 % (point 4.2.3 of SME guidelines)
3. Environmental protection aid: 40 % gge
4. Operating aid: *de minimis*

Duration: 1997-1999

Date of adoption: 21.1.1998

Member State: United Kingdom

Date of adoption: 21.1.1998

Member State: Spain (Castile-La Mancha)

Aid No: N 266/97

Title: Changes to regional investment aid scheme (N 551/94) with a view to improving competitiveness

Objective: Regional development, R & D and SMEs

Legal basis: Decreto 13/1995 de 28 de febrero, sobre la competitividad e incentivos a la inversión empresarial

Budget: ESP 3 500 million (approximately ECU 21,06 million) per year

Aid intensity:

- Investment aid: 30 % gge
- Aid for industrial research: 50 % gge
- Aid for pre-competitive development: 35 % gge (45 % gge for SMEs)
- Other aid: 50 % gge

Duration: Indefinite

Date of adoption: 21.1.1998

Member State: Italy

Aid No: N 734/97

Title: Community initiative Resider II

Objective: Conversion of steel areas

Legal basis: PIC Resider II

Budget: ECU 52,131 million

Aid intensity:

1. Investment aid:

Small firms: 15 % gge — Medium-sized firms: 7,5 % gge

In Article 92(3)(a) eligible regions, the intensities are those laid down by Decision No 40 of 1 March 1995.

In Article 92(3)(c) eligible areas, the intensities are those laid down in the Decision concerning the Italian regional map (N 27/97)

2. Consultancy services:

50 % (point 4.2.3 of the SME guidelines)

3. R & D aid:

maximum 45 % gross for pre-competitive research projects (points 5.5, 5.10(1) and (2), and 5.12(3) of the R & D guidelines)

4. *Operating aid:*

de minimis

Duration: 1994-1999

Date of adoption: 10.2.1998

Member State: Belgium (Flanders)

Aid No: N 365/97

Title: Aid for investment and new entrants in the fisheries and aquaculture sector

Legal basis: Besluit van de Vlaamse regering betreffende investerings- en vestigingssteun in de sector visserij en aquacultuur

Aid intensity:

- Aid for new start-ups among vessel owners and fish-farmers: 20 % maximum
- Aid to support investment by vessel owners and fish-farmers: according to the rates set out in Council Regulation (EC) No 3699/93
- Regional aid to support cooperatives for processing, sales and services: according to the rates set out in Regulation (EC) No 3699/93

Duration: Indeterminate, except for aid for new entrants to vessel ownership and new fish-farmers who are over 40 years old, where scheme is limited to two years.

III

(Notices)

COMMISSION

CALL FOR PROPOSALS

(98/C 103/06)

In the context of the implementation of the new European Community strategy on equal opportunities for disabled people, the European Commission wishes to provide support to non-governmental organisations for the following activities in 1998:

- exchange and information actions on equal opportunities for disabled people;
- representative European coordination organisations active in the field of disability

Your attention is drawn to the fact that the strand ‘Pilot projects on equal opportunities for disabled people financed in 1997’ is no longer supported under these calls for proposals.

I. Call for proposals for the provision of support for exchange and information actions on equal opportunities for disabled people

CONTEXT

The budgetary authority provides for the Commission's facilitation of exchange and dissemination of good practice between organisations of, and representing, disabled people.

It is the Commission's intention, in accordance with the Financial Regulation, and on the basis of criteria designed to foster openness and consistency, to use these resources to undertake preparatory actions in the field of equal opportunities for disabled people and to assess their potential to create a European added-value dimension.

This funding is strictly designed to cover exchange and information activities carried out by national NGOs. European NGOs which are covered by strand II ‘Support for representative European coordination organisations active in the field of disability’ are not entitled to present an application.

WHAT ARE THE OBJECTIVES?

These actions should be viewed against the background of the Commission's communication of 30 July 1996 on equality of opportunity for people with disabilities: a new European Community disability strategy ⁽¹⁾, the

resolution of 20 December 1996 of the Council and the Member States' Governments meeting within the Council on equality of opportunity for people with disabilities ⁽²⁾ and of the United Nations Standard Rules on the Equalisation of Opportunity for Persons with Disabilities. The Commission's new approach to equality of opportunity for people with disabilities emphasises the need to identify and remove the various barriers to equal opportunities and full participation in all aspects of life. Integration rather than accommodation is now seen as the key to inclusion in active society.

WHAT KIND OF ACTIVITIES CAN BE SUPPORTED?

Applications may cover the following activities: study visits, conferences, seminars, training courses, secondment of staff to promote skills transfer and awareness raising activities. However, other types of activities will also be considered if they promote innovative thinking, i.e. if the topic of the activity has not been previously addressed to any large extent.

The following is a list of priority themes for the proposals that fall within the objectives of the call for proposals. A proposal has to cover one or more of the themes.

⁽¹⁾ COM(96) 406 final.

⁽²⁾ OJ C 12, 13.1.1997.

- Priority 1: empowering people with disabilities for participation in society, while paying due attention to the needs and interests of their families and carers,
- Priority 2: mainstreaming the disability perspective into all relevant sectors of policy formulation,
- Priority 3: enabling people with disabilities to participate fully in society by removing barriers,
- Priority 4: nurturing public opinion to be receptive to the abilities of people with disabilities and toward strategies based on equal opportunities.

In all priority themes, special attention will be given to severely disabled people.

WHAT ARE THE ELIGIBILITY CRITERIA?

Who may apply?

- every application has to have one applicant and at least two partners from other Member States, i.e. organisations from at least three Member States must form part of the application,
- the applicant must have a legally established non-profit status and have as its main objective the promotion of the rights, equal opportunities or integration of disabled people. NGOs which are not legally registered at the time the application is submitted will not be considered for examination,
- the partners can be non-governmental organisations, universities, research establishments or any other organisation active in the social field, but not a national, regional or local authority.
- the applicant and the partners must be organisations with their registered office in a Member State of the European Union.

What are the basic conditions and criteria for eligibility?

- activities must relate to one or more of the priority themes set out under 'What kind of activities can be supported?'
- activities may not be for more than 12 months,
- no activity may receive support more than twice during a given four-year period,
- applicants must show the financial viability of the project, i.e. submit proof of funding for the costs of the project not covered by the Commission (30 %),

- the partners must be practically involved in planning and carrying out the proposed activity. Applicants must submit proof of this with their application. The activities in question must take place within the European Community.

WHAT IS NOT ELIGIBLE?

- activities which are only regional or national or which only involve organisations from two Member States,
- applications from European NGOs, which are covered by strand II 'Support for representative European coordination organisations active in the field of disability', will not be considered,
- activities seeking to set up structures or services,
- activities which receive other Community funding,
- proposals which are only devoted to research or study work,
- material and publications which are not an integral part of the proposed activity,
- investment activities for the acquisition of material equipment,
- activities which began before 1 October 1998 or activities not begun before 31 December 1998.

WHAT ARE THE ASSESSMENT CRITERIA?

Only proposals which fulfil the eligibility criteria will be evaluated according to the assessment criteria. The assessment criteria that will be used are the following:

- a close match between the proposal and the priority themes of point 2, i.e. the application must show in what way it will help promote the principles of equal opportunities for disabled people, particularly with regard to existing practices,
- active involvement of disabled people or their relatives in management, implementation and follow-up: priority will be given to applications coming from organisations of disabled people themselves,
- the quality of cooperation between the applicant, the partners and their associated parties (see below). There will have to be proof of effective and balanced

cooperation in terms of project design, implementation and participation. The applicant has to consult regularly with the partners, and keep them fully informed of the progress of the activity,

- the European dimension of the activity, i.e. that people from many EU countries benefit from the activity: it will have to be demonstrated how the transnational partnership will help to enhance equal opportunities,
- transferability: i.e. how the results of the activity can be transferred to other activities,
- promote constructive thinking and best practice, i.e. to cast an innovative light on the situation in a particular area or on a particular range of issues. This means that the topic of the activity should not have been previously addressed to any large extent,
- close cooperation with public bodies, such as ministries, regional or local authorities, universities and research establishments, organisations representing employers or workers or any other organisation active in the social field, which may be associated parties in the exchange activity. The applicant and the partners may have one or several associated parties.

WHAT ARE THE FINANCIAL CONDITIONS?

Potential maximum contribution

The maximum financial contribution from the Community will be determined by reference to a percentage of the organisation's estimated budget for the implementation of the activity. In no circumstances will the contribution exceed 70 % of such expenditure. The maximum amount will be ECU 60 000 and the minimum ECU 20 000.

Activities have to start on 1 October 1998 at the earliest and by 31 December 1998 at the latest.

Estimated 1998 budget

The grant application will include an estimate of the expenditure incurred in relation to the activity for the contractual period. That total of these estimated general expenses will be equal to the total of the sources of funding for those expenses.

Actual final financial instalment

At the end of the contractual period, the beneficiary will be expected to present a schedule of actual expenditure and income incurred and received, *set out in the same form as the initial estimate*.

The final amount due will be calculated by reference to the fixed percentage, even where the eligible expenditure is below the estimate, up to the maximum applicable limit. Given that the financial aid may in no circum-

stances generate a profit, the Commission will bear in mind the other forms of income from which the organisation's activities are financed. It is therefore in the applicant's interest to submit a realistic estimate of expenses.

Keeping of accounts

The beneficiary must undertake to keep special accounts for any measures included in the programme of activities and to retain all original supporting documents for five years from the date of receipt of final payment for the purposes of verification by the European institutions or by any organisation they may nominate.

WHAT IS THE ELIGIBLE EXPENDITURE?

The budget for the exchange activity must be presented in ecu.

Eligible expenditure is taken to mean expenditure actually incurred by the organisation during the contractual period, which is essential to the sound performance of the programme and which includes all or part of the following categories: personnel, rental and associated costs, equipment (in the case of purchases of durable equipment, only annual depreciation may be taken into account), telecommunications and postage, office supplies, publication and information, interpreting and translation costs, meetings, travel and subsistence costs.

Contributions in kind which do not exceed 10 % of the total eligible expenditure and which are limited to costs incurred such as rent, office supplies, etc. Proof of their occurrence is required.

Special attention is drawn to the fact that voluntary work is not eligible.

WHAT EXPENSES ARE INELIGIBLE FOR COMMUNITY SUPPORT?

The following expenditure will not be considered (this is not an exhaustive list):

- expenditure from third parties, i.e. expenditure not incurred by the applicant or the partners,
- expenditure in kind which exceeds more than 10 % of the total eligible expenditure,
- expenditure which is not directly linked to the activity,
- expenditure which is obviously pointless or excessive,

- infrastructure purchases, except for depreciation of material,
- expenditure which has been charged elsewhere,
- expenditure incurred outside of the contractual period.

HOW AND BY WHOM ARE THE PROPOSALS SELECTED?

First, a preliminary selection will be carried out by the Commission services, to determine whether proposals meet the eligibility criteria. All proposals which do not meet these criteria will be rejected, i.e. they will not be evaluated any further, and will receive notification of this from the Commission. After that, a team of independent international experts will assist the Commission services to identify the most innovative ideas in order to select those proposals which correspond most closely to the evaluation criteria. The final number of proposals to be co-financed will be decided by the Commission taking into consideration overall availability of funds, distribution of appropriate activities across different types of disability and themes of proposals, and geographical spread in the territory of the Union. Particular attention will be given to activities requiring prior preparation, more especially in the form of workshops, to promote cooperation between the various organisers and/or associations participating in the activity.

Once a final decision is taken, applicants will be informed of the outcome. Where an application is approved, a convention (in ecu) will be concluded between the Commission and the applicant.

HOW TO PREPARE YOUR APPLICATION?

The application for funding must be made on a special form, which may be obtained on written request from the following address:

Secretariat DG V.E.4
European Commission,
Rue de la Loi/Wetstraat 200, J 27 0/118,
B-1049 Brussels.
(Fax (32-2) 295 10 12)

The form is also available at the following Internet address:
<http://europa.eu.int/en/comm/dg05/home.htm>

TO WHOM AND HOW TO SUBMIT YOUR APPLICATION?

Only applications bearing the wording 'applications in the context of the call for proposals for the provision of support for exchange and information actions on equal

opportunities for disabled people' submitted on the prescribed form will be considered.

The form and all documents forming part of your application must be *duly completed and signed*, and posted to the following address before **12 June 1998** (the postmark serving as proof). *Complementary documents sent by fax will not be considered for evaluation. Any document sent after the deadline will not be accepted.*

European Commission,
Archives — Courrier DG V,
Rue de la Loi/Wetstraat 200, J 37 0/22,
B-1049 Brussels.

Your attention is drawn to the fact that incomplete or unsigned forms, hand-written forms, those sent by fax, Internet, mail or hand-delivered will not be taken into consideration.

Material (video-tape, photos, books, etc.) other than the form and documents forming part of your application will be neither considered nor returned.

HOW WILL YOUR APPLICATION BE HANDLED BY THE COMMISSION? WHAT IS THE TIMETABLE?

Applications will be handled as follows:

- Commission receives and records the applications,
- Commission examines the applications,
- final decision is taken; applicants are informed in writing of the outcome.

Organisations to which the Commission awards a grant will be sent a contract specifying figures in ecu, the terms and level of funding. It must be signed and returned to the Commission without delay.

Any change made to the running of your work programme and in the terms of your contract must be notified in advance to the Commission for approval.

There will only be *one call for applications for 1998*. The timetable will be as follows:

- 8 May: final date for requesting application forms from the European Commission — Secretariat DG V.E.4,
- 12 June: final date for posting applications to the European Commission,
- 24 July: final decision by the Commission.

II. Call for proposals for the provision of support for representative European coordination organisations active in the field of equal opportunities for disabled people

CONTEXT

Budget heading B3-4106, adopted by the budgetary authority, provides for the European Commission to implement measures to support representative European organisations active in the field of equal opportunities for disabled people in charge of coordinating their own network.

In this context and in accordance with the Financial Regulation, the Commission is calling on European organisations to submit proposals for coordination activities and dissemination of information.

According to the budgetary commentary as laid down by the budgetary authority, funds will be exclusively allocated to organisations of disabled people in which disabled people or their legal representatives exercise a majority control.

In accordance with the request of the budget authority, the number of organisations finally selected will be, in principle, restricted to 15:

Organisations which apply for Community support in the framework of the exchange and information actions on equal opportunities for disabled people cannot apply for this support.

WHAT ARE THE OBJECTIVES?

The main objective of the grants is to encourage the development of European non-governmental organisations of disabled people and the organisation by them of activities in their communities involving and benefiting disabled people.

The role of such organisations is to harness new approaches within the EU, to promote transnational partnerships, to explore progressive working methods and to ensure dissemination of information among interested parties.

WHAT KIND OF ACTIVITIES CAN BE SUPPORTED?

These programmes cover all coordination activities at European level, e.g. participation in coordination measures involving member associations and/or other European organisations; annual meetings; information for members (e.g. newsletters); working parties; research and studies; preparation of reports and publications; lobbying activities; etc.

WHAT ARE THE ELIGIBILITY CRITERIA?

Proposals will be entertained only from European organisations fulfilling the following criteria. Proposals which do not comply with the following criteria are not eligible and will be rejected without further consideration.

- the organisation must have appropriate legal status (i.e. as distinct from that of component member organisations) at the time the application is submitted; organisations which are not legally registered at this time will not be considered for examination,
- the principal aim of the organisation must be to promote the rights, equal opportunities and integration of disabled people,
- organisations of disabled people in which disabled people or their legal representatives exercise a majority control; organisations which do not comply with this criterion will not be considered for Community support,
- members must be nationally-organised non-profit associations,
- the organisation must have members in more than half the Member States of the European Community,
- the organisation must have a proper administrative and financial management structure,
- financial resources must not consist exclusively of subsidies and grants from the European institutions; applications must include proof of co-financing of at least 30 % of the coordination work programme's 1998 budget,
- applications from organisations which also submit applications in the framework of the support for 'Exchange and information actions on equal opportunities for disabled people' will be automatically rejected.

WHAT ARE THE ASSESSMENT CRITERIA?

If your application complies with the eligibility criteria as set out above, your application will be evaluated in the light of the following assessment criteria:

- close match between the organisation's objectives and the principles governing equal opportunities for

disabled people as stated in the Commission communication on equality of opportunity for people with disabilities⁽¹⁾ and the resolution of the Council and of the representatives of the Governments of the Member States meeting within the Council on equality of opportunity for people with disabilities⁽²⁾,

- the quality of the programme of European activities involving disabled people and of benefit to disabled people. Particular attention will be given to the quality of cooperation and dialogue between the organisation and its members in the form of regular exchanges of information in the light of the 1997 coordination work programme,
- the importance, in terms of structure and affiliated members, of the multiplier effect at European level, especially within the European Union, more particularly by way of staff members and members of governing bodies being drawn from more than one Member State,
- ability to promote dialogue and cooperation with other entities, such as the social partners and local and regional authorities; and the extent to which affiliated members are recognised as partners by national, regional and local authorities,
- ability to demonstrate the financial feasibility of the annual programme in the form of a realistic, reasonable and balanced budget.

Particular attention will also be paid to whether the various types of disability are covered in a balanced way in the range of annual programmes selected.

WHAT ARE THE FINANCIAL CONDITIONS?

Funds will be made available in the form of financial support for the operating expenditure incurred in respect of coordination activities provided for in the representative European organisations' annual programmes.

Grants are awarded on a strictly annual basis. The one year period is to start on 1 April 1998 at the earliest and by 31 December 1998 at the latest.

Potential maximum contribution

The maximum financial contribution from the Community will be determined by reference to a percentage of the organisation's estimated normal

running costs for one year. In no circumstances will the contribution exceed 70 % of such expenditure. The maximum amount will be ECU 120 000.

Estimated 1998 coordination budget

The grant application will include an estimate of the organisation's general expenses for 1998, based on actual expenses incurred in 1997 and on the infrastructure required for carrying out the activity programme in 1998. The total of these estimated general expenses will be equal to the total of the sources of funding for those expenses.

Final financial instalment

At the end of the contractual period pertaining to the annual support for the organisation's European-level coordination, the beneficiary will be expected to present a schedule of actual expenditure and income incurred and received in respect of the normal activities provided for in the organisation's annual programme of activities, *set out in the same form as the initial estimate*.

The final amount due will be calculated by reference to the fixed percentage, even where the eligible expenditure is below the estimate, up to the maximum applicable limit. Given that the financial aid may in no circumstances generate a profit, the Commission will bear in mind the other forms of income from which the organisation's activities are financed. It is therefore in the applicant's interest to submit a realistic estimate of expenses.

Keeping of accounts

The beneficiary must undertake to keep special accounts for any measures included in the programme of activities and to retain all original supporting documents for five years from the date of receipt of final payment for the purposes of verification by the European institutions or by any organisation they may nominate.

WHAT IS THE ELIGIBLE EXPENDITURE?

The coordination activities budget for 1998 must be presented in ECU.

Eligible expenditure is taken to mean expenditure actually incurred by the organisation during the contractual period which is essential to the sound performance of the programme and which includes all or part of the following categories: personnel, rent and

⁽¹⁾ COM(96) 406 final.

⁽²⁾ OJ C 12, 13.1.1997.

associated costs, equipment (in the case of purchases of durable equipment, only annual depreciation may be taken into account), telecommunications and postage, office supplies, publication and information, interpreting and translation costs, meetings, travel and subsistence costs, research and studies.

Contributions in kind which do not exceed 10 % of the total eligible expenditure and limited to costs incurred such as rent, office supplies etc. are eligible. Proof of their occurrence is required.

Special attention is drawn to the fact that voluntary work is not eligible.

WHAT EXPENSES ARE INELIGIBLE FOR COMMUNITY SUPPORT?

This entails in particular (and this is not an exhaustive list):

- expenditure incurred by third parties and not reimbursed by the beneficiary,
- expenditure which is not directly linked to the organisation's programme,
- infrastructure purchases (except annual depreciation of purchased equipment),
- expenditure which is manifestly pointless or excessive,
- expenditure which has been charged elsewhere,
- contributions in kinds which exceed more than 10 % of the total eligible expenditure,
- expenditure incurred outside of the contractual period.

HOW TO PREPARE YOUR APPLICATION?

The application for funding must be made on a special form, which may be obtained on written request from the following address:

Secretariat DG V.E.4,
European Commission,
Rue de la Loi/Wetstraat 200, J 27 0/118,
B-1049 Brussels.
(Fax (32-2) 295 10 12)

The form is also available at the following Internet address:
<http://europa.eu.int/en/comm/dg05/home.htm>

TO WHOM AND HOW TO SUBMIT YOUR APPLICATION?

Only applications bearing the wording 'applications in the context of the call for proposals for the provision of

support for representative European coordination organisations active in the field of equal opportunities for disabled people' submitted on the prescribed form will be considered.

The form and all documents forming part of your application must be **posted in triplicate, duly completed and signed**, to the following address before 29 May 1998 (the postmark serving as proof). *Complementary documents sent by fax will not be considered for evaluation. Any document sent after the deadline will not be accepted.*

European Commission,
Archives — Courrier DG V,
Rue de la Loi/Wetstraat 200, J 37 0/22,
B-1049 Brussels.

Your attention is drawn to the fact that incomplete or unsigned forms, hand-written forms, those sent by fax, Internet, mail or hand-delivered will not be taken into consideration.

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HOW WILL YOUR APPLICATION BE HANDLED BY THE COMMISSION AND WHAT IS THE TIMETABLE?

Applications will be handled as follows:

- Commission receives and records the application,
- Commission examines the applications,
- final decision is taken; applicants are informed in writing of the outcome.

Organisations to which the Commission awards a grant will be sent a contract specifying figures in ecu, the terms and level of funding. It must be signed and returned to the Commission without delay.

Any change made to the running of your coordination work programme and in the terms of your contract must be notified in advance to the Commission for approval.

There will only be *one call for proposals for 1998*. The timetable will be scheduled as follows:

- 30 April: final date for requesting application forms from the European Commission — Secretariat DG V.E.4,
- 29 May: final date for posting applications to the European Commission,
- 26 June: final decision by the Commission.