COMMISSION DECISION

of 23 March 2011

on State aid C 10/10 (ex N 562/09) which Spain intends to grant for the restructuring of A NOVO Comlink

(notified under document C(2011) 1740)

(Only the Spanish text is authentic)

(Text with EEA relevance)

(2012/178/EU)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on European Union and to the Treaty on the Functioning of the European Union, and in particular the first subparagraph of Article 108(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],

Whereas:

I. PROCEDURE

(1) On 16 October 2009, Spain notified a restructuring aid measure planned by the Autonomous Community of Andalusia for A NOVO Comlink SL. By letter dated 25 March 2010, the Commission informed Spain that it had decided to initiate the procedure laid down in Article 108(2) of the TFEU in respect of the measure. Spain responded to this decision by letter of 26 April 2010. By letter dated 22 September 2010, the Commission asked Spain for additional information. The Spanish authorities responded on 20 October 2010 by withdrawing the notification as the company's economic situation had developed better than expected.

(2) The Commission Decision to initiate the procedure was published in the *Official Journal of the European Union* [2]. The Commission invited interested parties to submit their comments on the aid. The Commission did not receive any comments from third parties.

II. DESCRIPTION OF THE MEASURE

1. The notified restructuring plan

(3) The restructuring plan that Spain notified in October 2009 provided for restructuring aid for A NOVO Comlink SL (hereinafter 'A NOVO') on the basis of the Order of 5 November 2008 establishing the regulatory bases for the Aid Programme for Viable Enterprises with economic difficulties in Andalusia and launching a call for applications for 2008 and 2009 [3]. The Commission approved this Order in May 2009 as a rescue and restructuring aid scheme for SMEs — hence individual grants of this type of aid to large companies must be notified (Case N 608/08).

(4) The aid planned by Andalusia consisted of an 80 % guarantee for a 10-year loan of EUR 4 375 000 with an interest-rate subsidy of 0,89 %, and a government loan of EUR 2 000 000 over 10 years, granted by the Andalusia Innovation and Development Agency (IDEA).

(5) As regards cash requirements, Spain stated in the notification that the debts outstanding at the time of drafting the restructuring measure consisted of:

— debts of EUR 2,7 million to suppliers,

— debts of EUR 650 000 to the government,

— debts of EUR 1,6 million to other undertakings of the A NOVO Group,

— other needs deriving from the expansion of activities.

All this amounted to cash needs of some EUR 5 million.

(6) Apart from the abovementioned injection of fresh capital, the restructuring plan did not provide for any restructuring of the company's activities, organisation and management, nor its workforce. As regards the company's structure, the plan only described the current areas of activity and the possibilities and prospects for their expansion.

[1] OJ C 140, 29.5.2010, p. 25.
[2] See footnote 1.
[3] BOJA (Official Gazette of Andalusia) No 236, 27.11.2008, p. 6.

(7) The plan did not refer to any contribution by the beneficiary or its parent company. As regards compensatory measures, the plan did not provide for any capacity reduction or asset sales. As regards prospects, no distinction was made between best-case, intermediate and worst-case assumptions.

2. **Measures not notified to the Commission**

(8) During the assessment of the restructuring plan, it emerged that rescue aid had been granted to A NOVO in May 2009 in the form of an 80 % guarantee on a EUR 1 825 000 loan for six months, with an annual premium of 1,5 % and an interest rate of 2,86 %. Spain did not notify this guarantee.

(9) After the rescue aid was awarded on 21 May 2009, A NOVO submitted a restructuring plan to the Andalusian authorities on 10 September 2009.

3. **Recipient**

(10) A NOVO is a large company that operates in the area of after-sales activities for computers, mobile telephones and other electronic devices. It is a wholly owned subsidiary of the French company A NOVO SA. Originally, A NOVO produced telephones. Between 2004 and 2006 A NOVO gave up production activities and concentrated on after-sales services. A NOVO is located in Malaga (Andalusia), in an area eligible for regional aid under the exemption in Article 107(3)(a) TFEU.

(11) At the time of notification of the restructuring plan, A NOVO fulfilled the conditions for insolvency. It was having difficulties in obtaining money on the capital markets. Of the initial registered capital of EUR 15 million in 2001, more than EUR 10 million had disappeared, and more than one quarter had been lost in 2008 alone:

(in EUR)

	2001	2004	2005	2006	2007	2008	2009
Capital	15 000 000	14 684 923	6 167 668	6 167 668	8 967 667	4 056 802	2 057 000

A NOVO also had high losses and a decreasing turnover:

(in EUR)

	2006	2007	2008	2009
Increasing losses	– 2 603 000	– 4 549 000	– 3 923 000	– 292 000
Diminishing turnover	22 090 000	21 853 000	15 305 000	15 464 000

(12) Consequently, at the beginning of 2009, A NOVO was in difficulties according to points 10 and 11 of the Community Guidelines on State aid for rescuing and restructuring firms in difficulty (hereinafter 'the Guidelines') ([4]). More than half of its registered capital had disappeared, and more than one quarter of that capital had been lost over the preceding 12 months (point 10(a) of the Guidelines). The company therefore fulfilled the criteria under Spanish law for being subject to insolvency proceedings (point 10(c) of the Guidelines). In any case, it had diminishing overall turnover and almost nil asset value, as stipulated in point 11 of the Guidelines.

(13) Restructuring of A NOVO had already begun in July 2005 with a view to switching activities from telephone production to after-sales services. The 2005 Agreement on the Bases and Commitments of A NOVO Comlink SL's Viability Plan required the company to contribute to financing its Viability Plan by means of a sale and lease-back operation covering its real estate at the Andalusia Technology Park (for an estimated sum of EUR 14,9 million), to transform 94 temporary contracts into permanent contracts before 31 December 2007, to conclude 88 new contracts before 31 December 2009, and to keep on the current workforce until 2015. The Agreement also included a partial retirement scheme for employees once they reached the age of 60.

(14) In return, the Department of Employment of the *Junta de Andalucía* authorised A NOVO to suspend 224 employment contracts for employees aged over 54 until 31 August 2008. This authorisation gives these employees the right to apply for unemployment benefits although, in theory, they are still employed. During the temporary suspension of employment contracts, employees continue to form part of the company. The measure is intended to supplement the income of the employees concerned until they reach retirement age.

(15) The company's legal obligations are limited to paying the employer's contribution to the social security system for the suspended employees, and payroll and social security costs during the period of partial retirement (between the ages of 60 and 65).

([4]) OJ C 244, 1.10.2004, p. 2.

4. **Grounds for initiating the procedure**

(16) Following an analysis of these State aid measures under Article 107(3)(c) TFEU and in the light of the Guidelines, the Commission decided to initiate the procedure under Article 108(2) TFEU because it had doubts whether the conditions for approving the rescue and restructuring aid had been met.

(17) The Commission concluded that both measures were likely to constitute aid. Under Article 107(1) TFEU, any financial support granted by a Member State which distorts or threatens to distort competition by favouring certain undertakings and which affects trade between Member States constitutes aid. The measures in question, i.e. the guarantees, the interest-rate subsidy, the loan by the region of Andalusia, and the direct payments to employees of A NOVO involve state resources. They were granted by the Autonomous Community of Andalusia and are imputable to the State.

(18) The measures must confer an advantage on the recipient which it could not obtain under normal market conditions. A guarantee does not constitute such an advantage if the borrower is in financial difficulty (point 3.2(a) of the Commission Notice on the application of Articles 87 and 88 of the EC Treaty to State aid in the form of guarantees) ([5]). The loan by Andalusia could confer an advantage. The Commission has doubts that it was granted at market rates determined according to the Commission's rules on setting market rates, laid down in the Communication from the Commission on the revision of the method for setting the reference and discount rates ([6]). Hence, the measures are likely to constitute aid which distorts competition.

(19) Although A NOVO was in economic difficulties in early 2009, there were doubts whether it was eligible for any rescue or restructuring aid, as it is a wholly owned subsidiary of the French undertaking A NOVO SA, which had a turnover of some EUR 350 million and a net profit of EUR 12 million in 2009. According to point 11 of the Guidelines, a firm in difficulty is only eligible where it cannot recover with the funds it obtains from its owners. Furthermore, under point 13 of the Guidelines, in the case of a firm belonging to a larger business group, the Member State must demonstrate that the firm's difficulties are intrinsic and too serious to be dealt with by the group itself. Spain has not submitted information showing whether these conditions are met.

(20) Regarding the restructuring plan, the Commission has doubts that it will lead to long-term viability, as required by points 35 and 36 of the Guidelines. The restructuring plan did not contain a description of internal measures to improve the firm's viability and structure. The plan also lacked compensatory measures to mitigate as far as possible any adverse effects of the aid on competitors, such as a reduction in capacity (points 38 and 39 of the Guidelines). Nor was it possible to ascertain that the amount and intensity of the aid were limited to the strict minimum of the restructuring costs necessary (points 43 and 45 of the Guidelines). Specifically, the plan lacked any reference to a contribution from the recipient.

(21) Regarding the 2005 restructuring, the Commission doubts that the 'one time, last time principle' was respected. According to points 72 et seq. of the Guidelines, state intervention should not be permitted where less than 10 years have elapsed since the last rescue or restructuring aid measure has been implemented. The Commission does not have the information needed to determine whether the direct payments by the Autonomous Community of Andalusia to employees constitute aid. If the payments were made under a general social security scheme they would not be regarded as State aid. If they had to be borne by the company itself — under employment legislation or collective agreements — these payments would form part of the normal costs of the business. If the State makes these payments, they must be counted as aid ([7]).

(22) Therefore, it was doubtful that the rescue and restructuring aid could be considered compatible with the relevant Guidelines.

III. **COMMENTS FROM SPAIN**

(23) Spain informed the Commission by letter dated 22 October 2010 that the notified restructuring measure had not been implemented and that it was withdrawing the notification.

(24) Regarding the May 2009 rescue aid, Spain stated that on 19 January 2009 the Andalusia Innovation and Development Agency (IDEA) had approved a risk operation consisting of a rescue guarantee of EUR 1,5 million for a six-month period which enabled the company to obtain a loan on the capital market for EUR 1 875 000. This loan was issued on 21 May 2009. It relieved the company's cash-flow problems, which would have bankrupted it, and gave it the necessary margin for manoeuvre to develop a new restructuring plan with the measures and actions it needed to guarantee its viability during the unexpected situation involving general credit restrictions by financial institutions.

([5]) OJ C 155, 20.6.2008, p. 10.
([6]) OJ C 14, 19.1.2008, p. 6.
([7]) See also points 61 and 63 of the Guidelines.

(25) As regards the classification of the guarantee as aid, Spain claimed that there would be no effect on trade. The after-sales services — the recipient's area of activity — would be provided locally and limited to the territory of Spain. Aid would not affect cross-border trade or appreciably hinder non-Spanish competitors from setting up operations in the Spanish market. There would also be no basis for providing post-sales services to Spanish end-users from outside Spanish territory. Although A NOVO was part of the French group A NOVO S.A., an important player in after-sales services in Europe, the potential indirect effect on trade would be a theoretical, and, at most, insignificant possibility and would not appreciably affect competitive relations between a group like A NOVO S.A. and its competitors given the amount of the aid in comparison with a major group like A NOVO S.A. whose turnover amounted to EUR 366 million in 2009.

(26) The Spanish authorities stated that the interest rate on the 21 May 2009 bank loan of EUR 1,875 million, which was 80 % guaranteed by the *Junta de Andalucía* for a 1,5 % annual premium, was comparable to the rates observed for loans to healthy firms. The interest rate was 2,88 % and the reference rate published by the Commission for May 2009 was 2,22 % ([8]). The Communication on the revision of the method for setting the reference and discount rates ([9]) determines the margin to be applied to loans with high collateral to healthy undertakings (rating AAA – A) of 60 basis points. This would give a limit of 2,82 %. According to the decision granting the guarantee, the guarantee expired not later than six months after the loan was granted.

(27) The Spanish authorities also stated that the guarantee was justified due to serious social repercussions and had no unduly adverse spill-over effects in other Member States within the meaning of point 25(b) of the Guidelines. The number of people officially employed in the undertaking was 527. A bankruptcy or closure of the undertaking would have affected these employees and, in addition, several hundred indirect jobs. Given the age structure of the employees, a large part would have had difficulties in finding a new job. With the high unemployment rate in Andalusia (30 % in Malaga) a closure would have caused a very serious social situation. Furthermore, Spain considered that, in view of the regional focus of after-sales repair services, unduly adverse spill-over effects in other Member States were unlikely.

(28) The Spanish authorities also maintained that the conditions of point 25(c) of the Guidelines applicable to non-notified rescue aid were met, according to which the Member State must submit, no later than six months after the first authorisation of a rescue aid measure, a restructuring plan or proof that the guarantee has been terminated. Following the granting of the rescue aid on 21 May 2009, Spain notified the restructuring plan and the planned aid on 16 October 2009. Thereby it remained within six months as from the grant of the rescue aid. Furthermore, Spain confirmed that the state guarantee was limited to six months.

(29) Lastly, the Spanish authorities held that the amount of aid was limited to the amount needed to keep the undertaking in business during the authorisation period of six months, as required by point 25(d) of the Guidelines. The amount was calculated on the basis of the six-month liquidity needs and the cash deficit submitted by the company, which provided the following six-month cash flow table as part of the rescue application:

(in EUR)

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
Revenues	1 440 998,00	1 685 785,00	1 586 880,00	1 403 600,00	1 405 920,00	1 549 760,00
Expenses	1 632 677,00	4 231 415,00	2 631 987,00	2 684 834,00	1 754 309,00	1 504 723,00
Balance	– 191 679,00	– 2 545 630,00	– 1 045 107,00	– 1 281 234,00	– 348 389,00	45 037,00
Cumulative balance	– 191 679,00	– 2 737 309,00	– 3 782 416,00	– 5 063 650,00	– 5 412 039,00	– 5 367 002,00

(30) On the basis of these data the Spanish authorities concluded that the amount needed was EUR 1 875 000 despite the high negative cash flow figure (EUR – 5 367 002). When determining the amount of aid, Spain took into consideration the result obtained by applying the formula provided in the Annex to the Guidelines. The calculation was made as follows:

EBIT 2008: EUR – 4 212 036

Depreciation 2008: EUR 437 201

Working capital 2008: (current assets EUR 7 686 473 – current liabilities EUR 10 446 997) = EUR – 2 760 524

Working capital 2007: (current assets EUR 11 748 449 – current liabilities EUR 10 958 960) = EUR 789 489

(working capital$_t$ – working capital$_t$-1) = EUR – 3 550 013

([8]) http://ec.europa.eu/competition/state_aid/legislation/reference_rates.html

([9]) OJ C 14, 19.1.2008, p. 6.

$[EBIT_t + depreciation_t + (working\ capital_t - working\ capital_t\text{-}1)]/2$

= [EUR – 4 212 036 + EUR 437 201 + EUR – 3 550 013]/2 = EUR – 3 662 424

As a result, half of the negative operating cash flow for the year preceding the aid amounted to EUR 3 662 424. The loan guaranteed by Spain would remain well below this ceiling and, therefore, limited to the amount needed.

(31) As to whether A NOVO, as a wholly owned subsidiary of the French undertaking A NOVO SA, whose turnover is some EUR 350 million, can qualify as a company in difficulty eligible for rescue and restructuring support, Spain claimed that the firm's difficulties were intrinsic and too serious to be dealt with by the Group itself. They were intrinsic because exclusively linked to the activities of A NOVO and, in particular, to its shift from manufacturing to services. They did not result from any cost allocations within the group. Furthermore, the firm's financial difficulties were too serious for the group itself to overcome. The 2008 and 2009 profit and cash flow results for the A NOVO Group SA and A NOVO Comlink Spain show that towards the end of 2008, when the difficulties of A NOVO began to call for a rescue operation, the parent company was itself under financial pressure:

(EUR million)

	A NOVO Group SA (France)		A NOVO (Spain)	
	2008	2009	2008	2009
Sales	350	366	14,9	15,5
Profits	– 17	12	– 3,9	– 0,3
Own resources	45	53	0	1,8
Short-term loans	28	18	3,4	2
Long-term loans	56	51	0,6	0,7
Cash flow	– 0,3	2	– 0,6	– 0,9
Assets	230	225	14,2	13,4

The Group's losses of EUR 17 million in 2008 were also caused by a series of commitments towards A NOVO Spain. The A NOVO Group made very significant contributions to its Spanish subsidiary: EUR 2 123 million in 2006 and EUR 2 060 million in 2009. Further pressure arose in 2009 from the need to reschedule the French Group's debts.

(32) Regarding the 2005 restructuring and the one time, last time principle, according to the Spanish authorities 224 employees benefited from the partial retirement scheme following the suspension of their employment contracts in accordance with a temporary labour force adjustment plan (ERTE). Under this ERTE, 224 employees suspended their employment contracts in accordance with the general labour legislation applicable, in particular Article 45 of the Workers' Statute adopted by Legislative Royal Decree 1/1995 of 24 March 1995 ([10]).

(33) In accordance with Article 45(1) of the Workers' Statute, an employment contract can be suspended for economic, technical, organisational or production reasons. Article 45(2) states that the suspension relieves the parties of the reciprocal obligations of working and remunerating work. The employees receive unemployment benefit on the basis of Article 208(1)(a) of the General Social Security Law (Legislative Royal Decree 1/1994 of 20 June 1994 ([11])). According to Article 214(2) of this Royal Decree approving the Revised Text of the General Social Security Law, the employer is required to pay the employer's contribution for the social security insurance while the employee's social security contribution is paid by the National Social Security Institute (INSS).

(34) Once the individual contract suspension period authorised in the ERTE ended, the employees were reincorporated in the company but came under the partial retirement scheme whereby they worked only 15 % of their original contract. The company paid 15 % of the salary and social security contributions. According to the Spanish authorities, this measure, as well as the accompanying financial provisions adopted by the Employment Ministry of the *Junta de Andalucía* in the context of the ERTE of 2005 and based on the 18 July 2005 Agreement on the Bases and Commitments of A NOVO Comlink Spain SL's Viability Plan, comply with the general labour legislation applicable. This concerns, in particular, Articles 51 et seq. of the Workers' Statute; Royal Decree 43/1996 of 19 January of the Ministry of Employment and Social Security approving the Rules on procedure for regulation of short-time working and lay-offs and for administrative action in connection with collective transfers ([12]); Royal Decree 2064/1995 of 22 December approving the General Regulation on the contributions and settlement of other social security entitlements ([13]); and the Collective Life Assurance Contract, which is a specific measure to support employees directly and nominally to cope with the implications of their move to partial retirement, as laid down in Law 50/1980 of 8 October on Insurance Contracts ([14]).

([10]) BOE (Official State Gazette) No 75, 29.3.1995, p. 9654.
([11]) BOE No 154, 29.6.1994, p. 20658.
([12]) BOE No 44, 20.2.1996, p. 6074.
([13]) BOE No 22, 25.1.1996, p. 2295.
([14]) BOE No 250, 17.10.1980, p. 23126.

IV. **ASSESSMENT**

1. **Withdrawal of the notification by Spain**

(35) After the withdrawal of the notification, the procedure regarding the notified restructuring plan ceased to serve any purpose. However, the withdrawal of a notification cannot have an effect on the rescue aid which was not notified and already granted before the notification of the restructuring aid.

2. **The rescue aid of May 2009**

(36) Following the replies by the Spanish authorities, it must be ensured that the rescue aid is compatible with Article 107(3)(c), as it meets the relevant conditions laid down in the Community Guidelines on State aid for rescuing and restructuring firms in difficulty.

(37) The measure constitutes aid within the meaning of Article 107(1) TFEU. To qualify as State aid, the measure needs to confer an advantage on the recipient which it could not obtain under normal market conditions and which would affect competition and trade between Member States. A guarantee must be considered to constitute aid if the borrower is in financial difficulty under the terms of point 3.2(a) of the Commission Notice on the application of Articles 87 and 88 of the EC Treaty to State aid in the form of guarantees. In this case, the Commission considers that the guarantee confers an advantage on the borrower. The position of the beneficiary company was strengthened compared with that of its competitors. Hence the measure could distort competition.

(38) The Spanish authorities maintained that there would be no effect on trade between Member States. However, the Court has confirmed that the effect on trade does not depend on the local or regional character of the services supplied or on the scale of the field of activity concerned ([15]). Moreover, the after-sales services provided by A NOVO are freely traded within the Union. The ownership of the firms providing such services extends to more than one Member State. This applies, in particular, to the recipient, which is part of the French A NOVO Group, a major player in after-sales services in Europe and beyond. A NOVO's services could just as well be provided by other European companies with a subsidiary in Spain. Companies from other Member States could also consider setting up in Spain to offer such services but might be dissuaded from doing so because of the services A NOVO is able to offer thanks to the aid it received. A low amount of aid can also have an impact on trade between Member States, especially if it determines whether A NOVO can continue to operate. The aid could also strengthen the French parent company. Therefore the condition of an effect on trade between Member States is fulfilled and the rescue aid guarantee constitutes State aid within the meaning of Article 107(1) TFEU. It was awarded by the *Junta de Andalucía* and is imputable to the State.

([15]) Case C-280/00 *Altmark Trans* [2003] ECR I-7747, paragraph 82; Case C-172/03 *Heiser/Finanzamt Innsbruck* [2005] ECR I-1627, paragraph 33.

(39) A NOVO is a firm in difficulty within the meaning of point 13 of the Guidelines, despite belonging to a larger group. Spain could demonstrate that the difficulties of the undertaking were intrinsic and not the result of an arbitrary allocation of costs. In fact, they were due to the industrial restructuring affecting the company in the preceding years. The difficulties were too serious to be dealt with by the parent company alone as this company itself was under financial strain at the time of the granting of the rescue aid. In 2006 it had invested EUR 2,123 million in A NOVO and it had itself also incurred losses in 2008. In 2009 it made an own cash injection of EUR 2,060 million.

(40) The guarantee complies with the requirements laid down in point 25(a) of the Guidelines. The rescue bank loan of EUR 1,875 million, which was 80 % guaranteed by the *Junta de Andalucía*, was granted at an interest rate which is comparable to those observed for loans to healthy firms, according to the Communication on the revision of the method for setting the reference and discount rates. In addition, the borrower paid an annual guarantee premium of 1,5 %. The guarantee expired within six months after the date on which the loan was granted.

(41) The guarantee was justified due to A NOVO's serious social difficulties and had no unduly adverse spill-over effects in other Member States within the meaning of point 25(b) of the Guidelines. The Commission had already acknowledged in the opening Decision that the economic situation of A NOVO, which employed 527 people, became difficult during 2008 (see recitals 11 and 12 above). A bankruptcy or closure of the undertaking would have caused a very serious social situation in Andalusia, which already suffers from a high unemployment rate. In view of the regional focus of after-sales repair services, unduly adverse spill-over effects in other Member States are not likely.

(42) The conditions of point 25(c) of the Guidelines applicable to non-notified rescue aid are also fulfilled, according to which the Member State must submit within six months after the first authorisation of a rescue aid measure a restructuring plan or proof that the guarantee has been terminated. Following the granting of the rescue aid on 21 May 2009, A NOVO submitted a restructuring plan on 10 September 2009 together with an application for restructuring aid. On 16 October 2009, Spain notified the restructuring plan. In addition, the state guarantee was limited to six months and expired on 21 November 2009.

(43) In addition, the amount of aid was limited to the quantity needed to keep the undertaking in business during the authorisation period of six months, as required by point 25(d) of the Guidelines. The amount was calculated on the basis of the six-month liquidity needs and cash deficit submitted by the company, and was well below the ceiling established following the formula provided in the Annex to the Guidelines. It may be considered to be restricted to the amount needed according to point 25(d) of the Guidelines.

(44) As regards the one time, last time principle, the information submitted by Spain allowed the Commission to verify that the public funds employed in the context of the 2005 restructuring for social measures for part of A NOVO's workforce took place under a general social security scheme and cannot be regarded as State aid, in accordance with points 61 and 63 of the Guidelines.

(45) Consequently, the information submitted by the Spanish authorities clears up any doubts about the compatibility of the interim relief awarded to A NOVO with Article 107(3)(c) of the Treaty, which the Commission had expressed in its decision to initiate the procedure laid down in Article 108(2) of the Treaty.

V. **CONCLUSION**

(46) Therefore, the Commission has decided to terminate the procedure laid down in Article 108(2) TFEU. With regard to the non-notified rescue aid, the Commission finds that Spain has unlawfully implemented it in breach of Article 108(3) TFEU. However, the Commission must take a positive decision because it is compatible with the internal market within the meaning of Article 107(3)(c) TFEU. The procedure in respect of the notified restructuring aid is closed on the grounds that it no longer serves any purpose given that Spain has withdrawn the measure,

HAS ADOPTED THIS DECISION:

Article 1

The State aid in the form of a guarantee granted by Spain to rescue A NOVO Comlink SL is compatible with the internal market within the meaning of Article 107(3)(c) of the Treaty on the Functioning of the European Union.

Article 2

After Spain's withdrawal of the restructuring measure, these proceedings have ceased to serve any purpose as far as this restructuring aid is concerned. The Commission has therefore decided to terminate the procedure pursuant to Article 108(2) TFEU with regard to the restructuring aid.

Article 3

This Decision is addressed to the Kingdom of Spain.

Done at Brussels, 23 March 2011.

For the Commission
Joaquín ALMUNIA
Vice-President