COMMISSION DECISION

of 16 April 2008

on State aid C 23/07 (ex N 118/07) which the United Kingdom is planning to implement for Vauxhall Motors Ltd

(notified under document number C(2008) 1333)

(Only the English text is authentic)

(Text with EEA relevance)

(2008/710/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 those provisions [1] and having regard to their comments,

Whereas:

1. PROCEDURE

(1) By letter dated 28 February 2007, registered with the Commission on 6 March 2007, the United Kingdom notified the Commission of the abovementioned aid for General Motor Corporation's (GM) Vauxhall assembly plant at Ellesmere Port. The Commission requested complementary information by letter dated 4 April 2007 (ref. D/51586), to which the authorities replied by letter dated 22 May 2007.

(2) By letter dated 10 July 2007, the Commission informed the United Kingdom that it had decided to initiate the procedure laid down in Article 88(2) of the Treaty in respect of the aid.

(3) The Commission Decision to initiate the procedure (the opening Decision) was published in the *Official Journal of the European Union* [2]. The Commission called on interested parties to submit their comments.

(4) The United Kingdom submitted its comments by letters dated 10 August 2007 (registered with the Commission on that date as ref. A/36735) and 29 January 2008 (registered with the Commission on that date as ref. A/1724). A meeting between Commission services and the UK authorities in the presence of the beneficiary of the aid was held on 10 January 2008.

(5) The Commission received comments from interested parties. It forwarded the comments to the United Kingdom, which was given the opportunity to react.

2. DETAILED DESCRIPTION OF THE AID

2.1. The beneficiary

(6) The aid recipient is Vauxhall Motors Ltd, Ellesmere Port, UK (Vauxhall), a car manufacturing plant which is an operating unit of Vauxhall Motors Ltd and part of GM. It manufactures cars from the Opel model range (which are sold in the United Kingdom under the Vauxhall badge), currently the Astra which will terminate in 2009. Vauxhall is located in Ellesmere Port in Cheshire in the North-West region of England [3] and employs close to 2 200 workers.

(7) On 17 April 2007, GM announced that Vauxhall was amongst the European GM sites that had been selected to produce the Global Compact Vehicle, the model that will replace the Astra.

2.2. The training programme

(8) Vauxhall intends to implement a wide-ranging training programme for its workforce. The training is to be broken down into eight individual training areas, of which the following six are considered by the United Kingdom to be eligible for training aid:

[1] OJ C 243, 17.10.2007, p. 4.
[2] See footnote 1.
[3] Vauxhall is located in an area which until 31 December 2006 qualified for regional aid under Article 87(3)(c) of the EC Treaty. Since 1 January 2007, the region is an unassisted area.

(a) *Production System Training:* This concerns training in all elements of Vauxhall's production and quality control systems. The objective is to give staff a better understanding of the build process and thus generate better standard, reduce defects and improve problem solving;

(b) *Integrated Training Plan:* This part of the training concerns the implementation of the 'Global Manufacturing System' (GMS) which incorporates best practices and technologies into a common manufacturing system for GM operations. Through a series of objectives (People Involvement, Standardisation, Built-in Quality, Short Lead Time, Continuous Improvement) the training will allow Vauxhall staff to build future generations of cars in a better way;

(c) *Cultural Change:* The objective of this training is to instil a sense of common purpose and collective responsibility in the workforce and to create a team culture based on excellence in production;

(d) *Dual Skilling:* The purpose of this training is to develop a flexible workforce by allowing staff with a primary skill in mechanical engineering to develop electrical skills and, conversely, to allow those with primary skills in electrical engineering to acquire mechanical skills;

(e) *Lean Manufacturing:* This is a project to ensure that the principles and techniques of lean manufacturing are embedded in the workforce and that employees are fully aware of the benefits of applying these to the manufacturing process at Vauxhall. A central part of training under this heading will be the secondment of staff to another GM plant outside the UK;

(f) *Undergraduates:* This is a programme whereby Vauxhall organises 12-month courses for young university students. The various programmes (for example 'Body Planning Engineer', 'Finance Analyst', 'General Assembly Planning Engineer') combine learning and work experience under the supervision of a mentor. There is no contractual obligation on either party to maintain the working relationship at the end of the training.

(9) Outside the six training areas intended to benefit from the notified State aid are the training areas 'Apprentices' (namely an apprenticeship scheme for young people), 'Model Change' (which is the training needed to adapt to the production of the Global Model Vehicle) and activities related to 'Training & Performance Appraisal'. In addition, Vauxhall undertakes 'routine training' in the skills necessary for the plant's normal operations.

(10) According to the information provided by the UK, the training intended to be covered by aid is to consist mainly of general training, with some elements of specific training ([4]). The training plan is to be implemented over a six years period (2007 to 2012 included) and will concern all employees at Vauxhall. The United Kingdom has assured the Commission that the aid will only be granted after it has been cleared by the Commission.

2.3. **The aid**

(11) The aid is to be given in the form of a direct grant of GBP 8 784 767 payable in six yearly instalments over the duration of the training programme. The aid is to be implemented as an individual aid from the North West Regional Development Agency (Renaissance House, Centre Park, Warrington WA1 1XB).

(12) According to the information provided by the United Kingdom, the eligible costs for the training and the aid is broken down as set out in the following table (the costs for the training areas 'Apprenticeships', 'Model Change' and 'Routine Training Budget' are not considered eligible for training aid by the United Kingdom) ([5]):

([4]) The terms 'general training' and 'specific training' are used as defined in Article 2(d) and (e) of 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 (OJ L 10, 13.1.2001, p. 20). Regulation (EC) No 68/2001 is hereinafter referred to in this Decision as 'the Training Aid Regulation'.

([5]) The amounts in the table are the final amounts provided by the United Kingdom in its comments on the opening Decision (as requested by the Commission. See footnote 3 of the opening Decision).

Projects	General training — Eligible costs in GBP	Specific training — Eligible costs in GBP	Wage compensation in GBP	Total eligible costs in GBP	Aid in GBP	Intensity in %
Product system training	[…] (*)	[…]	[…]	[…]	[…]	[…]
Integrated training plan	[…]	[…]	[…]	[…]	[…]	[…]
Cultural change	[…]	[…]	[…]	[…]	[…]	[…]
Dual skilling	[…]	[…]	[…]	[…]	[…]	[…]
Lean manufacturing	[…]	[…]	[…]	[…]	[…]	[…]
Undergraduates	[…]	[…]	[…]	[…]	[…]	[…]
Total	9 870 316	499 367	6 248 338	16 618 021	8 784 767	52,86
Apprenticeships	[…]	[…]	[…]	[…]	[…]	[…]
Model changes	[…]	[…]	[…]	[…]	[…]	[…]

(*) Confidential information.

(13) According to the United Kingdom, the amounts of the aid respect the aid intensities for large enterprises under Article 4 the Training Aid Regulation, i.e. 50 % for general training and 25 % for specific training, with an increase of 3,7 percentage points for training to disadvantaged workers, as defined in Article 2(g) of that Regulation ([6]).

3. GROUNDS FOR OPENING THE FORMAL INVESTIGATION

(14) In the opening decision, doubts were expressed on the compatibility of the aid with the common market on the grounds set out in sections 3.1 and 3.2.

3.1. Incentive effect of the aid

(15) For the reasons set out in more detail in Section 7, the 'Assessment' Section, the training may be considered compatible with the common market only if it creates a necessary incentive for the funded training, in the absence of which the training would not take place. Training which is part of the normal operations of an undertaking and for which market forces alone should provide sufficient incentive does not qualify for training aid.

([6]) At present, 37 % of Vauxhall workers are considered to be disadvantaged workers. They fall mainly into the category of persons older than 45 years who have not attained an upper secondary education. However, as the training is to run over a six years period and as the exact number of disadvantaged workers benefiting from the training will be known only at time the training is delivered, the UK authorities intend to apply a general increase of aid intensity of 3,7 % across the board. The UK authorities have committed themselves to verifying the actual number of disadvantaged workers in each training project ex post and to correct the applied aid intensities accordingly.

(16) The incentive effect of the aid for the following training areas was questioned in the opening Decision: Production System Training, Integrated Training Plan and Undergraduates. The nature of those doubts is set out in more detail in Section 7.

3.2. The distinction between general and specific training

(17) For the different parts of the Vauxhall training programme the UK authorities have indicated whether they consider the training to be general or specific and, consequently, which maximum aid intensity should apply in accordance with Article 4 of the Training Aid Regulation. The qualification made by the United Kingdom as regards the following training areas was nevertheless questioned in the opening Decision: Production System Training, Integrated Training Plan, Cultural Change and Lean Manufacturing. The nature of those doubts is set out in more detail in Section 7.

4. COMMENTS FROM INTERESTED PARTIES

(18) The Commission received comments from the interested parties listed in the Annex. The comments were largely similar and focussed on general aspects without going into the details of the aid. No comments were received from competitors of Vauxhall.

(19) The comments of the interested parties may be summarised as follows:

(a) many parties have stressed that Vauxhall is located in an area which suffers from a skills shortage and a persistent situation of above average unemployment. They believe that the planned training programme could make a valuable contribution to the region as a whole;

(b) the interested parties have also argued that the training will provide skills which are common to the automotive industry, if not to the wider manufacturing industry. The training will thus provide transferable skills and should consequently largely be considered as general training. The transferable character of the skills means that the whole region will benefit from the training at Vauxhall;

(c) all interested parties consider in substance that the aid is compatible with the common market and urge the Commission to take a favourable view of the aid.

5. COMMENTS FROM THE UNITED KINGDOM

5.1. Incentive effect

(20) Regarding the incentive effect, the United Kingdom has argued that the skills necessary to sustain production, and which would consequently be provided even without aid, are provided by the routine training provided to staff, complemented by additional training as necessary when car models are changed. Regarding the routine training, the United Kingdom has indicated that the annual expenditure, without the exceptional expenditure for model change training, remained stable at an average of GBP […]/year between 2002 and 2007 ([7]).

(21) By contrast, the training programme referred to in Recital 8 aims at providing the workforce with skills which go far beyond the needs to maintain competitiveness and which would consequently not be justified by market forces alone. The training programme is distinct from the routine training programme at Vauxhall and from the specific training that will be provided in connection with the decision to manufacture the new Global Compact Vehicle at Vauxhall. The aid will thus not simply subsidise essential operational training but provide a necessary incentive for additional training.

(22) More specifically on the various training areas of the training programme addressed in the opening Decision.

(23) *Production System Training*: The United Kingdom has explained that Vauxhall applies an annual routine training which provides its staff with a set of rigidly standardised methods for each task. It is based on learning by rote rather than on a deeper understanding of the process. This routine training provides the skills necessary for the normal operation of the plant and will be carried on in parallel with the training programme. By contrast, the training programme is incremental to the routine training and aims at providing the workforce with skills which exceed the operational needs of the plant and what could be justified by market forces alone. The United Kingdom also provided details on the contents of both the routine training programme and of the planned Production System Training ([8]).

(24) *Integrated Training Plan*: GMS training has been given in the past, and Vauxhall has consistently met internal GM group requirements on GMS compliance ([9]). Vauxhall should be able to continue to meet these standards within its routine minimum training. The Integrated Training Programme goes beyond the needs of production and what is needed to meet the GM group standards. The purpose is to make the workforce go beyond the training needed to simply fulfil their assigned job functions and to help them gain a deeper understanding of the principles underlying the manufacturing process. Because of the significant costs involved, this non-essential training would not be provided within Vauxhall's normal training budget.

(25) *Undergraduates*: Although this training has been given in the past without aid, its benefit to Vauxhall has been severely limited by Vauxhall's inability in recent years to recruit any undergraduates after their graduation. The Undergraduates programme, which requires permanent staff to spend considerable time training the students, is therefore liable to be discontinued without the aid.

5.2. Distinction between general and specific training

(26) In response to the opening Decision, the United Kingdom has made the following comments regarding the qualification of general and specific training within the different training areas.

([7]) The routine training budget (model change training excluded): […].

([8]) Concretely, routine training is based on the jobholder assimilating the requirements of his particular job post as recorded in a set of basic documents. This job specific training is complemented by recurrent courses given to all staff or specific groups of employees on general aspects of the work at Vauxhall. Examples of such training is '5S' (Principles of workplace organisation), 'PDCA & PPS' (Processes to ensuring that each task is completed and identified problems do not reoccur), 'Pull Systems' (Andon and supply chain training) or 'Handling Conflict' (dealing with harassment in the workplace).

([9]) All GM plants are assessed annually as to their level of compliance with GSM standards. The evaluation standards and pass grade vary from year to year. In 2007, Vauxhall achieved […]. However, in order to meet group standards for 2008, Vauxhall will need to achieve […].

(27) *Production System Training*: The skills provided within this training are widely transferable within the automotive industry or light manufacturing sector in general. All training is provided by external trainers and typically concerns third party equipment (namely machinery which is not specific to Vauxhall but widely used across different industries ([10]). The United Kingdom has provided detailed examples of the content of this training to illustrate that it is indeed transferable.

(28) *Integrated Training Plan*: The GMS is not a proprietary manufacturing process but simply the internal GM branding (used to give the workforce the impression of consistent set of courses dedicate to the facility) of a set of generic manufacturing methods, based on techniques pioneered by Japanese manufacturers and today generally applied across the automotive industry and other sectors. Although courses are closely linked to practical elements of the manufacturing process, this is due to the need to contextualise the training in order to convey the underlying general skills to the workers.

(29) *Cultural Change*: This training is not focussed on Vauxhall's corporate culture but aims at conveying general behavioural insights into the attitudes to change. All training will be devised and delivered by external consultants using generic training packages.

(30) *Lean Manufacturing*: The purpose of this training is to make the workforce aware of the general principles of lean manufacturing which underpin the practical skills covered by other parts of the training programme. This is a theoretical training which is entirely distinct from the staff's day-to-day work in the production process and will not cover the build or production process. Indeed, the intention is to remove the workers from their ordinary work environment and to train them in a Simulated Work Environment ([11]) or to let them observe lean principles applied in other 'benchmark' plants.

6. THE UNITED KINGDOM'S COMMENTS ON THE OBSERVATIONS OF THE INTERESTED PARTIES

(31) The comments of the interested parties were forwarded to the United Kingdom, which did not make any comments.

([10]) For example, the Production System Training concerning the body shop will cover amongst other topics. Fanuc robotics, Siemens control systems and Perceptron measurement systems, all provided by trainers external to Vauxhall.

([11]) The Simulated Work Environment (SWE) is a much simplified model production line in which a reduced-scale model car is built in a few steps. It bears no relation with the real production process, but is designed to give the trainees hands-on experience of general issues of the design and layout of a production process.

7. ASSESSMENT OF THE AID

7.1. Qualification as State aid

(32) Pursuant to Article 87(1) of the Treaty, '… 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, insofar as it affects trade between Member States' be incompatible with the common market unless such aid may be justified under Article 87(2) or (3) of the Treaty.

(33) The notified aid should be considered to constitute State aid within the meaning of Article 87(1) of the Treaty. The funding takes the form of a grant from the general budget of the North West region, and is thus funded from state resources. The aid is selective as it is limited to Vauxhall. It is likely to distort competition within the common market since, by relieving it of a significant part of the costs of the training, the measure will provide Vauxhall with an advantage over other competitors not receiving aid. Finally, the market for motor vehicles is characterised by extensive trade between Member States.

7.2. Legal basis for the assessment

(34) The United Kingdom notified the aid as a grant of individual aid under Article 5 of the Training Aid Regulation which provides that when 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. It is noted that the aid amounts to GBP 8 784 767 and is therefore in excess of EUR 1 million, it is to be paid to one enterprise, and the training project is a single project. Therefore, the notification requirement applies to the aid, and it has been respected by the United Kingdom.

(35) When assessing an individual training aid which does not qualify for the exemption laid down in Article 3 of the Training Aid Regulation and, in line with previous decisions ([12]), an individual assessment of the aid on the basis of Article 87(3)(c) of the EC Treaty. However, for the purposes of this individual assessment, reliance is made, by analogy, on the provisions of the Training Aid Regulation and in particular the conditions for exemption criteria laid down in Article 4 thereof.

([12]) See Commission Decision 2006/938/EC of 4 July 2006 on State aid C 40/05 (ex N 331/05) which Belgium is planning to give to Ford Genk (OJ C 366, 21.12.2006, p. 32) and Commission Decision 2007/612/EC of 4 April 2007 on State aid C 14/06 which Belgium is planning to implement for General Motors Belgium in Antwerp (OJ L 243, 18.9.2007, p. 71). This is in line with Recital 16 of the Training Aid Regulation.

7.3. **Compatibility with the common market**

7.3.1. *Incentive effect*

(36) As stated in the opening Decision, and in line with the established practice of the Commission, it should be assessed whether the aid is necessary to undertake the training in question. The necessity of the aid is a general condition for finding the aid compatible with the common market ([13]). If the aid does not lead to additional training, it cannot be considered to facilitate the economic development of certain economic activities or of certain economic areas within the meaning of Article 87(3)(c) of the Treaty nor to correct the market imperfections that lead companies to underinvest in the training, as referred to in Recital 10 of the Training Aid Regulation.

(37) The Commission notes that the training necessary for the introduction of the new Global Compact Vehicle model, as well as the basic routine training, are excluded from the expenses claimed as eligible for training aid in the notification.

(38) In the light of the comments submitted by the United Kingdom in the course of the formal investigation, the Commission has concluded as follows for the different parts of the training programme.

7.3.1.1. Production system training

(39) In the opening Decision, the Commission considered that this training appeared to be necessary to ensure Vauxhall's normal operations, which should provide Vauxhall with sufficient incentive to undertake the training without aid. Consequently, doubts were expressed as to whether the aid was necessary for Vauxhall to undertake the Production System Training.

(40) Further to the opening Decision, the United Kingdom submitted substantiated comments which show that the training which is necessary for the operation of the plant is provided as part of the annual routine training. The Production System Training, although it also relates to manufacturing skills, deepens the routine training and expands it to cover categories of staff that are not covered under the routine training. As referred to in Recital 20, it is noted that the annual routine training budget has remained stable during the period from 2002 to 2007, which is an indication that the normal level of routine training is sufficient for the needs of Vauxhall's normal operations. Consequently, the training that is to be provided as part of the Production System Training exceeds what Vauxhall would in any event need to do even without the aid.

(41) Accordingly, it should be found that the aid will provide an incentive for this training area.

7.3.1.2. Integrated training plan

(42) In the opening Decision, the preliminary view was taken that training into GMS appeared essential to Vauxhall's normal operations and consequently it is likely that it would be undertaken without aid. Accordingly, doubts were expressed as to whether the aid would be necessary for Vauxhall to undertake the Integrated Training Plan. These doubts were strengthened by the fact that Vauxhall would need to meet a higher level of GMS compliance in 2008 (namely […] against the […] achieved by Vauxhall in 2007) to meet internal GM group standards, a fact which could provide Vauxhall with an incentive to carry out at least part of the training without State aid.

(43) From the United Kingdom's comments pursuant to the opening Decision, it emerges that GMS training has been given in the past and that Vauxhall has managed to meet the internal GM standards for GMS compliance. This shows that Vauxhall already has been able to provide the GMS training necessary for its operations within its routine training budget.

(44) The need to meet a higher level of GMS compliance in 2008 could provide Vauxhall with an incentive to provide some additional GMS training. However the marginal improvement required is unlikely to provide a sufficient incentive for a training programme which would entail an increase of Vauxhall's yearly routine training budget by about 60 % (as the eligible costs for the Integrated Training Plan are about GBP […]/year, to be set against the average routine training budget of GBP […]/year).

(45) Accordingly, it should be found that the Integrated Training Programme would not be undertaken without the aid.

([13]) This is reiterated in Recital 11 of the Training Aid Regulation which clarifies 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 […]'.

7.3.1.3. Undergraduates

(46) In the opening Decision, it was noted that the Undergraduates programme has been in place for a number of years without State aid, which could indicate that the notified aid would not be a necessary incentive for this training.

(47) In the comments on the opening Decision, the United Kingdom explained that, because of budget constraints, Vauxhall has failed to hire any of the 60 trainees that have undergone the Undergraduate programme since 2002. The United Kingdom has indicated that the Undergraduate programme is under budgetary review and liable to be cut.

(48) It is accepted that Vauxhall's inability to internalize the benefits of the training and recoup its training costs strongly reduces its incentive to provide this training solely from its own resources ([14]). Consequently, the training is likely to be discontinued without the incentive of the aid.

7.3.2. *Distinction between general and specific training*

(49) The terms specific training and general training are defined in Article 2(d) and (e) of the Training Aid Regulation. Specific training 'involves tuition directly and principally applicable to the employee's present or future position in the assisted firm and provides qualifications which are not or only to a limited extent transferable to other firms or fields of work'. General training, on the other hand, provides 'qualifications that are largely transferable to other firms or fields of work and therefore substantially improve the employability of the employee'. The essential distinction between the two forms of training is thus the transferability of the acquired skills.

(50) In the light of the comments submitted in the course of the formal investigation by the United Kingdom, the Commission has found as follows for the different training areas.

([14]) A similar point was accepted in Decision 2007/612/EC of 4 April 2007 on State aid C 14/06. See Recital 44 of that Decision.

7.3.2.1. Production system training

(51) This training concerns all manufacturing and quality control systems at Vauxhall. In the opening Decision, it was considered that the Commission lacked sufficient information to allow it to ensure that all training provided under this heading is indeed largely transferable and thus general training.

(52) In its comments on the opening Decision, the United Kingdom has provided detailed information on the courses within the Production System Training. As referred to in Recital 27, all those courses are provided by external trainers and mainly on third party equipment which is widely used in the manufacturing sector. On the basis of that information, it should be found that the Production System Training will provide skills which are transferable to other firms or fields of work.

7.3.2.2. Integrated training plan

(53) In the opening Decision, it was questioned whether training in what appeared to be a proprietary manufacturing system could be considered to provide transferable qualifications. It was considered that the training, insofar as it concerned a GM-specific production process, was likely to be specific.

(54) From the comments received from the United Kingdom further to the opening Decision it has emerged that GMS does not cover procedures which are specific to Vauxhall or to GM, but rather processes which are common to the automotive sector and also to the wider manufacturing sector. The purpose of the Integrated Training Plan is to increase the workforce's understanding of the generic principles underlying a modern, 'lean' manufacturing process. The United Kingdom has substantiated this by providing details on a number of courses within the Integrated Training Plan ([15]).

(55) In view of the complementary information provided by the United Kingdom, it should be found that the courses in the Integrated Training Programme notified as general training will provide genuinely transferable skills.

([15]) Thus, by way of examples, the courses 'Astra Cockpit Module' and 'Fuel and Braking Module' will use practical steps in the assembly process as context to illustrate a set of generic skills that can improve the quality and performance of the task, such as for example line layout (devising the optimal relation between flow of material, position of machinery and movements of the worker), optimal inventory levels (understanding the need of having just the right levels of inventory) or ergonomics. Those skills are, in turn, transferable to a wide range of activities, within the manufacturing sector or beyond.

7.3.2.3. Cultural change

(56) In the opening Decision, the Commission noted that the UK authorities had not submitted any details on the content and expected output of this training. The Commission expressed doubts on the transferability of skills acquired as part of a 'cultural change' training which appeared to be specifically geared at changing the corporate culture at Vauxhall.

(57) The Commission has noted that this training will be provided by external consultants using standardised training packages which have been applied in a diverse range of business sectors ([16]). The training will thus not address issues specific to Vauxhall but focus on generic issues linked to the management of cultural changes in general. On this basis, it should be found that the Cultural Change programme will provide skills which are transferable to other firms or industries.

7.3.2.4. Lean manufacturing

(58) In the notification, the United Kingdom claimed that the principles of lean manufacturing are generally applied across the manufacturing industry and that a deeper understanding of these principles provides qualifications which are widely transferable. However, in the opening Decision, doubts were expressed as to whether this training could be dissociated from its practical application at Vauxhall and thus whether the qualifications it provides would be largely transferable by individual employees to other firms or fields of work.

(59) In its comments, the United Kingdom has shown that the Lean Manufacturing training will not cover the car production process and is not designed to provide staff with practical skills that are immediately applicable in their normal job positions (this could be achieved at far lesser cost by orthodox training on the work place). The Commission has in particular noted that any practical elements of the training will be based in areas other than those in which the trainees work in their regular positions. Lean Manufacturing is a theoretical course (the practical aspects of lean manufacturing are mainly incorporated in the Integrated Training Plan) and staff will be removed from the ordinary work context to be trained. This off-site training will either be provided in a Simulated Work Environment or at another GM plant ([17]).

([16]) Vauxhall intends to source the training from two companies, Impact Training Consultancy and Dale Carnegie.

([17]) Probably the GM plants in Eisenach (Germany) or in Gliwice (Poland) which are generally recognised as 'benchmark' sites when it come to lean manufacturing. These sites are generally recognised as exemplar and regularly visited by parties from other firms or sectors. It is apparent that the choice of these sites can be motivated by their general 'benchmark' status in relation to the application of lean manufacturing principles and that it does not necessarily imply that the training will be GM-specific.

(60) It should be found that the general principles of lean manufacturing are transferable to other firms and sectors.

8. **CONCLUSIONS**

(61) For the reasons set out above, it should be concluded that the notified aid will provide a necessary incentive for the training programme.

(62) The United Kingdom has submitted transparent and itemised documentary evidence of the training costs. On the basis of this evidence, it should be concluded that the United Kingdom has made a correct assessment of the eligible costs as set out in Recital 12 above. Specifically, it should be found that the compensation for trainees' personnel costs does not exceed the total of the other eligible costs as required by Article 4(7)(g) of the Training Aid Regulation.

(63) In view of the considerations set out above, it should be concluded that the notification makes a correct distinction between general and specific training as defined in Article 2 of the Training Aid Regulation.

(64) The aid intensities comply with Article 4 of the Training Aid Regulation. In particular, the increase of the aid intensity for disadvantaged workers complies with Article 4(4) of that Regulation.

(65) The UK authorities have ensured that the notified aid cannot be cumulated with other State aid to cover the same eligible costs and that Vauxhall has not received State aid for which there is an outstanding recovery order.

(66) In view of the above, the Commission considers that the aid is compatible with the common market,

HAS ADOPTED THIS DECISION:

Article 1

The State aid which the United Kingdom is planning to implement for Vauxhall Motors Ltd, amounting to GBP 8 784 767, is compatible with the common market within the meaning of Article 87(3)(c) of the Treaty.

Implementation of the aid, amounting to GBP 8 784 767, is accordingly authorised.

Article 2

This Decision is addressed to the United Kingdom of Great Britain and Northern Ireland.

Done at Brussels, 16 April 2008.

For the Commission
Neelie KROES
Member of the Commission

ANNEX

List of interested parties that have submitted comments following the opening of the in-depth investigation procedure pursuant to Article 88(2) of the Treaty

— Northwest Automotive Alliance Ltd
— Andrew Miller MP
— Christine Russel MP
— Cheshire & Warrington Economic Alliance
— Ian Lucas MP
— Wirral Council
— The National Skills Academy for Manufacturing
— European Metalworkers Federation
— Ellesmere Port and Neston Borough Council
— Lady Winterton MP
— The Manufacturing Institute
— Ben Chapman MP
— Cyngor Sir y Fflint/Flintshire County Council
— Confederation of British Industry North West
— Brian Simpson MP
— Cyngor Sir Ddinbych/Denbighshire County Council