COMMISSION DECISION

of 16 October 2002

on the State aid implemented by Portugal for Opel Portugal Comércio e Indústria de Veículos

(notified under document number C(2002) 3742)

(Only the Portuguese text is authentic)

(Text with EEA relevance)

(2003/147/EC)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community, and in particular the first subparagraph of Article 88(2) thereof,

Having regard to the Agreement on the European Economic Area, and in particular Article 62(1)(a) thereof,

Having called on interested parties to submit their comments pursuant to the provisions cited above [1] and having regard to their comments,

Whereas:

I. PROCEDURE

(1) By letters dated 2 March, 10 April and 31 May 2001, the Portuguese authorities notified a plan to grant training aid and regional aid to Opel Portugal Comércio e Indústria de Veículos, SA (hereinafter Opel Portugal). The Commission requested further information on 19 July 2001 and the Portuguese authorities replied on 3 October. It carried out an on-site visit to the plant in Azambuja on 26 November 2001 and sent a request for further information on 30 November, to which the Portuguese authorities replied on 28 January 2002.

(2) The Commission decided on 27 March 2002 to initiate the procedure laid down in Article 88(2) of the Treaty (decision to open the formal investigation procedure) since it found that there were doubts as to the compatibility with the common market. Portugal submitted its comments on the opening of the procedure on 24 May 2002.

(3) The Commission decision to initiate the procedure was published in the *Official Journal of the European Communities* [2], with an invitation to interested parties to submit their comments on the aid. The Commission received comments from interested parties. It forwarded them to Portugal, which was given the opportunity to react; its comments were received by letter dated 30 May 2002.

II. DETAILED DESCRIPTION OF THE AID

(4) Opel Portugal is a subsidiary of the United States automotive group General Motors (hereinafter GM) that manufactures motor vehicles at its Azambuja plant, in the Lisbon region. The notified project concerns the production of a new small passenger and commercial vehicle, the Corsa Combo, based on the Opel Corsa platform. The vehicle, production of which started in 2001, replaces ageing models based on the old Corsa platform.

(5) Two distinct measures relating to training aid and regional aid are planned in favour of Opel Portugal.

(a) Training aid

The project

(6) The training project in question is Opel Portugal's vocational training programme for its workforce (the programme), which runs from 2000 to 2003. The Portuguese authorities have provided the Commission with detailed information concerning the training to be provided and the costs involved.

(7) According to the information provided by the Portuguese authorities, the programme includes 327 365 hours of training, of which 253 099 are general training and 74 266 specific training. The training is provided by Opel Portugal directly, as well as by other training institutions accredited by the public body Inofor (Instituto para a Inovação na Formação).

[1] OJ C 151, 25.6.2002, p. 2.
[2] See footnote 1.

(8) The eligible training costs as notified to the Commission are as follows (amounts expressed in euro):

(in EUR)

TYPE OF EXPENDITURE	General training	Specific training	Total costs
Trainee costs (including travel expenses)	[…] (*)	[…] (*)	[…] (*)
Trainer costs	[…] (*)	[…] (*)	[…] (*)
Non-teaching staff	[…] (*)	[…] (*)	[…] (*)
Preparatory work	[…] (*)	[…] (*)	[…] (*)
Operating expenses	[…] (*)	[…] (*)	[…] (*)
Equipment rental and depreciation	[…] (*)	[…] (*)	[…] (*)
Monitoring and evaluation	[…] (*)	[…] (*)	[…] (*)
External training	[…] (*)	[…] (*)	[…] (*)
Total	5 506 584	1 284 628	6 791 212

(*) Business secret.

(9) According to the Portuguese authorities, there are two types of course: courses providing general training, and courses providing a mix of general and specific training. Courses involving only general training provide the recipients with general skills that can be useful in a range of employment areas and are, therefore, transferable. Examples are production team leadership, quality and process skills, basic manufacturing skills, IT training, leadership, health and safety, language and plant-based training.

(10) Courses involving both general and specific training focus on qualifications that are more directly linked to specific tasks that the workers have to perform in their current job, e.g. training concerning assembly operations, specific machine functioning and painting processes. According to the Portuguese authorities, these courses involve a general training component in so far as they develop transferable qualifications in the realm of 'technical and relational know-how'. The Portuguese authorities mention as examples of general skills developed through these courses the ability to interpret instructions, the ability to follow a given sequence of tasks, safety awareness, quality awareness and problem-solving.

Legal basis and amounts of aid

(11) The legal basis for the proposed aid is provided by Commission Regulation (EC) No 68/2001 ([3]) and by the following Portuguese acts: Order in Council (Portaria) No 229/2001 of 19 March 2001; Implementing Decree (Decreto Regulamentar) No 12-A/2000 of 15 September 2000 and Legislative Order (Despacho Normativo) No 42-B/2000 of 20 September 2000.

(12) The Portuguese authorities plan to grant to Opel Portugal training aid amounting to EUR 3 414 010, of which EUR 3 028 621 (or 55 % of the eligible costs) is considered to be aid to general training and EUR 385 389 (or 30 % of eligible costs) as aid to specific training.

Grounds for initiating the procedure

(13) In its decision of 19 December 2001 to initiate the procedure ([4]), the Commission expressed doubts as to whether the courses notified by the Portuguese authorities as providing both general and specific training ranked as general training. It asked for further information on these courses and for a more detailed breakdown of eligible costs for the courses notified as providing both general and specific training.

(b) **Regional investment aid**

The project

(14) The investment project is located at the Azambuja plant, in the Lisbon region. Azambuja is an Article 87(3)(c) area whose regional aid ceiling in 2000 was 47,68 % net grant equivalent (approximately 65,80 % gross grant equivalent). In 2001 and 2002 the corresponding figures were 40,76 % nge (approximately 56,25 % gge) and 33,84 % nge (approximately 46,70 % gge).

([3]) OJ L 10, 13.1.2001, p. 20.

([4]) See footnote 1.

(15) The project is in two phases. In the first phase (from August 1998 to end 1999) a new water-based paintshop was installed to replace the previous one, which did not meet the required quality and environmental standards. In the second phase (from 2000 to December 2003) the production lines for the production of the new Corsa Combo model are being installed. Capacity at the Azambuja plant will increase from some 60 000 to some 70 000 units per year. However, GM's capacity at European level will decrease in the relevant period, also as a result of the ongoing 'Olympia' restructuring plan.

(16) According to the Portuguese authorities, the project is mobile, and the GM group has considered an alternative site in Gliwice, Poland, as a viable alternative.

(17) Opel intends to invest EUR 124 299 613 in nominal terms (EUR 108 701 829 in present-value terms, base year 1998, discount rate 6,42 %). The entire investment has been considered eligible by the Portuguese authorities.

(18) The Portuguese authorities have provided a comparison of the costs and benefits of the location in Azambuja with those of the alternative location in Gliwice. The cost benefit analysis (hereinafter CBA) indicates a net cost handicap of EUR 40 449 401 for the location in Azambuja as compared with the location in Gliwice, resulting in a 'handicap intensity' for the project of 37,21 %.

Legal basis and amounts of aid

(19) The notified aid is granted under approved schemes provided for in the following legislation: PEDIP II (Legislative Decree No 177/94) ([5]), PEDIP-TRANSIÇÃO (Legislative Decree No 348–A/99) and the tax benefit scheme (RBF: Legislative Decree No 409/99) ([6]).

(20) Total aid of EUR 38 333 000 gge in nominal terms is planned. It includes: (i) a repayable loan of EUR 18 471 000, which the Portuguese authorities have notified as a direct grant since they retain the option of converting the loan into a grant in the future; (ii) a contribution to interest-rate payments on a loan of up to EUR 2 460 000; (iii) tax benefits in the form of reduced tax on profits of up to EUR 17 402 000. The actual value of the total regional aid amounts to EUR 35 297 017. The resulting aid intensity of the regional aid measure is 32,5 % gge.

([5]) Approved by Commission Decision of 29 March 1994 in Case N 1/94.

([6]) Approved by Commission Decision of 8 September 1999 in Case N 97/99.

Grounds for initiating the procedure

(21) In its decision of 19 December 2001 to initiate the procedure ([7]), the Commission expressed doubts as to the mobility of the project. In order to allay these doubts, it asked for additional clarification and documents on the timing of the approval of the project in Azambuja.

(22) The Commission also expressed doubts about the CBA in connection with the following points:

— the need for additional investments in the old paintshop in Azambuja […](*), in the event of the alternative option of carrying out the project in Gliwice being taken up: these additional investments should have been accounted for in the CBA as additional costs under that alternative option,

— the estimate of the land sale revenue for the Azambuja site under the alternative option: the Commission doubted that Opel Portugal could have obtained a net income of EUR 8 083 469 in 2002 from the sale.

III. COMMENTS FROM INTERESTED PARTIES

(23) The Commission received comments from the company Duarte & Marques LDA on 19 April 2002 which referred to alleged utilisation by Opel Portugal for industrial purposes (a vehicle park) of an area of approximately 12 hectares intended for agricultural and environmental use. According to Duarte & Marques LDA, this fact constituted sufficient grounds to question the legitimacy of the State aid for Opel Portugal. The Commission forwarded these comments to Portugal on 23 April 2002.

IV. COMMENTS FROM PORTUGAL

(24) The Portuguese authorities sent their comments on the opening of the procedure on 24 May 2002 and their views on the comments from interested parties on 30 May. The Commission has taken these comments and information into account.

(a) Training aid

(25) As regards the training aid, the Portuguese authorities provided information on the criteria for distinguishing between specific and general training. These criteria define specific training in a residual way: a course, or a module within a course, is defined as specific if none of the criteria that define general training is met.

([7]) See footnote 1.

(26) The Portuguese authorities provided a detailed list of the criteria applied in identifying general training elements within courses notified as providing both general and specific training. The criteria are: ability to interpret instructions and to communicate information/instructions; ability to follow a defined work sequence; awareness of on-the-job safety and safety for customers; compliance with quality standards; attention in handling products; ability to control one's own work; ability to detect problems and avoid mistakes; creativity in formulating work-improvement proposals; ability to rectify mistakes on the spot; collaboration with colleagues and willingness to help whenever necessary; active participation in team work with a view to improving standards; speed of execution of tasks in line with quality standards; understanding of the importance of standards to attain the objectives set; awareness of working time and cycle times.

(27) According to the Portuguese authorities, these criteria indicate that the courses can be ranked in part as general training because they develop 'technical and relational know-how' that is not exclusively geared to the worker's current position and can be transferred to other enterprises or fields of work.

(28) Lastly, the Portuguese authorities provided a breakdown of eligible costs highlighting, on the one hand, the costs imputed to courses notified as providing general training only and, on the other, the costs imputed to courses notified as providing both general and specific training.

(b) **Regional investment aid**

(29) Regarding the regional investment aid, the Portuguese authorities first reaffirmed that the project was mobile. To support this claim, they provided a document proving that the decision to build the new paintshop in Azambuja was taken by GM in October 1997.

(30) Secondly, the Portuguese authorities provided additional information on the investments made in the period 1996-98 to improve the emission levels in the old paintshop. They also gave a figure of EUR 2 882 331,52 for the maximum additional investment necessary for the paintshop to comply with the statutory emission limits. According to them, the government could have financed 50 % of this amount as State aid for the investment necessary to attain environmental goals, in accordance with the 1994 Community guidelines on State aid for environmental protection ([8]).

(31) Thirdly, the Portuguese authorities provided additional evidence and information regarding the valuation of the land where the Azambuja plant is located, including an explanatory note from the independent consultant who gave a valuation of the former Ford Lusitania site, a valuation of the site carried out in 2002 by another independent consultant and reports by independent companies assessing the environmental conditions at the Opel site.

(c) **Comments from interested parties**

(32) On 30 May the Portuguese authorities sent their views on the comments from interested parties. They claimed that the site referred to in those comments was not the site on which the project notified to the Commission would be carried out. To prove this point, they provided a layout of the plant indicating the relevant areas. They also stated that the matter had been referred to a national court and that no judgment had yet been given.

V. **ASSESSMENT OF THE AID**

(33) The measure notified by Portugal in favour of Opel Portugal constitutes State aid within the meaning of Article 87(1) of the Treaty. It would be financed by the State or through state resources. Furthermore, as it constitutes a significant proportion of the project funding, the aid is liable to distort competition in the Community by giving Opel Portugal an advantage over competitors not receiving aid. Lastly, there is extensive trade between Member States in the automobile market.

(34) Article 87(2) of the EC Treaty lists certain types of aid that are compatible with the EC Treaty. In view of the nature and purpose of the aid and the geographical location of the firm, subparagraphs (a), (b) and (c) are not applicable to the project in question. Article 87(3) specifies other forms of aid which may be regarded as compatible with the common market. The Commission notes that the project is located at Azambuja, in the Lisbon region, which qualifies for assistance under Article 87(3)(c).

(35) The aid in question is intended for Opel Portugal, which manufactures and assembles motor vehicles. The firm is therefore part of the motor vehicle industry within the meaning of the Community framework on State aid to the motor vehicle industry (hereinafter the motor vehicle framework) ([9]).

([8]) OJ C 72, 10.3.1994, p. 3.

([9]) OJ C 279, 15.9.1997.

(36) The motor vehicle framework specifies that all aid which the public authorities plan to grant to an individual project under authorised aid schemes for a firm operating in the motor vehicle industry must, in accordance with Article 88(3) of the Treaty, be notified before being granted if either of the following thresholds is reached: (i) total cost of the project: EUR 50 000 000, or (ii) total gross aid for the project, whether State aid or aid from Community instruments: EUR 5 000 000.

(37) Both the total cost of the project and the amount of aid exceed the respective notification threshold. Thus, in notifying both the training aid and the regional aid proposed for Opel Portugal, the Portuguese authorities have complied with Article 88(3) of the Treaty.

(38) At the outset, the Commission considers that the fact that Opel Portugal is allegedly using for industrial purposes an area intended for agricultural and environmental use is not relevant to the assessment of the case. This is because the layout of the plant demonstrates that the area whose use is being disputed is clearly distinct from the area where the project under examination is located. Consequently, the Commission concludes that the two measures, training aid and regional aid, are to be assessed in the light of the relevant rules.

(a) **Training aid**

(39) Pursuant to point 3.6. of the motor vehicle framework, training aid to companies in the motor vehicle sector must be assessed under Commission Regulation (EC) No 68/2001 of 12 January 2001 on the application of Articles 87 and 88 of the EC Treaty to training aid ([10]) (hereinafter, the Regulation). According to Article 5 of the Regulation, training aid fulfilling the conditions of the Regulation is not automatically exempted if the amount of aid granted to one enterprise for a single training project exceeds EUR 1 000 000. As a consequence, this aid must be notified and assessed under that Regulation. The Commission notes that the proposed aid in this case amounts to EUR 3 414 010, that it is to be paid to one enterprise and that the training project is a single project. It therefore considers that the notification requirement applies to the proposed aid and that the aid has to be assessed in the light of the Regulation.

(40) Under Article 3(1) of the Regulation, individual aid is compatible with the common market within the meaning of Article 87(3)(c) if it fulfils all the conditions of the Regulation.

([10]) OJ L 10, 13.1.2001, p. 20.

(41) The Commission points out that the distinction between specific training and general training actions is laid down in Article 4 of the Regulation. Specific training is defined in Article 2 as training involving tuition directly and principally applicable to the employee's present or future position in the assisted firm and providing qualifications which are not, or only to a limited extent, transferable to other firms or fields of work.

(42) General training is defined in Article 2 as training involving tuition which is not applicable only or principally to the employees' present or future position in the assisted firm but which provides qualifications that are largely transferable to other firms or fields of work and thereby substantially improve the employability of the employee.

(43) The eligible costs in the context of the training aid project are listed in Article 4(7) of the Regulation. The Commission notes that, as required by Article 4, the Portuguese authorities have provided documentary evidence in the form of a costed training plan which has enabled the Commission to identify the total amount of eligible costs. It also notes that the total eligible cost of the notified training programme is EUR 6 791 212, of which total eligible personnel costs (excluding travel expenses) are EUR 3 118 560.

(44) Under Article 4(2) and (3), training aid is compatible with the common market if it complies with the aid intensities set out therein, in relation to eligible costs. Under the terms of the Regulation, the maximum aid intensities that can be authorised for the project in question, which is carried out by a large firm in an Article 87(3)(c) area, are 30 % for specific training and 55 % for general training.

(45) The Commission notes that the Portuguese authorities have distinguished between two types of course: courses providing general training and courses providing a mix of general and specific training.

(46) After assessing the information provided by the Portuguese authorities, the Commission considers that the courses notified by them as providing exclusively general training (amounting to 183 040 hours of training) have to be regarded as general training within the meaning of the Regulation.

(47) As for the courses providing a mix of general and specific training (amounting to 70 059 hours of general training and 74 266 hours of specific training), the Commission cannot accept the definition of general training proposed by the Portuguese authorities. They argued that, although the focus of the training is to provide qualifications that are directly applicable to the employee's present position within the company, such courses provide at the same time transferable qualifications that could be used in other firms or fields of work. However, this element is not sufficient for such courses to be regarded as providing general training.

(48) Firstly, the Commission notes that specific training may help to enhance the general qualifications of employees. Indeed, it is very likely that training involving tuition directly and principally applicable to the employee's present position within the company also contributes indirectly to an improvement in general knowledge of, say, production processes, safety and quality awareness and team work. However, these qualifications are incidental to the main content of the training, which provides qualifications that are not, or only to a limited extent, transferable to other firms or fields of work.

(49) Secondly, according to Article 4(5) of the Regulation, in cases where the aid project involves both specific and general training components which cannot be separated for the calculation of the aid intensity and in cases where the specific or general character of the training aid project cannot be established, the intensities applicable to specific training apply.

(50) The Commission notes that, according to the information provided, the Portuguese authorities have identified general training components within the courses notified as providing both general and specific training, by ascertaining whether a particular module within a course provided elements of general training. It was only if no general training elements were identified that the module was classified as specific training.

(51) The Commission considers that the mere presence of a general training component within a module does not rule out the possibility that the module provides mainly training of a specific nature. By defining specific training only in a residual manner, the Portuguese authorities have regarded as general training modules that provide qualifications which are transferable to other firms or fields of work only to a limited extent and that involve tuition directly and principally applicable to the employee's present position.

(52) The Commission concludes therefore that the criteria for distinguishing between general and specific training components proposed by the Portuguese authorities do not identify the different training components as required by the Regulation. Since the courses notified by the Portuguese authorities as providing both general and specific training involve tuition directly and principally applicable to the employee's present position and provide qualifications which are not, or only to a limited extent, transferable to other firms or fields of work, the Commission concludes that such courses cannot qualify for training aid in respect of general training.

(53) On the basis of the information provided by the Portuguese authorities in their letter of 24 May 2002, the Commission has calculated that eligible training costs are as follows:

(in EUR)

TYPE OF EXPENDITURE	General training	Specific training	Total costs
Trainees' costs (including travel expenses)	[…] (*)	[…] (*)	[…] (*)
Trainer costs	[…] (*)	[…] (*)	[…] (*)
Non-teaching staff	[…] (*)	[…] (*)	[…] (*)
Preparatory work	[…] (*)	[…] (*)	[…] (*)
Operating expenses	[…] (*)	[…] (*)	[…] (*)
Equipment rental and depreciation	[…] (*)	[…] (*)	[…] (*)
Monitoring and evaluation	[…] (*)	[…] (*)	[…] (*)
External training	[…] (*)	[…] (*)	[…] (*)
Total	3 760 103,82	3 031 108,19	6 791 212,01

(54) The allowable aid intensity for general training is equal to 55 % of eligible costs, resulting in allowable aid for general training of EUR 2 068 057. The allowable aid intensity for specific training is equal to 30 % of eligible costs, resulting in allowable aid for specific training of EUR 909 332.

(b) **Regional investment aid**

(55) According to the motor vehicle framework, the Commission is to ensure that the aid granted is both necessary for the realisation of the project and in proportion to the gravity of the problems it is intended to resolve. Both tests, necessity and proportionality, must be satisfied if the Commission is to authorise State aid in the motor vehicle industry.

(56) Under point 3(2)(a) of the framework, in order to demonstrate the necessity for regional aid, the aid recipient must clearly prove that it has an economically viable alternative location for its project. If there were no other industrial site, whether new or in existence, capable of receiving the investment in question within the group, the undertaking would be compelled to carry out its project in the sole plant available, even in the absence of aid. Therefore, no regional aid may be authorised for a project that is not geographically mobile.

(57) The Commission has, with the help of its external automotive expert, assessed the documentation and information provided by Portugal with a view to establishing whether the project is mobile.

(58) Internal GM documents indicate that in April and May 1997 the possible closure of the Azambuja plant in 2001 (end of life of the old Combo model) was considered by GM's top management. Capacity for the planned 55 000 new Combo models per year could have been made available at the Gliwice plant (built between October 1996 and August 1998) by adapting the existing facilities and introducing a third shift.

(59) In June 1997 the GM group considered the option of not closing the Azambuja plant and investing in a new paintshop and the production of the new Combo model as from 2001. Internal GM documents indicate that State aid was deemed crucial in securing the investment for Azambuja. Negotiations with the Portuguese authorities on the new investment project started in the summer of 1997.

(60) GM approved the plan for a new paintshop in Azambuja in October 1997. At that stage, it was clear that the project would receive public support from the Portuguese authorities. Among the documents provided by the Portuguese authorities is a letter dated December 1997 from the Portuguese Economics Minister to Opel Portugal confirming the interest of the Portuguese government in supporting the investment project.

(61) The paintshop investment started in August 1998, while the offer of support from the Portuguese authorities was finalised in October 1999/February 2000, the contract being signed in June 2000.

(62) In view of the above information, the Commission concludes that Gliwice was effectively considered as a viable alternative to Azambuja for the project under consideration.

(63) Regional aid intended for modernisation and rationalisation, which are generally not mobile, is not authorised in the motor vehicle sector. However, an expansion or transformation involving a radical change in production structures on the existing site could be eligible for regional aid.

(64) During the on-site visit to the Azambuja plant on 26 November 2001, the Commission, aided by its external automotive expert, was able to verify that the investment project in question involved a radical renovation of an existing plant, together with the complete renewal of a model. The paintshop is completely new, and the level of change in the bodywork and assembly lines is significantly higher than what is common for normal retooling for a new model. For example, production is now much more automated than with the old model, involving a fourfold increase in the number of robots employed. As a consequence, the Commission considers that the project in question is a transformation within the meaning of the motor vehicle framework.

(65) Accordingly, the Commission concludes that the project is mobile in character and can therefore be considered eligible for regional aid since the aid is necessary to attract the investment to the assisted region.

(66) Regarding eligible costs, the Commission notes that they amount to EUR 108 701 829 at 1998 prices, with a discount rate of 6,42 %, as communicated by the Portuguese authorities.

(67) According to point 3(2)(c) of the motor vehicle framework, the Commission needs to satisfy itself that the planned aid is in proportion to the regional problems it is intended to resolve. For that, a CBA is used.

(68) A CBA compares, with regard to the mobile elements, the costs which an investor would bear in order to carry out the project in the region in question with those it would bear for an identical project in a different location, which makes it possible to determine the specific handicaps of the assisted region concerned. The Commission authorises regional aid within the limit of the regional handicaps resulting from the investment in the comparator plant.

(69) In accordance with point 3(2)(c) of the motor vehicle framework, the operational handicaps of Azambuja as compared with Gliwice are assessed over three years in the CBA since the project in question is an expansion project, not a greenfield site. The period covered by the CBA is 2001 to 2003, i.e. three years from the beginning of production in compliance with point 3(3) of Annex I to the motor vehicle framework.

(70) The CBA provided by the Portuguese authorities in their letter of 28 January 2002 indicates a net cost handicap of EUR 40 449 401 for the location in Azambuja in comparison with the location in Gliwice, with a resulting 'handicap intensity' of 37,21 %.

(71) The Commission has, with the help of its external automotive expert, evaluated the notified CBA with a view to ascertaining to what extent the proposed regional aid is in proportion to the regional problems it is intended to resolve. Taking into account the additional information received from Portugal following the opening of the procedure, the CBA was modified with respect to some elements detailed below.

(72) As regards the additional investment that would have been necessary in the old paintshop in Azambuja, if the project had been carried out in Gliwice, the Commission considers that the figure of EUR 2 882 331,52 is acceptable […](*).

(73) The Commission cannot, however, accept the Portuguese claim that only half of this figure should be taken into account in the CBA because 50 % of the investment would have been financed through State aid. Indeed, it is the Commission's standard practice not to include possible subsidies in the calculation of the regional handicap for the purposes of the CBA. Therefore, the Commission concludes that an additional investment of EUR 2 882 331,52 should be taken into account in the CBA as an additional cost in the alternative option (Gliwice).

(74) As regards the land where the Azambuja plant is located, the Commission has assessed the additional information provided by the Portuguese authorities after the opening of the procedure. Among the new information, there is an explanatory note from the consultant who carried out the valuation of the site that is located next to the plant and was formerly owned by the car producer Ford Lusitania. The consultant affirms that the estimation of the residual value of the land reported in the study was carried out as a theoretical exercise in order to demonstrate that it would not have been profitable to demolish the existing building and to divide the site into different plots for subsequent development.

(75) The consultant also affirms that, in his opinion, the estimate best representing the market value of the land was that in a second scenario presented in the study, referring to the sale of the land on the open market to a buyer who would not use the existing installations. In their letter of 24 May 2002, the Portuguese authorities affirm that the estimates of the land revenues have been based on this second scenario. In line with principles of prudence, the Portuguese authorities have reduced by 30 % the values per square metre reported in the study for the purposes of the CBA.

(76) Given the new information, the Commission considers that the estimate of a net income of EUR 8 083 469 in 2002 for the sale of the land where the plant is located is acceptable and that it has been calculated on the basis of market criteria and in line with the necessary principles of prudence.

(77) Against this, the Commission cannot accept the estimate of the value of the land in September 2001 that is contained in a different study dated 18 April 2002. The result of this study was clearly not available to Opel Portugal when the decision to locate the project in Azambuja was taken. In its assessment, the Commission must take into account as far as possible all the relevant information available to Opel Portugal at the time of the location decision. However, subsequent events that affected the price of the land are not relevant for the assessment of the case.

(78) As for the possible impact of environmental damage on the land value, the Portuguese authorities assert that no decontamination of the site would be necessary if the land were sold. The plant possesses up-to-date systems for ensuring the environmental protection of the land, including since 1993 two stations for the treatment of residual water. An independent report dated December 2001 and provided by the Portuguese authorities states that the level of contamination of the area previously used for stocking residuals is well below the 'Dutch standards'. The Commission concludes, therefore, that the costs of decontaminating the land in the event of its sale would not be relevant.

(79) The modifications included in the analysis produce cost-benefit results that differ from those initially notified by Portugal. The modified CBA indicates a net cost handicap for Azambuja of EUR 37 567 069 at 1998

prices (compared with the figure initially notified of EUR 40 449 401). The resulting handicap ratio for the project is 34,56 % (compared with the 37,21 % initially notified).

(80) Lastly, the Commission considered the question of a 'top-up', which is an increase in the allowable aid intensity intended as a further incentive to the investor to invest in the region in question. The documentation provided shows that the capacity of GM Europe will decrease in the period 1998 to 2003. The group is undergoing a restructuring process (the Olympia plan) that involves capacity reduction at European level. Consequently, the 'regional handicap ratio' resulting from the CBA is increased by two percentage points (negligible impact on competition for an investment project in an Article 87(3)(c) region), resulting in a final ratio of 36,56 %.

VI. **CONCLUSION**

(81) The Commission considers that the training aid for the project in question is compatible with the common market since it does not exceed EUR 2 977 389, of which EUR 2 068 057 corresponds to an aid intensity of 55 % of EUR 3 760 104 of eligible costs for general training and EUR 909 332 corresponds to an aid intensity of 30 % of EUR 3 031 108 of eligible costs for specific training.

(82) It takes the view that the regional aid which Portugal plans to grant to Opel Portugal therefore fulfils the criteria necessary for it to be considered compatible with the common market under Article 87(3)(a) of the Treaty. The aid intensity of the project (32,5 % gge) is less than both the disadvantage identified by the cost-benefit/top-up analysis (36,56 %) and the regional aid ceiling.

(83) Any additional State aid for the investment project in question is incompatible with the common market,

HAS ADOPTED THIS DECISION:

Article 1

The State aid which Portugal is planning to implement for Opel Portugal Comércio e Indústria de Veículos in respect of the project relating to the production of the Corsa Combo passenger and commercial vehicle is compatible with the common market within the meaning of Article 87 of the Treaty:

— as regards the training aid, up to a maximum of EUR 2 977 389, of which EUR 2 068 057 corresponds to an aid intensity of 55 % of EUR 3 760 104 of eligible costs for general training and EUR 909 332 to an aid intensity of 30 % of EUR 3 031 108 of eligible costs for specific training;

— as regards the regional aid, for the amount of EUR 35 297 017 gross grant equivalent at present values, with a base year of 1998 and a discount rate of 6,42 % (EUR 38 333 000 gross grant equivalent in nominal terms). This amount corresponds to an aid intensity of 32,5 % of the eligible investment of EUR 108 701 829 at present values (EUR 124 299 613 in nominal terms).

Article 2

Any State aid in addition to that referred to in Article 1 that Portugal plans to grant to Opel Portugal Comércio e Indústria de Veículos for the project relating to the production of the Opel Corsa Combo model shall be incompatible with the common market.

Article 3

Portugal shall inform the Commission, within two months of notification of this Decision, of the measures taken to comply with it.

Article 4

This Decision is addressed to the Portuguese Republic.

Done at Brussels, 16 October 2002.

For the Commission

Mario MONTI

Member of the Commission