II

(Acts adopted under the EC Treaty/Euratom Treaty whose publication is not obligatory)

DECISIONS

COMMISSION

COMMISSION DECISION

of 4 April 2007

on State aid C 14/06 which Belgium is planning to implement for General Motors Belgium in Antwerp

(notified under document number C(2007) 435)

(Only the Dutch and French versions are authentic)

(Text with EEA relevance)

(2007/612/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],

Whereas:

1. PROCEDURE

(1) The planned training aid to General Motors Belgium in Antwerp was notified to the Commission by letter of 8 December 2005, registered as received on 14 December. The Commission requested further information on 4 January 2006 and Belgium replied by letter of 7 February 2006, registered as received on 10 February. The Commission asked for further clarifications on 15 February 2006 and these were submitted by letter of 2 March 2006, registered as received on 8 March.

(2) By letter of 26 April 2006, the Commission informed Belgium that it had decided to initiate the procedure laid down in Article 88(2) of the Treaty in respect of the notified aid. The Commission decision to initiate the procedure was published in the *Official Journal of the European Union* on 1 September 2006 [2]. The Commission invited interested parties to submit comments on the measures. No third party submitted comments.

(3) In a letter of 31 May 2006, registered as received on 6 June, the Belgian authorities reacted to the decision initiating the procedure. By letters of 13 December 2006 and 5 February 2007, they submitted additional information. A meeting between the Commission and the Belgian authorities was held on 13 February 2007. Belgium submitted further information by letter of 20 February 2007. On 23 February the Commission sent a new request for information to which the Belgian authorities replied by letter of 28 February.

[1] OJ C 210, 1.9.2006, p. 6.

[2] See footnote 1.

2. DESCRIPTION OF THE PROJECT

(4) The beneficiary of the aid would be General Motors Belgium in Antwerp (hereinafter 'GM Belgium'), which is part of the General Motors Corporation ('GMC'). GMC activities in Europe ('GM Europe') are managed by a dedicated management team. The company, which was set up in 1924, produces car parts for internal use and for other GMC subsidiaries and also assembles cars. In 2005 it produced 253 000 cars. The bulk of production is exported. The plant currently assembles the Opel Astra model, which is present on a segment of the automobile market where, as confirmed by the Belgian authorities, competition is particularly strong. The company employs around 5 000 workers.

(5) GM Belgium has announced an investment programme of EUR 127 million for the period 2005-07, including:

a) The production of a new version of the Astra model: in addition to the three versions already being produced, the plant will manufacture the Astra with a retractable hardtop (the 'cabrio' or 'Astra TwinTop'). Until now, the 'cabrio' version has not been produced by GM Europe but has been outsourced to the Italian company Bertoné.

b) The doubling of the capacity of the press shop: the extension of the press activities is part of GM Europe's strategy for production to be matched more closely to local needs. The enhanced self-supply of bodywork parts and the more efficient logistics between the group's various subsidiaries will make it possible to reduce the number of parts transported between plants.

(6) These two additional activities will limit the reduction in the workforce in Antwerp and guarantee the future of the plant. They entail the introduction of new machines, new components, new assembly techniques and new working methods. For this reason, a training programme linked to these additional activities and covering the period 2005-07 has been set up. The costs amount to EUR 19,94 million, and the notified aid to EUR 5 338 500. As Antwerp is located in a non-assisted area, the maximum aid intensity is 50 % for general training and 25 % for specific training. The aid is to be granted as *ad hoc* aid by the Flemish Region (*Vlaamse Gemeenschap*).

(7) According to the information provided by Belgium, the programme includes elements of general training costing EUR 6,22 million. The general training will cover activities related to:

— technical training (EUR 2,63 million) (trainers: 90 % external and 10 % internal): welding, fork-lift-truck drivers, roller bridge, toolmakers, maintenance technicians, Allen Bradley, Controllogix;

— basic training (EUR 0,79 million) (trainers: 95 % external and 5 % internal): IT training (office software: Excel, Access, Word, PowerPoint, etc.), social skills (presentation, communication, leadership, etc.) and upgrading of basic knowledge (finance for non-finance staff, ISO standards, safety skills);

— general coordination (EUR 0,89 million) (advisers: 100 % internal): a temporary team comprising staff from different departments will be in charge of the development, follow-up and support of the general training activities included in the training programmes. This item is not training in itself but represents the cost of advisory services in connection with the general part of the training programme;

— simulated work environment (SWE) (EUR 1,89 million) (trainers: 100 % internal): training on the global production principles implemented in a complex work environment. In a simulated work environment, explanation of the following concepts and demonstration of their increasing importance: workplace organisation, safety, working to standards, visual management, cost saving, permanent improvement, etc. All 5 000 employees of GM Belgium will follow the SWE training in groups of 17. It will take place in a dedicated training room containing a simulated production line with wooden cars.

(8) The *specific training* costs amount to EUR 13,73 million and cover activities related to:

— on-the-job training (EUR 4,54 million) (trainers: 100 % internal): practical training of workers, on an individual basis, at their workplace;

— training related to the extension of the press activities (EUR 4,35 million) (trainers: 20 % external and 80 % internal): a broader variety and larger quantity of metal sheets will be produced at GM Belgium. In order to prepare the current workforce for this, a higher degree of technical skills is required. Accordingly, training activities will take place that increase the technical skills of the press workforce (perforating matrixes, cutting tools, etc.);

— specific technical training (EUR 4,82 million) (trainers: 20 % external and 80 % internal): the start of production of the Astra TwinTop will affect the plant's existing production processes, in particular the press, bodywork, paint shop, assembly, quality control and logistic activities. Likewise, the workplace layout will be fully reorganised. A group of engineering and team representatives will assist the heads of section in implementing these modifications to the production process.

3. REASONS FOR INITIATING THE PROCEDURE

(9) In its decision of 26 April 2006 to initiate the procedure, the Commission expressed its doubts as to the necessity of the aid and wondered whether the training activities would have been undertaken in any event, even without aid. As the aid did not seem to lead to additional activities on the part of the beneficiary, it appeared to have no positive effect, but to be only distortive. If this analysis were confirmed, the aid could not be authorised.

(10) Regarding the training activities linked to the launch of a new model, the Commission observed that, in the car industry, the production of a new model is a normal and regular feature necessary to maintain competitiveness. The training costs associated with the launching of a new model are therefore normally incurred by car makers solely on the basis of the market incentive. Clearly, in order to produce new models, car manufacturers need to train their workforce in the new techniques to be adopted. Consequently, the training activities in question would most probably have been undertaken by GM Europe in any event, notably in the absence of aid. This seems also to be the behaviour of most competitors in the industry.

(11) The Commission raised similar questions about the incentive effect of the aid in supporting the extension of the press activities: press-related training expenses are necessary for (increasing) the production of car parts, which is a normal activity in the automobile industry. Car parts constitute an important and indispensable input to the assembly plant and represent a significant part of the cost of the car. Thus, market forces alone should suffice to prompt the company to incur the corresponding training expenses. Therefore, the training activities covered would probably have been undertaken in any event, and notably in the absence of aid.

(12) The Commission therefore asked Belgium to explain why, in this case and contrary to what is observed for most car manufacturers in the Community, it considers that the beneficiary would not be able (or willing) to cover the expected costs of the training activities thanks to the benefits it can derive from them (in particular, the ability to produce a new product and/or the increased productivity of the trained workforce). The Commission also argued that, at this stage of the procedure, Belgium has not provided evidence that market forces alone would not prompt the company to undertake the planned training programme.

(13) The Commission decision to initiate the procedure was published in the *Official Journal of the European Union* on 1 September 2006 [3]. The Commission invited interested parties to submit comments on the measures. No third party submitted comments.

4. COMMENTS FROM BELGIUM

(14) Belgium contests the Commission's initial assessment on two grounds. First, it considers that the principles of legal certainty, equality of treatment and good administration have been infringed. For example, Belgium observes that the Commission has consistently approved similar training aid in the past, including for GM Belgium. The Belgian authorities also claim that the Commission changed dramatically its interpretation of Regulation (EC) No 68/2001 of 12 January 2001 on the application of Articles 87 and 88 of the EC Treaty to training aid [4] ('the Regulation') only six months before its expiry. According to the Belgian authorities, the Regulation has been applied in a consistent manner for four and half years. Under the principle of good administration, the Commission should have waited for its expiry and amended it at the time in accordance with the new approach.

[3] See footnote 1.

[4] OJ L 10, 13.1.2001, p. 20. Its validity has been prolonged until 30 June 2008 by Commission Regulation (EC) No 1976/2006 (OJ L 368, 23.12.2006, p. 85).

(15) As a subsidiary argument, Belgium alleges that the training activities concerned have important positive effects for the economy. It also asserts that this training programme goes beyond the mere needs of the company. However, this assertion has been substantiated only for certain parts of the training programme.

(16) Belgium also argues that, like the earlier versions of the model, the Astra TwinTop could have been built by Bertoné.

(17) Lastly, the Belgian authorities had already claimed before the initiation of the procedure [5] that GM Europe had carried out comparative studies to determine the best location for production of the Astra TwinTop and that the training aid had been a factor in the award of the project to GM Belgium. Belgium considers that, under the circumstances, the aid is necessary.

5. ASSESSMENT OF THE AID

5.1. Existence of aid

(18) The Commission considers that the measure constitutes state aid within the meaning of Article 87(1) of the Treaty: it takes the form of a grant by the Flemish Government and is therefore financed through state resources. The measure is selective as it is limited to General Motors Belgium. This selective grant could distort competition between GM Europe's production plants by conferring on General Motors Belgium an advantage relative to the other plants in the group. It could also distort competition with other car manufacturers. Moreover, the market for motor vehicles is characterised by extensive trade between Member States. The Commission also notes that GM Europe's plants are located in different Member States. Thus, the aid could distort competition and affect trade between Member States. In the light of the above, the Commission concludes that the notified measure constitutes state aid. Belgium does not dispute this conclusion.

[5] Letter of 7 February 2006.

5.2. Legal basis for the assessment

(19) Belgium asks that the aid be approved on the basis of Regulation (EC) No 68/2001 of 12 January 2001 as the aid is related to a training programme.

(20) In accordance with Article 5 of the Regulation, where the amount of aid granted to one enterprise for a single training project exceeds EUR 1 million, the aid is not exempted from the notification requirement of Article 88(3) of the Treaty. The Commission notes that the proposed aid in this case amounts to EUR 5,338 million, that it is to be granted to one company and that the training project is a single project. It therefore considers that the notification requirement applies to the proposed aid and that it has been duly complied with by Belgium.

(21) Recital 16 to Regulation (EC) No 68/2001 explains that this type of aid cannot be automatically exempted: 'It is appropriate that large amounts of aid remain subject to an individual assessment by the Commission before they are put into effect.'

(22) As already indicated in the decision to initiate the procedure, the Commission concludes that, since the measure is not exempt under Regulation (EC) No 68/2001, it has to be assessed directly on the basis of Article 87(3)(c) of the Treaty, which stipulates that 'aid to facilitate the development of certain economic activities or of certain economic areas, where such aid does not adversely affect trading conditions to an extent contrary to the common interest' may be considered to be compatible with the common market. When assessing an individual training aid which, because of its size, does not qualify for the exemption laid down in that Regulation and has therefore to be assessed directly on the basis of Article 87(3)(c) of the Treaty, the Commission nevertheless applies by analogy the same guiding principles as in the Regulation. This involves, among other things, verifying compliance with all the other exemption criteria laid down in the Regulation. The Commission, however, does not confine itself to verifying compliance with those criteria but has to conduct a more thorough analysis of the compatibility of the measure. The very purpose of individual notifications is a detailed assessment of the aid in the light of the special circumstances of the case.

5.3. **Compatibility with the common market**

(23) The Commission considers that the notified project complies with the formal exemption criteria laid down in Article 4 of Regulation (EC) No 68/2001. First, the notified eligible costs comply with Article 4(7) of the Regulation. In particular, the trainees' personnel costs covered by the aid seem to have been limited to the amount of the total of the other eligible costs ([6]). Second, in accordance with Article 4(2) and (3), the aid intensity has been limited to 25 % for specific training and to 50 % for general training since GM Belgium is a large company located in a non-assisted area and the training is not given to disadvantaged workers.

(24) However, the Commission observes that an aid measure can be found compatible with the common market pursuant to Article 87(3)(c) of the Treaty only when it is necessary to enable the beneficiary to undertake the activity in question. It notes that the necessity of the aid is a general compatibility criterion. Where the aid does not lead to additional activities being undertaken by the beneficiary that would have not been achieved by market forces alone, the aid cannot be deemed to have positive effects likely to offset the distortion of trade and cannot, therefore, be authorised. With regard to compatibility pursuant to Article 87(3)(c) of the Treaty, the aid does not '*facilitate*' the development of economic activities if the company would have undertaken the supported activities in any event, and notably in the absence of aid.

(25) In the context of training aid, recital 10 to Regulation (EC) No 68/2001 states that 'Training usually has positive external effects for society as a whole since it increases the pool of skilled workers from which other firms may draw, improves the competitiveness of Community industry and plays an important role in employment strategy. In view of the fact that enterprises in the Community generally underinvest in the training of their workers, State aid might help to correct this market imperfection and therefore can be considered under certain conditions to be compatible with the common market and therefore exempted from prior notification.' Recital 11 adds that it must be 'ensure[d] that State aid is limited to the minimum necessary to obtain the Community objective which market forces alone would not make possible […]'.

([6]) On account of this limitation of the trainees' costs that are eligible for aid, eligible general training costs are reduced to EUR 5 438 000 and eligible specific training costs to EUR 10 478 000.

(26) Accordingly, the market failure acknowledged by Regulation (EC) No 68/2001 is that firms '*underinvest in the training of their workers*'. Indeed, when planning new training activities, a company will usually compare the cost of those activities with the benefits it can derive from them (such as increased productivity or the ability to produce new products). The company will generally not take into account the benefits for the Community economy as a whole which it is not able to capture for itself. It will also consider whether there are (cheaper) alternatives to training, such as the hiring of an already skilled workforce (possibly at the expense of existing employees). Therefore, in certain cases training aid effectively addresses a specific market failure. Under those circumstances, aid is '*necessary to obtain the Community objective which market forces alone would not make possible*'.

(27) As regards verification of the necessity of training aid in the car industry, the Commission observes that, over the last year and a half, it has amassed evidence that some car manufacturers are putting their production plants in different Member States into competition with each other for the production of new models. Car makers compare several plants when they plan to launch a new product and then decide where to locate the production on the basis of total operating costs, which means all types of costs, including government support of any kind, notably training aid. This seems to stem from the fact that large car manufacturers have production capacities in excess of demand and that their production lines have become more flexible. A plant can thus accommodate the production of additional models more easily. In view of this economic reality, where competition between production plants is more intense, and in view of the resulting risk that certain training aid measures do not contribute to the common interest objective laid down in recital 10 to Regulation (EC) No 68/2001 but simply constitute operating aid that distorts competition, the Commission has to scrutinise more carefully the need for aid 'in order to ensure that State aid is limited to the minimum necessary to obtain the Community objective which market forces alone would not make possible' (recital 11 to the Regulation) ([7]). This assessment is even more justified in view of the current market situation in the motor vehicle sector, characterised as it is by significant overcapacity within the EU, which persists because of sluggish demand growth and the significant productivity gains regularly achieved ([8]).

([7]) The Commission came to similar conclusions in paragraph 33 of its decision of 4 July 2006 concerning Ford Genk (OJ L 366, 21.12.2006, p. 32).

([8]) Faced with this weak demand growth, productivity gains and falling prices, several large car manufacturers have closed plants or reduced their workforce in the Community in recent years. GM Europe announced a major restructuring plan at the end of 2004 that called for a reduction of the workforce by up to 12 000 persons: http://www.gmeurope.com/news/archive_0410.html

(28) Since in the present case several plants have been put into competition and since the aid, therefore, may have been granted for objectives other than prompting the firm to undertake additional training activities, the Commission considers it necessary to verify the necessity of the aid. Contrary to what was claimed by Belgium in response to the decision to initiate the procedure, the Commission considers that it is legally authorised to undertake that verification. As pointed out by Belgium, the Commission did not in earlier cases analyse in detail the need for specific training aid for launch costs. This, however, does not prevent it from doing so once it notices that the economic conditions on the relevant markets have changed ([9]).

(29) The Commission notes that the training programme at issue is related to two new activities at the plant, namely the production of the Astra TwinTop and the extension of press activity.

Necessity of the aid related to the production of the new Astra TwinTop

(30) The Belgian authorities allege in the notification ([10]) that, owing to assembly of the Astra TwinTop, more manual operations, such as welding, have to be carried out. They assert that the production of this type of car has an influence on all the activities of the company (bodywork, paint shop, press hall, logistics and assembly) and that the introduction of each new model invariably entails:

— the assembly of new parts;

— the introduction of modern working methods;

— new assembly techniques.

(31) They claim that not only does a new model therefore involve the introduction of a new product but also that many workers will have to adapt to new machines, parts, assembly techniques and working methods.

(32) This description confirms that, as in the case at hand, the introduction of a new model on a production line can generally be achieved successfully only after extensive significant training of the workforce. In other words, major training activities are necessary to produce the new model.

(33) Consequently, once GM Europe has decided to produce this model, the training costs become necessary to implement that business decision.

(34) As already stated in the decision initiating the procedure, the Commission notes that, in the car industry, the launching of a new model is a normal and regular feature indispensable to maintain market shares and profitability. Since new models require the workforce to be trained in the new production techniques, the training costs associated with a new model are incurred by car makers on the sole basis of the market incentive.

(35) The Belgian authorities have not presented any new elements contradicting this assessment. Despite the request in the decision initiating the procedure, they have not provided any convincing argument why GM would not have undertaken the training activities in the absence of aid.

(36) In this respect, Belgium claimed only that the training aid was necessary in order for GM Belgium to be the plant selected by the management of GM Europe for the production of the Astra TwinTop. Evidence in support of this claim was submitted. In addition, the Belgian authorities argued that the production of the new model could have been entrusted to Bertone, which is more familiar with producing that type of car.

(37) However, the Commission observes that, unlike regional investment aid, the objective of Regulation (EC) No 68/2001 is not to influence the choice of location of economic activities, but to remedy the underinvestment in training in the Community, as mentioned above. Moreover, Belgium has not explained why the hypothetical alternative subsidiary of GM Europe that would have been awarded production of the model would not have undertaken similar training activities ([11]). On the contrary, the information submitted by Belgium shows that, under those circumstances, any other plant of GM Europe would in all likelihood have been forced to implement a similar training programme. Therefore, it cannot be concluded that the aid led GM Europe to carry out more training activities in the Community.

([9]) In paragraph 52 of its judgment of 30 September 2003 in Joined Cases C-57/00 P and C-61/00 P, the Court of Justice ruled that 'whatever the interpretation given by the Commission to Article 92(2)(c) [now 87(2)(c)] of the Treaty in the past, that cannot affect the correctness of the Commission's interpretation of that provision in the contested decision and hence its validity.' Similarly, in paragraph 177 of its judgment of 15 June 2005 in Case T-171/02, the Court of First Instance indicated that 'the legality of a Commission decision declaring that new aid does not fulfil the conditions under which the exemption in Article 87(3)(c) EC applies must be assessed solely in the context of that article, and not in the light of the Commission's earlier decision-making practice, assuming that is established.'

([10]) Annex 2 to the notification.

([11]) The most likely candidates were plants already producing other versions of the Astra, and in particular Bochum (Germany).

(38) As regards the claim by the Belgian authorities that the production of the new model could have been awarded to Bertone, it is not clear to the Commission what are the conclusions to be drawn from it. In particular, Belgium did not present in particular any factual evidence that the production by Bertone would have required less training than in the case of GM Europe ([12]). In addition, it did not demonstrate that the aid played a role in GM Europe's decision to stop outsourcing production of that model. On the contrary, it is likely that this important strategic decision had already been taken before the Belgian authorities promised the aid. In conclusion, the fact that, like previous versions, the Astra TwinTop could have been outsourced to Bertone does not render the training aid necessary and compatible.

Necessity of the aid related to the extension of the press activities

(39) The Belgian authorities allege that the extension of the press shop is part of GM's strategy in Europe to meet local needs more effectively, in order to reduce the transport of car parts between subsidiaries. As regards the Antwerp plant, the project entails:

— two additional presses;

— production of additional bodywork parts;

— introduction of new technologies.

(40) Belgium claims that the extension also means that many of the workers will have to become familiar with the new machines, parts, press techniques and working methods. The training programme is designed to meet this need.

(41) The above description confirms that, in general terms and in the case at hand, an extension of the press activity can be successful only if it includes significant training of the workforce. In other words, training is necessary for the extension of the press activities.

(42) In the decision to initiate the procedure, the Commission questioned the incentive effect of the aid related to the extension of the press activities ([13]). The Belgian authorities have not brought forward any new elements contradicting this assessment. In particular, they have not explained why GM would have not undertaken the training activities in question in the absence of aid.

Intermediate conclusion

(43) On the basis of the above, it can be concluded that all training activities which provide workers with the skills necessary for the successful implementation of the two projects (production of the new model and extension of the press activities) would have been undertaken in any event, even without aid. Consequently, the corresponding aid does not lead to additional training but covers normal operating expenditure of the company, thereby reducing normal costs. The Commission considers therefore that the aid will distort competition and affect trading conditions to an extent contrary to the common interest ([14]). Accordingly, the aid cannot be justified on the basis of Article 87(3)(c) of the Treaty. Since none of the other exemptions laid down in Article 87(2) and (3) of the Treaty can be applied either, the aid is incompatible with the common market.

(44) The above conclusion applies irrespective of the *general* or *specific* nature of the training in question. In particular, the Commission notes that the general training activity labelled as 'technical training' ([15]) concerns skills that are necessary for the two new activities and, more generally, for the operation of a competitive car plant ([16]). However, the Belgian authorities have provided evidence showing that part of the *general* 'technical training' concerns skills that call for a lengthy training period and that a significant number of the workers involved leave the company each year. This is linked to a substantial shortage of those skills in the Belgian labour market ('bottleneck jobs'). The Commission considers that Belgium has sufficiently substantiated these arguments for three of the *general* 'technical training' activities.

([12]) Bertone states in its website that 'Carrozzeria Bertone has always considered the human factor to be of strategic importance. […] This is why Carrozzeria Bertone has always devoted special attention to continuously training and updating its workforce. In concrete terms, over the past two years this strategy has led to 240 hours of training [per capita]; an investment of 3 million euros.' http://www.bertone.it/carrozzeria3.htm

([13]) See paragraph 11.

([14]) Case T-459/93 *Siemens SA v Commission*, ECR [1995] II-1675, paragraph 48.

([15]) See paragraph 7.

([16]) For example, the production of the new model requires the welding of more parts, which increases the company's need of welders.

Content of training	Total duration of learning period (hours)	Workforce turnover: annual percentage of workers leaving the firm	Eligible costs: participants	Eligible costs: other costs
Fork-lift-truck drivers	40	58 %	132 000	42 500
Toolmakers	2 000	13 %	660 000	355 000
Maintenance techniques	400	20 %	198 000	197 500

N.B: As regards 'welding', Belgium claims a total duration of the learning period of 60 hours and a workforce turnover in the plant of 4 %. The Commission considers that these figures are relatively low and do not prevent the company from appropriating the benefits of the training costs. The workforce turnover is therefore not high enough to deter the company from incurring those costs.

Thus it is apparent that, for those types of training, high workforce turnovers actually prevent the company from appropriating sufficient benefits to recoup the training costs incurred. Therefore, it is likely that the company would not incur those costs in the absence of aid.

(45) Accordingly, the Commission considers that the aid is necessary for the three training activities in question (unlike the rest of the *general* 'technical training').

Training activities not directly related to the two projects

(46) In their notification, the Belgian authorities described the whole training programme as being designed to support the two projects in question ([17]). However, additional information submitted by Belgium following the decision to initiate the procedure shows that some of the training activities relate to skills which are actually not indispensable for those projects. The following training items concerned (see respective descriptions above) are:

— basic training;

— simulated work environment (SWE).

(47) The Commission notes that, contrary to the rest of the training programme, basic training and SWE relate to skills which are not necessary for the execution of the two projects at hand: the projects can be fully implemented and production started without a need for that type of training. Nor do these training items concern skills which are immediately required for the production of cars. Therefore, the reasoning developed above as to the necessity of the training is not applicable to them. As that training appears to exceed the needs of the company, it cannot be concluded that it would have been undertaken in the absence of aid. For want of further elements to the contrary, the Commission considers that the state aid seems to be necessary for the training in question to be carried out.

(48) Lastly, the Commission observes that the expense item 'general coordination' does not concern a training activity as such but the advisory services in support of the *general* training. Therefore, it can also be partially included in part in the eligible costs, in so far as it covers 'basic training', 'SWE' and the part of the *general* 'Technical training' for which aid has been deemed necessary ([18]).

(49) Taking into account the rule in Regulation (EC) No 68/2001 that limits trainees' costs to the total amount of the other expenses, the eligible costs in the case of the parts of the training programme for which aid is necessary amount to EUR 4,362 million, and the aid itself to EUR 2,181 million. Since, as mentioned in paragraph 23, the other formal conditions in Regulation (EC) No 68/2001 are also met, the Commission concludes that this part of the notified aid is compatible with the common market.

6. **CONCLUSION**

(50) The Commission finds that the measures notified by Belgium that represent eligible costs of EUR 4,362 million, corresponding to an aid amount of EUR 2,181 million, comply with the criteria for compatibility with the common market pursuant to Article 87(3)(c) of the Treaty.

([17]) Annex 2 to the notification.

([18]) On the basis of the number of training hours, the Commission concludes that 80,71 % of the 'general coordination' costs, representing an amount of EUR 0,723 million, can be attributed to basic training, SWE and the part of *general* technical training for which aid is necessary. The training hours considered are: (i) *technical training* (letter from Belgium dated 28 February 2007): 50 800 hours, of which 30 000 related to the three activities for which aid is deemed necessary; (ii) *basic training* (letter from Belgium dated 7 February 2006; number of trainees multiplied by the average number of training hours per trainee over three years): 17 000 hours; and (iii) *SWE* (idem): 40 000 hours.

(51) The Commission finds that the rest of the aid is not necessary for carrying out the corresponding training activities. The aid is not compatible with the common market under any derogation laid down in the Treaty and must therefore be prohibited. According to the Belgian authorities, the aid has not yet been granted and so there is no need for it to be recovered,

HAS ADOPTED THIS DECISION:

Article 1

The state aid which Belgium is planning to implement for a training project at General Motors Belgium in Antwerp is incompatible with the common market to the extent of EUR 3 157 338,40.

That part of the aid may accordingly not be implemented.

The remainder of the state aid, amounting to EUR 2 181 161,60, is compatible with the common market pursuant to Article 87(3)(c) of the Treaty.

Article 2

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

Article 3

This Decision is addressed to Belgium.

Done at Brussels, 4 April 2007.

For the Commission

Neelie KROES

Member of the Commission