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Committee on Subsidies and  
Countervailing Measures

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## SUBSIDIES

### Updating Notification Pursuant to Article XVI.1 of the GATT 1994 and Article 25 of the Agreement on Subsidies and Countervailing Measures

#### EUROPEAN COMMUNITIES

#### Supplement

The following supplement to the notification by the European Communities relates to the subsidies granted by regional governments in Spain.

#### AUTONOMOUS COMMUNITIES (REGIONAL SUBSIDIES)

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**I. ANDALUSIA**

**1. Programme of aid for the promotion and development of the industrial sector**

1. Title

Programme of Aid for the Promotion and Development of the Industrial Sector

2. Period covered by the notification

1998.

3. Policy objective and/or purpose of the subsidy

- (a) To invest in production processes for the conversion of primary products into products with higher value added;
- (b) to invest in the adaptation or expansion of industrial products deemed to be emerging products to replace other long-standing products which are difficult to market because of competition from developing countries with lower labour costs; and
- (c) to invest in the adaptation, creation and acquisition of the new technologies needed to reach the above objectives.

4. Background and authority for the subsidy

- Order of 4 December 1995 regulating an aid programme for the promotion and development of the industrial sector (Official Journal of the Autonomous Community of Andalusia (BOJA) No. 158 of 14 December);
- Resolution of 18 March 1998 of the Directorate General of Industry, Energy and Mining, implementing the above Order.

5. Form of the subsidy

Non-repayable subsidy.

6. Beneficiaries

The subsidies are granted to industrial firms that were already in existence when the Order came into effect and are established in Andalusia which carry out projects or action connected with the activities regarded as eligible for the subsidy (investment in production assets, action at the planning and investment phase, the production phase, or research and development activities).

The amounts vary according to scales and criteria established in the Order, but may in no case exceed the following percentages;

- Investment in production assets: up to 30 per cent of the investment in fixed assets eligible for the subsidy;
- planning and investment activities: up to 50 per cent of the cost of external collaboration related to such activities and regarded as eligible for the subsidy;

- production activities: up to 30 per cent of the investment in fixed assets eligible for the subsidy, and up to 50 per cent of the cost of external collaboration for carrying out activities included in this group and eligible for the subsidy;
- research and development activities; up to 30 per cent of the investment in fixed assets (tools and equipment) directly related to the R&D project. The ceilings for the subsidy for research and development costs are: up to 65 per cent for basic research projects and up to 35 per cent for applied research projects.

7. Annual amount budgeted for the subsidy

Total amount budgeted for 1998; Ptas 3,552.27 million.

8. Duration of the subsidy

1995/1999.

9. Statistical data permitting an assessment of the trade effects of the subsidy

No statistical data are available which would permit an assessment of the trade effects of the subsidy.

**2. Aid to investment in energy infrastructure and equipment**

1. Title

Aid to Investment in Energy Infrastructure and Equipment  
Group A: Renewable energy  
Group B: Enhanced energy efficiency  
Group C: Rural electricity supply

2. Period covered by the notification

1998.

3. Policy objective and/or purpose of the subsidy

To promote the rational use of energy, and the utilization of renewable forms of energy, to enhance energy efficiency and to expand the electricity supply infrastructure in rural areas.

4. Background and authority for the subsidy

- Energy plan for Andalusia (PLEAN 1995-2000), MAC Operational Programme for Andalusia 1995-2000;
- Order of 16 May 1997 regulating the granting of subsidies for investment in energy infrastructure and equipment (BOJA No. 66 of 10 June).

5. Form of the subsidy

Non-repayable subsidy.

6. Beneficiaries

- Aid for the use of renewable energy: private firms;
- aid for enhancing energy efficiency: private firms, preferably in the industrial sector;
- aid for the rural electricity supply: only small and medium-sized firms supplying electrical power.

The subsidy is paid to the owner of the installation once the investment in the installation has been made.

The maximum subsidy is 30 per cent for investment in fixed assets, with a ceiling of Ptas 200 million per project.

7. Annual amount budgeted for the subsidy

There is no subsidy per unit because the purpose of the aid is not to promote production processes but to support the installation of energy infrastructures and equipment.

Group A: Ptas 712 million  
Group B: Ptas 375 million  
Group C: Ptas 208.7 million

8. Duration of the subsidy

The support line covers activities eligible for the subsidy during the period 1997-1999.

9. Statistical data permitting an assessment of the trade effects of the subsidy

No statistical data are available which would permit an assessment of the trade effects of the subsidy.

**3. Programme of aid from the Andalusian Promotion Institute**

1. Title

Programme of Aid from the Andalusian Promotion Institute.

2. Period covered by the notification

1998.

3. Policy objective and/or purpose of the subsidy

Regional: the establishment of support mechanisms for enterprises by the Andalusian Promotion Institute (IFA) is an essential element in making progress towards the economic and social development of the Autonomous Community of Andalusia. The weak business structure, consisting essentially of small and medium-sized firms that have difficulty in obtaining access to financing, necessitates support from the public authorities, sometimes for start-up activities and in other cases for reinforcement of the Andalusian business fabric.

The high rate of unemployment and the abnormally low standard of living in this region make it necessary to give companies special support so as to improve the social situation in Andalusia.

4. Background and authority for the subsidy

Law 3/1987 of 13 April, establishing the Andalusian Promotion Institute.

Decree 122/1987 of 6 May, approving the General Regulations of the Law on the Andalusian Promotion Institute.

Aid programme of the Andalusian Promotion Institute. State Aid No. N 859/95 (formerly 462/94) – Spain (Andalusia) amendment of the present regional aid programme of the IFA.

5. Form of the subsidy

Interest subsidies  
Loans  
Equity participation  
Guarantees  
Subsidies

6. Beneficiaries

The aid is intended for business investment projects and refinancing of debt or current liabilities linked to a recent investment and is paid to enterprises investing in Andalusia. The support is not available for export transactions. The subsidy is calculated in the form of a fixed amount.

7. Total amount or annual amount budgeted for the subsidy

Financial instrument	Amount granted	Amount disbursed <sup>1</sup>	Number of projects approved	Average subsidy
Interest subsidies	3,900.42	2,885.11	2,145	1.82
Loans	1,998.44	625.91	76	26.30
Equity participation	574.00	574.00	4	143.5
Guarantees	419.00	528.76	4	104.75
Subsidies	12,065.38	5,775.97	2,229	5.41
Total	18,957.24	10,389.75	4,458	4.25

Note: The figures are in Ptas million.

8. Duration of the subsidy

The aid programme lasts for several years up until 31 December 1999, although there are annual budgets.

9. Statistical data permitting an assessment of the trade effects of the subsidy

No statistical data are available which would permit an assessment of the trade effects of the subsidy.

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<sup>1</sup> Includes disbursements for operations approved in the 1998 and previous financial years.

## **II. BALEARIC ISLANDS**

### **1. Regulatory framework for aid to the commercial, industrial and services sectors**

#### **1. Title**

Decree 29/1997 of 18 February, establishing the regulatory framework for aid to the commercial, industrial and services sectors in the Balearic Islands.

#### **2. Period covered by the notification**

From 1 January 1998 to 31 December 1998.

#### **3. Purpose of the subsidy**

##### **(a) *De minimis* aid:**

- Investment in fixed assets and financing of circulating capital for industrial enterprises;
- investment in fixed assets and financing of circulating capital for commercial and services firms;
- promotion of craft enterprises;
- promotion of quality and industrial design;
- commercial promotion of industrial enterprises;
- creation of industrial enterprises;
- transfer, installation or expansion of enterprises in industrial estates.

##### **(b) Aid covered by the Commission's guidelines on SMEs:**

- Renovation and modernization of the production structure;
- Objective 2 zone;

##### **(c) Aid covered by other Commission guidelines:**

- Industrial technological development.

#### **4. Legal basis**

Decree 29/1997, published in the Official Journal of the Balearic Islands (BOCAIB) No. 29 of 8 March 1997.

#### **5. Form of the subsidy**

Non-repayable subsidy and interest rate subsidy.

Percentage of aid for the cost of eligible investment.



6. Beneficiaries

The beneficiaries are small and medium-sized commercial, industrial and services firms established in the Balearic Islands which:

- (a) Have an annual turnover not exceeding € 40 million;
- (b) employ less than 250 workers; and
- (c) have no equity participation exceeding 25 per cent held by one or more firms that do not meet the above two criteria.

Firms that do not meet the foregoing criteria may exceptionally receive this aid if their projects are accepted by the Council of the Autonomous Government.

7. Amount of the subsidy

The subsidy budgeted by the Autonomous Community of the Balearic Islands amounts to Ptas 1,623,595,624.

Part of this aid scheme is co-financed by the EU (SMEs located in areas declared to be Objectives 2 and 5(b).

In this aid scheme, which is co-financed by the EU, individual aid operations must meet one of the following criteria:

- (a) Aid not exceeding 80 per cent of the cost, when the *de minimis* Decree is invoked, and not exceeding € 100,000 over three years per beneficiary;
- (b) aid not exceeding 15 per cent of the cost, with a ceiling of € 200,000;
- (c) for R&D, according to the European Union guidelines, the aid may not exceed 50 per cent and € 200,000 per beneficiary;
- (d) the *de minimis* rule always applies to subsidies for interest rates on loans as set out in paragraph (a) above.

8. Duration of the subsidy

From 1 March 1997 to 31 December 1998.

9. Statistical data permitting an assessment of the trade effects of the subsidy

There are no trade effects owing to the insignificant amounts of aid involved and the large number of small enterprises to which it was directed.

**2. Foner II operational programme in rural areas of objective 5(b)**

1. Title of the subsidy programme

Decree 3/1995 establishing an aid scheme for the implementation of the Foner II operational programme in rural areas of objective 5(b) of the Balearic Islands.

2. Period covered by the notification

From 1 January 1998 to 31 December 1998.

3. Purpose of the subsidy

Aid for production activities and investment;

aid for non-production activities and investment;

aid for vocational training and job creation.

4. Legal basis

Decree 3/95, published in BOCAIB No. 13 of 31 January 1995.

5. Form of the subsidy

Percentage of the cost of the eligible investment.

6. Beneficiaries

Producing and marketing firms which have justified their investment, in the form of a percentage thereof.

They include individual entrepreneurs, trading companies, agricultural-processing companies, agricultural cooperatives and any other companies which have the legal status prescribed in the legislation in force, as well as local public entities. They must meet all of the following requirements:

- (a) Undertake an investment project within the rural areas of objective 5(b) of the Balearic Islands in order to carry out an activity eligible for aid;
- (b) employ a maximum of 50 workers, have a turnover not exceeding Ptas 800 million and an overall balance not exceeding Ptas 320 million;
- (c) be up to date with payment of their tax and social security contributions or else have been granted a postponement or moratorium.

7. Amount of the subsidy

Subsidy from the budget of the Autonomous Community of the Balearic Islands amounting to Ptas 78,176,584.

This aid scheme, which is cofinanced by the European Union, may cover a maximum of 30 per cent of the amount of the approved investment. The following ceilings per beneficiary also apply:

- (a) Ptas 7,500,000 over a three-year period for each of the following types of cost:
  - Investment costs for any purpose other than R&D; and
  - other costs.
- (b) Ptas 15 million over a three-year period;
- (c) Ptas 25 million during the entire period of application of the Operational Programme, while in any case respecting the above limits.

8. Duration of the subsidy

From 1 January 1995 to 31 December 1999.

9. Statistical data permitting an assessment of the trade effects of the subsidy

There are no trade effects owing to the insignificant amounts of aid involved and the large number of small enterprises to which it was directed.

**III. CANARY ISLANDS**

**1. Subsidies not co-financed by the European Union for the modernization or restructuring of the fishing fleet of the Canary Islands and provision of radio communication facilities for boats engaged in inshore fishing**

1. Title of the subsidy programme

Subsidies not co-financed by the European Union for the modernization or restructuring of the fishing fleet of the Canary Islands and provision of radio communication facilities for boats engaged in inshore fishing.

2. Period covered by the notification

1998.

3. Policy objective and/or purpose of the subsidy

The installation of equipment and facilities together with certain kinds of work and modifications on boats engaged in inshore fishing.

4. Legal basis

Basic regulation: Decree 114/95 of 2 April (Official Journal of the Canary Islands (BOC) No. 64 of 24 May 1996);

Community regulation: SG(95)6795, Aid No. 246/95 on modernization and restructuring of the fishing fleets, of 30 May 1995;

Official notice for 1998: Order of 27 May 1998 (BOC No. 66 of 29 May 1998).

5. Form of the subsidy

Non-repayable subsidy

6. Beneficiaries: to whom and how the subsidy is provided

Any vessel which meets the requirements within the limits of the Autonomous Community of the Canary Islands.

The granting of such aid is contingent on the applicants meeting their tax and social security obligations and the recipients must provide evidence that the subsidized activity has been carried out.

7. Subsidy per unit or the total amount of the subsidy

Ptas 15 million.

Maximum extent of aid: 30 per cent, with a ceiling of Ptas 800,000.

8. Duration of the subsidy

Indefinite.

9. Statistical data permitting an assessment of the trade effects of the subsidy

The programme has no trade effects.

**2. Subsidies for investment in projects to promote crafts**

1. Title of the programme

Subsidies for investment in projects to promote crafts.

2. Period covered by the notification

1998.

3. Policy objective and/or purpose of the subsidy

To promote investment in projects to promote crafts in the Canary Islands.

4. Legal basis

The subsidy has been approved by the European Commission under a *de minimis* rule.

5. Form of the subsidy

Non-repayable subsidy.

6. Beneficiaries: to whom and how the subsidy is provided

Natural persons who are craftsmen resident in the Canary Islands and invest in setting up new crafts workshops or in expanding, improving or modernizing existing crafts workshops within the Autonomous Community of the Canary Islands.

This aid is contingent on the applicants meeting their tax and social security obligations and the recipients must provide evidence that the subsidized activity has been carried out.

7. Subsidy per unit or the total amount of the subsidy

The competence for this aid and the budget have been transferred to local authorities in the Canary Islands, even though it is a *de minimis* aid.

8. Duration

Indefinite.

9. Statistical data on the trade effects of the subsidy

The programme has no trade effects.

**3. Subsidies for industrial development and technological modernization projects, establishing the bases for their period of application**

1. Title of the subsidy programme

Subsidies for Industrial Development and Technological Modernization Projects, Establishing the Bases for their Period of Application.

2. Period covered by the notification

1998.

3. Policy objective and/or purpose of the subsidy

To encourage investment by SMEs in the Canary Islands.

4. Legal basis

Basic regulation: Law No. 50/85, Regional Incentives Programme, REGIS II. Action 2.IB.1;

Community regulation: State Aid No. 199/96 of 31 July 1996 SG(96) d7014;

Official notice for 1998: Order of 27 August 1998 (BOC No. 130 of 14 October 1998).

5. Form of the subsidy

Non-repayable subsidy.

6. Beneficiaries: to whom and how the subsidy is provided

To industrial or industrial support services SMEs, existing or newly established, whose activities take place within the Autonomous Community of the Canary Islands.

This aid is contingent on the applicants meeting their tax and social security obligations, and the recipients must provide evidence that the subsidized activity has been carried out.

7. Subsidy per unit or the total amount of the subsidy

Ptas 1,000 million.

Maximum extent of aid: 50 per cent of the investment.

No. of projects: 158.

8. Duration of the subsidy

Indefinite.

9. Statistical data permitting an assessment of the trade effects of the subsidy

The programme has no trade effects.

**4. Subsidies for projects to save and diversify energy and to utilize sources of renewable energy**

1. Title of the subsidy programme

Subsidies for Projects to Save and Diversify Energy and to Utilize Sources of Renewable Energy.

2. Period covered by the notification

1998.

3. Policy objective and/or purpose of the subsidy

To subsidize feasibility studies for projects to save and diversify energy and installations designed to secure a reduction in energy consumption and an improved environmental impact in the various sectors of production.

4. Legal basis

Basic regulation: Ministerial Order of 6 February 1997 (Official Journal of Spain) (BOE No. 34);

Community regulation: Guidelines on state aid for environmental protection (94/C72/03, published on 10 March 1994) clearly relate to this type of aid;

Official notice for 1998: Order of 23 March 1998 (BOC No. 47 of 17 April 1998).

5. Form of the subsidy

Non-repayable subsidy.

6. Beneficiaries: to whom and how the subsidy is provided

Private or public enterprises, natural persons, non-profit-making institutions, neighbourhood associations and local corporations within the Autonomous Community of the Canary Islands.

This aid is contingent on the applicants meeting their tax and social security obligations, and the recipients must provide evidence that the subsidized activity has been carried out.

7. Subsidy per unit or the total amount of the subsidy

Ptas 30 million.

Maximum extent of the aid: 50 per cent of the investment.

No. of projects: 35.

8. Duration of the subsidy

Indefinite.

9. Statistical data permitting an assessment of the trade effects of the subsidy.

The programme has no trade effects.

**5. Single or specific subsidy to the Procasol Project**

1. Title of the subsidy programme

Single or Specific Subsidy to the Procasol Project.

2. Period covered by the notification

1998.

3. Policy objective and/or purpose of the subsidy

To provide incentives to the market for low-temperature solar energy in the Canary Islands.

4. Legal basis

The Community guidelines on State aid for the environment (94/C72/03 published on 10 March 1994) clearly relate to this type of aid;

Charged to the "REGIS II" Programme (ERDF);

Official notice for 1998: Order of 3 April 1998 (BOC No. 50 of 24 April 1998).

5. Form of the subsidy

Non-repayable subsidy.

6. Beneficiaries: to whom and how the subsidy is provided

Private or public enterprises, natural persons, non-profit-making institutions, neighbourhood associations and local corporations within the Autonomous Community of the Canary Islands.

This aid is contingent on the applicants meeting their tax and social security obligations, and the recipients must provide evidence that the subsidized activity has been carried out.

7. Subsidy per unit or the total amount of the subsidy

Ptas 48.5 million;

Maximum extent of the aid: 50 per cent of the investment.

8. Duration of the subsidy

Indefinite.

9. Statistical data permitting an assessment of the trade effects of the subsidy

The programme has no trade effects.

**IV. CANTABRIA**

**1. Reindustrialization and Organization Aid Fund (FARO)**

1. Title of the subsidy programme

Reindustrialization and Organization Aid Fund (FARO).

2. Period covered by the notification

1998.

3. Purpose of the subsidy

Its purpose is to grant temporary aid to enterprises. Temporary aid means assistance which, motivated by serious company difficulties, is designed to resolve an immediate short-term liquidity squeeze or technical insolvency by giving emergency support to the financial situation so as to enable the beneficiary enterprise to carry out a recovery plan.

A further objective is to grant restructuring aid, justified by the needs of regional development, required to launch a strategic plan for industrial SMEs including the necessary adjustments to reorganize and rationalize activities, abandoning the non-viable ones and developing new activities or streamlining them.

4. Legal basis

Decree No. 58/1997 of 6 June 1997 regulating the Reindustrialization and Organization Aid Fund (FARO).

5. Form of the subsidy

The aid may take the form of loans, loan guarantees and equity participation, but must not exceed 45 per cent of the shareholding.

6. Beneficiaries

Potential beneficiaries of the plan are "small and medium-sized enterprises facing management difficulties" which are active within the Autonomous Community of Cantabria.

Enterprises may also take advantage of the plan, without meeting the above requirements regarding the size and the percentage of shareholding, if they submit applications in the context of this agreement which are considered to be of special interest for the social or regional industrial policy of Cantabria, because of the expediency of maintaining a competitive market structure.

"Small and medium-sized industrial enterprises facing management difficulties" are those which, because of their recent performance, the deterioration in their usual situation, their limited



development potential or poor prospects for future profits, are unable to finance from their own resources the achievement of the aims and purposes for which the aid provided under the present agreement has been established.

This aid is contingent on the applicants meeting their tax and social security obligations, and the recipient must provide evidence that the subsidized activity has been carried out.

7. Amount of the subsidy

The total amount budgeted in the 1998 financial year was:

Ptas 162 million in subsidies;  
Ptas 343.8 million in credits;  
Ptas 125 million in loans.

8. Duration of the subsidy

The programme is scheduled to remain in force for four years.

9. Statistical data permitting an assessment of the trade effects of the subsidy

There are no data permitting an assessment of the trade effects of the subsidy.

**2. Incentives for the Renewal of Industry and Services (IRIS)**

1. Title of the subsidy programme

Incentives for the Renewal of Industry and Services (IRIS).

2. Period covered by the notification

1998.

3. Policy objective and/or purpose of the subsidy

The promotion of activities for the establishment of new industries, the renewal of production assets and those supporting and consolidating the labour market, as well as the establishment of enterprises to support the industrial sector, focused on the creation, design, production and sale of industrial goods, without overlooking the necessary attention to quality and the environment.

4. Legal basis

Decree No. 19/1995 of 22 June 1995, regulating the Regional Incentives Fund, Official Journal of Cantabria (BOC) of 30 June, approved as Aid No. 351/1995 by a letter of the European Commission dated 18 May 1995, amended by Decree No. 19/1997 of 7 March 1997, which replaced the earlier title by that of Incentives for the Renewal of Industry and Services (IRIS).

Order of 14 April 1998, published in BOC No. 81 of 23 April 1998, approving the official notice of Incentives for the Renewal of the Industry and Services (IRIS) for 1998.

5. Form of the subsidy

Non-repayable subsidy.

6. Beneficiaries

Potential beneficiaries are industrial enterprises, irrespective of their legal status, which are regarded as SMEs and business support services enterprises in the areas of management, market research and services common to enterprises.

The granting and receipt of this aid are contingent on the applicants meeting their tax and social security obligations, and the recipients must provide evidence that the subsidized activity has been carried out.

7. Subsidy per unit or the total amount of the subsidy

Investment eligible for subsidies: Ptas 3,717,166,085;  
The maximum extent of the aid is 40 per cent of the investment;  
Total amount budgeted: Ptas 316,345,000;  
Total amount of aid granted in 1998: Ptas 311,847,795;  
Number of beneficiaries: 29.

8. Duration of the subsidy

The programme is scheduled to remain in force for the period 1995-1999.

9. Statistical data permitting an assessment of the trade effects of the subsidy

The programme has no trade effects because of its small amount compared with the size of the sector and of its low direct impact on production. Marketing and distribution activities are excluded from this aid.

**3. Subsidies for the craft sector in Cantabria**

1. Title of subsidy programme

Subsidies for the Craft Sector in Cantabria.

2. Period covered by the notification

1998.

3. Policy objective and/or purposes of the subsidy

To promote activities for the establishment of new craft workshops, their development and modernization as an important factor for creating stable jobs with a small amount of investment and for helping to create future enterprises and industrial activities.

4. Legal basis

Decree No. 97/1995 of 9 October 1995, regulating aid to the craft sector and craft activities, BOC of 20 October 1995, approved by the European Commission in a letter of 18 May 1995.

Order of 16 February 1998, published in BOC No. 52 of 13 March 1998, approving and regulating the official notice given of aid to the craft industry for the 1998 financial year.

5. Form of the subsidy

Non-repayable subsidy.

6. Beneficiaries

Potential beneficiaries are individual craftsmen and craft enterprises, irrespective of their legal status, which are regarded as SMEs, and craft associations and institutions whose objective is to promote and develop craft products.

The granting and receipt of this aid are contingent on the applicants meeting their tax and social security obligations and the recipient must provide evidence that the subsidized activity has been carried out.

7. Subsidy per unit or the total amount of the subsidy

The maximum extent of the aid is 40 per cent of the investment in fixed assets and 50 per cent in the case of subsidies for training and promotion.

Total amount of the aid granted in 1998: Ptas 7,224,043;  
Number of beneficiaries: 22.

8. Duration of the subsidy

The programme is scheduled to remain in force for the period 1995-1999.

9. Statistical data permitting an assessment of the trade effects of the subsidy

The programme has no trade effects because of its small amount compared with the size of the sector and of its low impact on production. Marketing and distribution activities are excluded from this aid.

**V. CASTILE-LA MANCHA**

**1. Decree on Competitiveness and Business Investment Incentives**

1. Title of the subsidy programme

Decree on Competitiveness and Business Investment Incentives.

2. Period covered by the notification

1998.

3. Purpose of the subsidy

To help create, adapt, or, as appropriate, improve the region's economic fabric.

4. Legal basis

Decree 13/1995 of the Regional Ministry of Industry and Labour (repealed on 5 June 1998).  
Decree 53/1998 of 26 May 1998 (Official Journal of Castile-La Mancha (DOCM) 5 June) on competitiveness and business investment incentives in Castile-La Mancha.

5. Form of the subsidy

Non-repayable subsidy and reduced interest rates on loans.

6. Beneficiaries

Industrial and services enterprises and associations of enterprises, especially SMEs, deciding to operate or already operating in Castile-La Mancha.

7. Amount of the subsidy

Number of beneficiaries: 1,652;

Amount budgeted: Ptas 3,435,239,059;

Subsidy per unit: Ptas 2,079,443.

8. Duration of the subsidy

Indefinite.

9. Statistical data permitting an assessment of the trade effects of the subsidy

The foreign trade effects of the subsidy are slight because it is basically focused on small and medium-sized enterprises, which are engaged in domestic trade.

**2. Aid for economic diversification in regions with textiles-clothing factories under the RETEX Community Programme**

1. Title of the subsidy programme

Aid for economic diversification in regions with textiles-clothing factories under the RETEX Community Programme.

2. Period covered by the notification

1998.

3. Purpose of the subsidy

To promote investment in the textiles-clothing sector in Castile-La Mancha, under the Community RETEX Initiative.

4. Legal basis

Order of 8 February 1995 of the Regional Ministry of Industry and Labour.

5. Form of the subsidy

Non-repayable subsidy and reduced interest rates on loans.

6. Beneficiaries

Existing enterprises, irrespective of their legal status, investing from Ptas 3-75 million, as well as associations of enterprises that are active within the sector.

7. Amount of the subsidy

Number of beneficiaries: 103;

Amount budgeted: Ptas 739,417,091;

Subsidy per unit: Ptas 7,178,807.

8. Duration of the subsidy

1994-1999 for the granting of aid.

9. Statistical data permitting an assessment of the trade effects of the subsidy

The impact on foreign trade is minimal since the beneficiaries of this aid are SMEs.

**VI. CASTILE-LEÓN**

**1. Subsidies for projects to save, replace and diversify energy, rational use of energy and renewable energy**

1. Title of the subsidy programme

Subsidies for projects to save, replace and diversify energy, rational use of energy and renewable energy.

2. Period covered by the notification

1998.

3. Purpose of the subsidy

The exploitation of local energy resources (thermal solar energy, photovoltaic solar energy, wind energy, small hydroelectric stations, biomass, passive solar energy), rational use of energy (energy savings, replacement of petroleum-derived products), promotion of activities to make local energy resources better known and to enhance their use.

4. Legal basis

Order of the Regional Ministry of Industry, Trade and Tourism of 18 December 1996.

(Official Journal of Castile-Léon (BOCYL) No. 246 of December 1996).

5. Form of the subsidy

Non-repayable subsidy for the investment made, to a maximum amount of Ptas 10 million.

6. Beneficiaries

Public or private enterprises, groups of enterprises.

7. Amount of the subsidy

Amount budgeted: Ptas 180,000,000.

8. Duration of the subsidy

Annual.

9. Statistical data permitting an assessment of the trade effects of the subsidy

The statistical data available do not reflect the trade effects of this subsidy.

**2. Aid for business investment. Territorial incentives**

1. Title of the subsidy programme

Aid for Business Investment. Territorial Incentives.

2. Period covered by the notification

1998. The subsidy was not announced in 1998.

3. Purpose of the subsidy

To boost the endogenous development potential of Castile-León in promotable activities.

4. Legal basis

Decree No. 151/89 of 20 July 1989 (BOCYL No. 144 of 28 July) of the Regional Ministry of the Presidency and Territorial Administration, and Order of 30 May 1995 (BOCYL No. 114 of 15 June) of the Regional Ministry of the Economy and Finance.

5. Form of the subsidy

Non-repayable subsidy of between 40 and 50 per cent of the approved investment.

6. Beneficiaries

Enterprises carrying out investment projects in Castile-León that involve the creation of new or expansion of existing establishments.

7. Amount of the subsidy

Not budgeted.

8. Duration of the subsidy

Several years.

9. Statistical data permitting an assessment of the trade effects of the subsidy

The statistical data available do not reflect the trade effects of this subsidy.

**3. Subsidies through advance or bridging loans for regional and territorial incentives**

1. Title of the subsidy programme

Subsidies through Advance or Bridging Loans for Regional and Territorial Incentives.

2. Period covered by the notification

1998.

3. Purpose of the subsidy

To speed up the payment of investment subsidies so that they are available immediately a project is launched.

4. Legal basis

Agreement of 5 March 1997 (BOCYL No. 45 of 6 March 1997) of the Governing Council of the Castile-León Economic Development Agency.

5. Form of the subsidy

Interest subsidy.

6. Beneficiaries

The potential beneficiaries are enterprises that have been granted investment subsidies, either from the regional incentives regulated by Royal Decree No. 570/1988, of 3 June 1988, or from the territorial incentives that have been obtained under any of the official notices made by the General Administration of the Autonomous Community of Castile-León for this type of incentive and which, on the date of application for this aid, had made a significant start with their investments. Enterprises that process or market products included in Annex II to the Treaty of Rome are excluded.

7. Amount of the subsidy

Amount budgeted: Ptas 600,000,000.

8. Duration of the subsidy

Several years.

9. Statistical data permitting an assessment of the trade effects of the subsidy

The statistical data available do not reflect the trade effects of this subsidy.

**4. Subsidies for investment by small and medium-sized enterprises (SMEs)**

1. Title of the subsidy programme

Subsidies for Investment by Small and Medium-Sized Enterprises (SMEs).

2. Period covered by the notification

1998.

3. Purpose of the subsidy

To encourage investment projects in Castile-León in new establishments, the expansion, modernization, rationalization or restructuring of existing establishments which help to promote business investment and to direct them towards previously specified areas within Castile-León.

4. Legal basis

Agreement of 14 November 1996 of the Governing Council of the Castile-León Economic Development Agency (BOCYL No. 239 of 11 December 1996).

5. Form of the subsidy

Non-repayable subsidy.

6. Beneficiaries

SMEs, i.e. enterprises that meet the following requirements:

- Employ fewer than 250 workers;
- have an annual turnover not exceeding € 40 million, or an overall balance not exceeding €27 million;
- have no equity participation exceeding 25 per cent by firms that do not meet these criteria, unless they are public investment companies, risk-capital companies or institutional investments that do not exercise control;
- have an amount of subsidized investment that is between Ptas 15 and 100 million or, in the case of investment projects, between Ptas 15 and 300 million, provided that these are in special action areas.

The beneficiaries must show that they have paid their tax and social security contributions and have no outstanding debt to the Autonomous Community of Castile-León. They must also provide evidence that the subsidized investment has been made.

7. Amount of the subsidy

Amount budgeted: Ptas 2,500 million.

8. Duration of the subsidy

Annual.

9. Statistical data permitting an assessment of the trade effects of the subsidy

The statistical data available do not reflect the trade effects of this subsidy.



**5. Business Excellence Programme: Business analyses, quality and competitiveness**

1. Title of the subsidy programme

Business Excellence: Business Analyses, Quality and Competitiveness.

2. Period covered by the notification

1998.

3. Purpose of the subsidy

- (a) To make integral business analyses and other specific analyses of quality which make it possible to assess the situation of the enterprise and define the strategy to be followed;
- (b) to introduce the necessary corrective measures to improve competitiveness, including those connected with quality enhancement.

4. Legal basis

Agreement of the Governing Council of the Castile-León Economic Development Agency of 5 March 1997 (BOCYL No. 45 of 6 March 1997).

5. Form of the subsidy

The incentive consists of a non-repayable subsidy of up to 50 per cent of the approved expenditure eligible for the subsidy, excluding VAT. The ceiling is Ptas 3 million.

6. Beneficiaries

SMEs that operate in Castile-León and belong to the following sectors of activity, according to the designation and structure of the CNAE – 1993 (R.D. No. 1560/1992 of 18 December 1992):

- (a) Mining, quarrying and manufacturing industries in Sections (C) and (D), except subsection DA;
- (b) Services; Section (K), divisions 72, 73 and 74, except classes 7411, 7415 and 7481 and Section (O), class 9211;
- (c) Building and construction; Section F; and
- (d) Hotel services; Section (H), except groups 55.3, 55.4 and 55.5.

The sectors of activity included within the scope of the ECSC Treaty, shipbuilding and ship launching, the transport sector and the production, processing and marketing of products included in Annex II to the Treaty to Rome are excluded from this aid.

7. Amount of the subsidy

Amount budgeted: Ptas 259 million.

8. Duration of the subsidy

Annual.

9. Statistical data permitting an assessment of the trade effects of the subsidy

The statistical data available do not reflect the trade effects of this subsidy.

**6. Subsidies to craftsmen and workshops in Castile-León for the economic promotion of this sector**

1. Title of the subsidy programme

Subsidies to Craftsmen and Workshops in Castile-León for the Economic Promotion of this Sector.

2. Period covered by the notification

1998.

3. Purpose of the subsidy

To enhance the competitiveness of the crafts sector and thus contribute towards its full integration into the current business structure by subsidizing projects involving investment in Castile-León in new workshops, the expansion or modernization of those already existing, and carrying out action to promote this activity and contribute towards improving the production structure, marketing or further vocational training, as a way of promoting the economy of the crafts sector.

4. Legal basis

Agreement of the Governing Council of the Castile-León Economic Development Agency of 5 March 1997 (BOCYL No. 45 of 6 March 1997).

5. Form of the subsidy

Non-repayable subsidy.

6. Beneficiaries

Beneficiaries are craftsmen and craft workshops that meet the requirements to be considered as small enterprises:

- Employ fewer than 50 workers;
- have an annual turnover not exceeding € 7 million or net assets not exceeding €5 million;
- have no equity participation exceeding 25 per cent by firms that do not meet these criteria, unless they are public investment companies, risk-capital companies or institutional investments that do not exercise control;
- have technically, economically and financially viable projects, where investments are concerned, not exceeding Ptas 15 million.

7. Amount of the subsidy

Amount budgeted: Ptas 135 million.

8. Duration of the subsidy

Annual.

9. Statistical data permitting an assessment of the trade effects of the subsidy

The statistical data available do not reflect the trade effects of this subsidy.

**7. Financial aid to subsidize interest rates for credit operations by SMEs**

1. Title of the subsidy programme

Financial Aid to Subsidize Interest Rates for Credit Operations by SMEs.

2. Period covered by the notification

Not announced in 1998.

3. Purpose of the subsidy

To reduce the interest rate on loans and financial leasing by SMEs for the purpose of investment.

4. Legal basis

Decree No. 39/96 of 22 February 1996 (BOCYL No. 41 of 27 February) of the Autonomous Community of Castile-León and Agreements of the Governing Council of the Castile-León Economic Development Agency dated 19 April (BOCYL No. 83 of 2 May), 7 October 1996 (BOCYL No. 203 of 18 October) and 5 March 1997 (BOCYL No. 45 of 6 March 1997).

5. Form of the subsidy

Interest-rate subsidy up to a maximum amount of three points of the interest rate on the loan or lease.

6. Beneficiaries

The beneficiaries are SMEs whose main commercial establishments are in Castile-León.

7. Amount of the subsidy

Not budgeted.

8. Duration of the subsidy

Annual.

9. Statistical data permitting an assessment of the trade effects of the subsidy

The statistical data available do not reflect the trade effects of this subsidy.

**8. Support for technological development projects in SMEs**

1. Title of the subsidy programme

Support for Technological Development Projects in SMEs.

2. Period covered by the notification

Not announced in 1998.

3. Purpose of the subsidy

To provide incentives for carrying out technological development projects with the aim of encouraging the incorporation of technological innovation into enterprises active or about to become active in Castile-León.

The expression "technological development projects" comprises the following types of action:

- Projects which entail a medium technical risk and imply the development and/or improvement of processes and/or products with a view to their marketing;
- projects whose objective is to incorporate and/or creatively adapt new technologies or existing technologies;
- pre-competitive research projects which may imply a high technical risk and whose results may not be directly marketable.

4. Legal basis

Agreement of the Governing Council of the Castile-León Economic Development Agency of 5 March 1997 (BOCYL No. 45 of 6 March 1997).

5. Form of the subsidy

The incentives will consist of a non-repayable subsidy of up to 50 per cent of the costs approved as eligible.

6. Beneficiaries

The beneficiaries will be small and medium-sized enterprises.

7. Amount of the subsidy

Not budgeted.

8. Duration of the subsidy

Annual.

9. Statistical data permitting an assessment of the trade effects of the subsidy

The statistical data available do not reflect the trade effects of this subsidy.

**9. Support for technological support services to SMEs**

1. Title of the subsidy programme

Support for Technological Support Services to SMEs.

2. Period covered by the notification

Not announced in 1998.

3. Purpose of the subsidy

The purpose of this programme is to facilitate the establishment of a process of dialogue and facilities for SMEs in Castile-León for the development of technological activities.

4. Legal basis

Agreement of the Governing Council of the Castile-León Economic Development Agency of 5 March 1997 (BOCYL No. 45 of 6 March 1997).

5. Form of the subsidy

In order to hire outside services for the purpose of preparing applications for aid to national and/or European programmes in support of technological research and development, such as requests for aid to the Centre for Industrial Technological Development (CDTI), the Ministry of Industry and Energy programmes in support of corporate R&D, the Framework R&D Programme of the European Union, the Eureka Programme and others of a similar nature, as well as technological analyses and/or action plans in the area of technological innovation. The incentives will consist of a non-repayable subsidy of up to 70 per cent of the amount invoiced by the enterprise or consultant entity, excluding value added tax (VAT), with the following ceilings:

- For the preparation of aid applications to national programmes supporting technological R&D: up to Ptas 1,500,000 per action;
- for the preparation of aid applications to European programmes supporting technological R&D: up to Ptas 2,500,000 per action;
- for the preparation of technological analyses: up to Ptas 1,500,000 per action;
- for the preparation of action plans in the area of technological innovation: up to Ptas 2,000,000 per action.

In order to encourage non-profit-making institutions, established in Castile-León to undertake technological revitalization services such as: carrying out sectoral technological analyses for the purpose of identifying SMEs in Castile-León with the capacity to develop R&D projects and/or participate in national and/or European programmes in support of corporate R&D; preparing databases of innovatory enterprises; publicity activities aimed at the SMEs of Castile-León with a view to the preparing aid applications to national and/or European programmes in support of R&D, and activities of a similar nature. The incentives will consist of a non-repayable subsidy of up to 100 per cent of the approved costs. The maximum cost per action planned shall not exceed Ptas 16 million. Not more than two actions by a single non-profit-making institution will be subsidized under this scheme.

6. Beneficiaries

The beneficiaries will be small and medium-sized enterprises and non-profit-making institutions.

7. Amount of the subsidy

Not budgeted.

8. Duration of the subsidy

Annual.

9. Statistical data permitting an assessment of the trade effects of the subsidy

The statistical data available do not reflect the trade effects of this subsidy.

**VII. CATALONIA**

**1. Aid to minimizing, recycling and treating industrial waste at origin**

1. Title of the aid programme

Aid to minimizing, recycling and treating industrial waste at origin.

2. Period covered by the notification

1998.

3. Purpose of the subsidy

To support investment in improving the environment and promoting environmental assessment.

4. Legal basis

Order of 9 February 1996 (Official Journal of the Generalitat of Catalonia of 24 April 1996).

5. Form of the subsidy

Non-repayable subsidy.

6. To whom and how the subsidy is provided

Firms established in Catalonia.

7. Amount of the subsidy

Ptas 124,354,487.

8. Duration of the subsidy

1998-1999.

9. Statistical data permitting an assessment of the trade effects of the subsidy

The programme has no trade effects because of its small amount compared with the size of the sector.

**2. Aid to elimination of the pollution load of waste waters**

1. Title of the programme

Aid to elimination of the pollution load of waste waters.

2. Period covered by the notification

1998.

3. Policy objective and/or purpose of the subsidy

To promote the decontamination of discharges of industrial waste waters, and to promote the use of clean technologies.

4. Legal basis

Order of 29 July 1996 (Official Journal of the Generalitat of Catalonia, 7 August 1996).

5. Form of the subsidy

Non-repayable subsidy.

6. Beneficiaries

Firms which are authorized to discharge waste waters.

7. Total amount of the subsidy granted

Ptas 548 million.

8. Duration of the subsidy

1998.

9. Statistical data permitting an assessment of the trade effects of the subsidy

The aid has no trade effects because of its small amount compared with the size of the sector.

**3. Aid to the promotion of clean production processes**

1. Title of the programme

Aid to the promotion of clean production processes.

2. Period covered by the notification

1998.

3. Policy objective and/or purpose of the subsidy

To support environmental protection activities.

4. Legal basis

Order of 23 March 1998 (Official Journal of the Generalitat of Catalonia, 7 April 1998).

5. Form of the subsidy

Non-repayable subsidy.

6. Beneficiaries

Firms carrying out legally authorized activities in Catalonia.

7. Total amount of the subsidy granted

Ptas 10,340,098.

8. Duration of the subsidy

1998-2001.

9. Statistical data permitting an assessment of the trade effects of the subsidy

The aid has no trade effects because of its small amount compared with the size of the sector.

**VIII. EXTREMADURA**

**1. Investment incentives**

1. Title of the subsidy programme

Investment incentives.

2. Period covered by the notification

1998.

3. Policy objective and/or purpose of the subsidy

Increase in the production base of the region, encouraging the growth of specific sectors of production considered to have priority importance for the regional economy.

4. Legal basis

Decree 74/1993 of 8 June 1993, Official Journal of Extremadura (DOE) of 19 June 1993.

Decree 108/1996 of 2 July 1996, DOE of 9 July 1996.

Decree 144/1997 of 2 December 1997, DOE of 9 December 1997.

5. Form of the subsidy

Non-repayable subsidy.



6. Beneficiaries: to whom and how the subsidy is provided

The potential beneficiaries are SMEs that invest in the territory of Extremadura in the priority sectors indicated in the legislation. The region has been classified in Objective I by the European Union, the aid in question being financed with ERDF funds.

For the subsidy to be paid, the enterprise must prove that it has met its tax and social security obligations. It must also provide evidence that the subsidized activity has been carried out.

7. Total amount of the subsidy

The subsidies granted in the period totalled Ptas 6,745.9 million. The subsidies actually paid amounted to Ptas 2,750 million, corresponding to 425 subsidies approved in the financial year covered by the notification and in previous years.

8. Duration of the subsidy

As this scheme is included in the P.O. FEDER EXTREMADURA 1994/1999 programmes, the scheduled duration runs until 31 December 1999.

9. Statistical data permitting an assessment of the trade effects of the subsidy

The scheme has no trade effects because of the size of the enterprises covered, the amounts involved and the number of beneficiaries. During the period, 718 applications were granted for an amount of Ptas 6,745.9 million, an average of Ptas 9,395 million/application. 425 subsidies were paid for an amount of Ptas 2,750 million, an average of Ptas 6.47 million/subsidy.

**2. Subsidized interest on loans or leasing operations for SMEs**

1. Title of the subsidy programme

Subsidized interest on loans or leasing operations for SMEs.

2. Period covered by the notification

1998.

3. Policy objective and/or purpose of the subsidy

To establish preferential financing lines for the promotion and economic and financial support of SMEs.

4. Legal basis

Decree 11/1994 of 8 February 1994, Official Journal of Extremadura (DOE) of 12 February 1994.

Decree 90/1994 of 14 June 1994, DOE of 30 June 1994.

Decree 17/1998 of 3 March 1998, DOE of 12 March 1998.

5. Form of the subsidy

Subsidization of interest on operations duly entered into with financial entities.

6. Beneficiaries: to whom and how the subsidy is provided

The potential beneficiaries are SMEs that invest in the territory of Extremadura in the priority sectors indicated in the legislation. The region has been classified in Objective I by the European Union.

For the subsidy to be paid, the enterprise must prove that it has met its tax and social security obligations. It must also provide evidence that the subsidized activity has been carried out.

7. Total amount of the subsidy

The subsidies actually paid amount to Ptas 1,888.9 million, corresponding to subsidies approved during the financial year covered by this notification and in previous years. The scheme has no trade effects because of the size of the enterprises to which it is directed, the amount involved and the number of beneficiaries. During the period, aid was granted in some 5,205 cases, for Ptas 1,888.9 million, an average of Ptas 0.37 million/application.

8. Duration of the subsidy

No time-limit is prescribed.

9. Statistical data permitting an assessment of the trade effects of the subsidy

**IX. MADRID**

**1. Innovation and employment master plan**

1. Title of the subsidy programme

Innovation and employment master plan.

2. Period covered by the notification

1998.

3. Policy objective and/or purpose of the subsidy

Its objective is to promote industrial research and precompetitive activities, whether individualized or cooperative, with the aim of giving Madrid enterprises a trans-European dimension so as to improve their competitiveness and viability and/or create employment. It is also designed to promote business innovation and, in some cases, activities connected with emergent technology start-ups in the telecommunications, energy-saving and environmental sectors.

4. Legal basis

Order No. 1335/1997 of 13 May 1997, of the Regional Ministry of Economic Affairs and Employment of the Autonomous Community of Madrid (Official Journal of the Autonomous Community of Madrid (BOCM) No. 124 of 27 May 1997), as amended by Order No. 5798/1997 of

26 December 1997, of the Regional Ministry of Economic Affairs and Employment (BOCM No. 6 of 8 January 1998).

Amendment contained in Order No. 1120/1998 of 10 February 1998, of the Regional Ministry of Economic Affairs and Employment (BOCM No. 43 of 20 February 1998), regulating the notification procedure for submission of applications for the financial year 1998.

5. Form of the subsidy

Non-repayable subsidy.

6. Beneficiaries: to whom and how the subsidy is provided

Any type of enterprise can be a beneficiary in the case of industrial research or precompetitive development projects, while for the remaining projects beneficiaries must comply with Community guidelines on State aid to SMEs (Official Journal of the European Communities, No. C213 of 1996).

7. Subsidy per unit or total amount of the subsidy

Ptas 793.2 million.

The ceilings are:

- 50 per cent for industrial research projects (+ 10 per cent in the case of SMEs);
- 25 per cent for precompetitive development projects (+ 10 per cent in the case of SMEs);
- 50 per cent for innovation projects by SMEs;
- 15 per cent for material investment projects in small emergent technology start-ups;
- 7.5 per cent for material investment projects in medium-sized emergent technology start-ups.

8. Duration of the subsidy

The programme is scheduled to continue for four years, up to 31 December 2000.

9. Statistical data permitting an assessment of the trade effects of the subsidy

The programme has no trade effects because of its small scope compared with the size of the business sector in the Autonomous Community of Madrid and the high number of applications received under the programme, which involved 190 enterprises in 1997.

**2. Aid to companies for R&D projects**

1. Title of the subsidy programme

Public notice of "aid to companies in the Autonomous Community of Madrid for the implementation of technological research and development projects".

2. Period covered by the notification

1998.

3. Policy objective and/or purpose of the subsidy

The relevant Order regulates the advertising, competitive process and objectives for the granting of aid to enterprises or groups of enterprises to carry out technological research and innovation projects, with the following aims:

- (a) To promote implementation of business initiative projects;
- (b) to increase collaboration by universities and research centres with SMEs within the Autonomous Community of Madrid;
- (c) in the medium term, to encourage participation by the small and medium-sized enterprises of the region in national and European technological research and development programmes.

The aid is intended to act as an incentive for enterprises to undertake R&D activities, either on their own account or in collaboration with research centres, in accordance with the criteria contained in the Community framework for State aid for research and development (96/C 45/06. Official Journal of the European Communities, No. C 45, of 17 February 1996).

4. Legal basis

Order No. 1685/1998, of 30 July 1998, by the Regional Minister for Education and Culture of the Autonomous Community of Madrid (BOCM No. 185, of 6 August 1998).

5. Form of the subsidy

The aid governed by the above-mentioned Order will take the form of subsidies.

6. Beneficiaries: to whom and how the subsidy is provided

This aid is available to small and medium-sized enterprises or groups of such enterprises, as defined in the Community guidelines on State aid for small and medium-sized enterprises (96/C213/04, Official Journal of the European Communities of 23 July 1996).

SMEs or groups of SMEs receiving aid under the Order are required to:

- 1. Exercise their activity and carry out the subsidized project within the territory of the Autonomous Community of Madrid;
- 2. Have discharged their tax and social security obligations or else have been granted a postponement or moratorium;
- 3. Have their own legal status and sufficient capacity to act and not be disqualified from obtaining public subsidies or entering into contracts with the State, autonomous communities or other public entities;
- 4. Meet any other conditions required by the relevant laws in force.

In accordance with the provisions of Article 47 of the General Budgetary Law of the Autonomous Community of Madrid for 1997, and in view of the particular characteristics of the projects envisaged in the Order, payment of subsidies will be made in advance.

The payment of the aid is conditional upon presentation of a bank guarantee to the General Treasury of the Autonomous Community of Madrid, guaranteeing the amount corresponding to the first year's subsidy granted for the implementation of the project and the interest on overdue payments determined in accordance with the provisions of Article 32 of Law 9/90 of 8 November 1990, regulating the Finance Department of the Autonomous Community of Madrid. The time-limit for presentation of this guarantee and the terms of its issue will be communicated in the notification referred to in the preceding Article, and it must in any event be cleared by the Directorate-General of Research before 15 November 1997.

The second annual payment will be subject to the following conditions:

- (a) Presentation by 15 October 1998 of the grounds for the activities carried out and expenditure incurred in the implementation of the project, together with a favourable assessment from the Administrative Commission responsible for project monitoring;
- (b) the issue of a guarantee to cover the amount corresponding to the second annual payment, together with the interest on arrears.

7. Subsidy per unit or total amount of the subsidy

The amount budgeted for the 1998 annual payment is Ptas 469.77 million.

The aid in question will be financed from the funds earmarked under item 7737 of programme 808 of the expenditure budget of the Regional Ministry of Education and Culture.

The amount of aid granted under this notification will be determined by the existing European Union regulations, although as a general rule, and more specifically in the case of SMEs, it cannot exceed 60 per cent of the total project budget.

The aid will be compatible with other subsidies or aid from government departments or public bodies, provided that it does not exceed the above-mentioned limits.

8. Duration of the subsidy

The maximum duration of the projects receiving aid under this notification will be two years from the date on which the aid is granted.

9. Statistical data permitting an assessment of the trade effects of the subsidy

The aid programme has no effect on trade.

**X. MURCIA**

**1. Aid for the temporary stoppage of fishing by the purse-seine and trawling fleet**

1. Title of the subsidy programme (or brief description of the subsidy)

Aid for the temporary stoppage of fishing by the purse-seine and trawling fleet.

2. Period covered by the notification

1 January to 31 December 1998.

3. Policy objective and/or purpose of the subsidy

Aid for the temporary stoppage of fishing by the purse-seine and trawling fleet.

4. Background and authority for the subsidy

Order of the Regional Ministry of the Environment, Agriculture and Water of 8 April 1998, instituting aid for the temporary stoppage of fishing by the purse-seine and trawling fleet in the region of Murcia.

5. Form of the subsidy (direct subsidy, loan, interest subsidy, etc.)

Direct subsidy.

6. To whom and how the subsidy is provided (producers, exporters, ...; through what mechanism; whether a fixed or fluctuating amount per unit; if the latter, how determined)

Owners of fishing vessels.

Variable percentage amount determined on the basis of vessel tonnage.

7. Amount of the subsidy

The amount of the subsidy depends on the gross registered tonnage (GRT) or gross tonnage (GT) of the vessel.

Total amount granted in 1998: 80,718,000

Total amount budgeted for 1998: 76,843,730

8. Duration of the subsidy

Annual.

9. Statistical data permitting an assessment of the trade effects of the subsidy

As the aid concerned is for the biological halt of fishing vessels, there are no trade effects.

**2. Aid to SME financing**

1. Title of the subsidy programme

Aid to SME financing (No. 264/94).

2. Period covered by the notification

1998.

3. Policy objective and/or purpose of the subsidy

The objective is to promote business investments by SMEs.

4. Legal basis

Official notice of public aid by the Development Institute of the Region of Murcia, published in the Official Journal of the Region of Murcia (BORM) No. 4 of 7 January 1997.

5. Form of the subsidy

Non-repayable subsidy and/or interest rate subsidies on loans.

6. Beneficiaries: to whom and how the subsidy is provided

The potential beneficiaries are enterprises and natural or legal persons not included in sectors subject to Community guidelines and carrying out activities within the Region of Murcia (Objective No. 1 region), since the aid for this programme is intended to promote regional development.

This aid is granted subject to fulfilment by the applicants of their tax and social security obligations, and the beneficiaries are required to provide evidence that the subsidized activity has been carried out.

7. Subsidy per unit or amount of the subsidy

Subsidies amounting to Ptas 2,525 million were paid out under this programme in 1998.

The ceilings are 50 per cent of the equivalent net subsidy, except in the case of Cartagena, where they may reach 60 per cent.

8. Duration of the subsidy

The programme covers the period 1994-1999, and is scheduled to continue until 31 December 1999.

9. Statistical data permitting an assessment of the trade effects of the subsidy

The programme has no trade effects on account of the small amount involved in comparison with the large number of beneficiaries, since the programme covers 963 enterprises.

**XI. NAVARRE**

**1. Aid to anti-pollution investment**

1. Title of the subsidy programme

Aid to Anti-Pollution Investment.

2. Period covered by the notification

1998.

3. Policy objective and/or purpose of the subsidy

To prevent, rectify and control the environmental impact of industrial activity and of livestock farming.

4. Legal basis

Autonomous Decree 168/97 of 23 June (Official Journal of Navarre (BON) of 16 July 1997).

Autonomous Decree 184/97 of 4 July (BON of 28 July 1997)

5. Form of the subsidy

Non-repayable subsidy.

6. Beneficiaries: to whom and how the subsidy is provided

Enterprises, associations, natural persons or institutions that carry out projects or investments eligible for subsidization. Payment is made following production of proof of the expenditure incurred, of the proper operation of the installations and various other formal requirements.

7. Subsidy per unit or amount of the subsidy

Amount granted: Ptas 185.291 million among 49 beneficiaries.

Average amount: Ptas 3.94 million per beneficiary.

8. Duration of the subsidy

There is not prescribed time-limit.

9. Statistical data permitting an assessment of the trade effects of the subsidy, including statistics of production, consumption, imports and exports of the subsidized products or sectors

The programme has no effect on trade on account of its small scope compared with the size of the sector.

**2. Aid to technological research and development**

1. Title of the subsidy programme

Aid to Technological Research and Development.

2. Period covered by the notification

1998.

3. Policy objective and/or purpose of the subsidy

To improve the competitiveness of enterprises by incorporating technology in their products and processes.



4. Legal basis

Autonomous Decree 2/1982 of 16 September.

5. Form of the subsidy

Interest-free loans to be repaid in seven years with a two-year grace period, not exceeding 50 per cent of the research and development costs.

6. Beneficiaries: to whom and how the subsidy is provided

Industrial enterprises based in Navarre.

7. Subsidy per unit or amount of the subsidy

In 1998, Ptas 916.5 million was paid out for 49 projects.

The average amount, therefore, was Ptas 18.7 million per project.

8. Duration of the subsidy

Indefinite.

9. Statistical data permitting an assessment of the trade effects of the subsidy

Such data are not as yet available, since the monitoring of the projects is currently at the technical stage.

**3. Reorganization and revival of enterprises in crisis**

1. Title of the subsidy programme

Reorganization and Revival of Enterprises in Crisis.

2. Period covered by the notification

1998.

3. Policy objective and/or purpose of the subsidy

Support for enterprises that are facing a crisis situation and are attempting to implement plans for reorganization and revival that have previously been reviewed and evaluated.

4. Legal basis

Autonomous Law 1/1985 of 4 March 1985.

5. Form of the subsidy

- Subsidies for reorganization and restructuring;
- advances repayable without interest;
- subsidized interest rates for loans;

- loan guarantees.

6. Beneficiaries: to whom and how the subsidy is provided

Enterprises based in Navarre.

7. Subsidy per unit or amount of the subsidy

(figures for 1998 in thousands of pesetas):

Item (No.)	No. of beneficiaries	Annual amount	Average amount
Non-repayable subsidies	1	6,184	6,184
Advances repayable without interest	2	65,000	32,500
Interest rate subsidies	20	65,077	3,253.85
Loan guarantees	4	148,000	148,000
Total	24	284,261	

8. Duration of the subsidy

There is no time-limit.

9. Statistical data permitting an assessment of the trade effects of the subsidy

Number of new enterprises benefiting from this aid in 1998: 11 enterprises.

**4. Investment and employment aid. Interest rate subsidies for loan operations**

1. Title of the subsidy programme

Investment and Employment Aid. Interest Rate Subsidies for Loan Operations.

2. Period covered by the notification

1998.

3. Policy objective and/or purpose of the subsidy

To promote the creation of new industries and the modernization of existing ones.

4. Legal basis

Regulation of 23 June 1982 on short-term measures on industrial policy and the promotion of investment and employment.

Autonomous Decree of 24 January 1986 regulating interest rate subsidies for loan operations.

5. Form of the subsidy

- Subsidy not exceeding 20 per cent of the investment;

- subsidy of Ptas 500,000 for each permanent job created that involves an increase in the workforce and Ptas 300,000 for each fixed-term contract, provided that there is no decrease in the workforce.

6. Beneficiaries: to whom and how the subsidy is provided

Manufacturing industry. Activities included in divisions C and D of the National Classification of Economic Activities (CNAE 93). Interest-rate subsidies for industrial SMEs with fewer than 250 employees and less than Ptas 500 million in own resources.

7. Subsidy per unit or amount of the subsidy

Subsidies granted (millions of pesetas):

-	For investment	5,113.3	No. of beneficiaries:	188
			Jobs generated:	656
-	For employment	407.1	No. of beneficiaries:	66
			Jobs created:	263
-	Interest rate subsidies	92.3		

8. Duration of the subsidy

Our regulations are in accordance with EU guidelines.

9. Statistical data permitting an assessment of the trade effects of the subsidy

These are general subsidies for the benefit of manufacturing industry, and cover activities included in divisions C and D of CNAE 93.

## **XII. BASQUE COUNTRY**

### **1. Access to ownership of fishing boats**

1. Title of the subsidy programme

Access to Ownership of Fishing Boats.

2. Period covered by the notification

1998.

3. Purpose of the subsidy

Aid for the purchase of fishing boats in service.

4. Legal basis

Decree 228/1996 of the Government of the Basque Country of 24 September (Official Journal of the Basque Country (BOPV), 2 October 1996).

5. Form of the subsidy

Non-repayable subsidy.

6. Beneficiaries

Natural persons officially registered in the Historic Territories of the Autonomous Community of the Basque Country.

Legal persons that have their domicile and the management and address of their business in Euskadi and over 50 per cent of their turnover in the Autonomous Community of the Basque Country.

7. Annual amount budgeted

Ptas 282.7 million. Average subsidy in 1997: Ptas 8.6 million.

8. Duration of the subsidy

Maximum period of implementation: three years.

9. Statistical data

Fish landed in the Autonomous Community of the Basque Country by the inshore fishing sector	1994	1995	1996
Volume landed in kg.	52,260,933	59,259,572	63,695,456
Value of the catches in thousands of Ptas	13,697,886	12,910,176	13,201,624

**2. Programme of financial aid to investment**

1. Title of the subsidy programme

Extension of the programme of Financial Aid to Investment (AFI 98).

2. Period covered by the notification

1998.

3. Purpose of the subsidy

The purpose of the programme is to aid investment by SMEs by giving them access to financing sources on acceptable terms in comparison with competitors in the Community and by facilitating long-term financing at moderate rates of interest.

4. Legal basis

- Decree 95/1994 of 22 February regulating the programme of financial aid to investment in the industrial sector.
- Order of 23 February 1994 of the Regional Minister for Industry and Energy implementing Decree 95/1994 of 22 February regulating the programme of financial aid to investment in the industrial sector.

- Order of 30 March 1995 of the Regional Minister of Industry, Agriculture and Fisheries amending the Order implementing Decree 95/1994 of 22 February regulating the programme of financial aid to investment in the industrial sector.
- Decree 161/97 (BOPV No. 133 of 14 July 1997) amending the Decree regulating the programme of financial aid to investment in the industrial sector.
- Decree 18/98 of 10 February (BOPV No. 34 of 19 February 1998), second amendment of the Decree regulating the programme of financial aid to investment in the industrial sector.

5. Form of the subsidy

Interest-rate subsidy for loans under the agreement signed with the financial entities.

6. To whom and how the subsidy is provided

The subsidy is available to the following:

- Industrial SMEs, and SMEs providing technical services to industrial enterprises.

The beneficiary must show that its investment project meets the following requirements:

- The project must be technically, economically and financially viable;
- 30 per cent of the investment must be self-financed by the enterprise;
- there is a minimum admissible amount of investment of Ptas 10 million;
- The investment is made by enterprises which employ at least three workers for a minimum of three years as a result of increasing investment.

In order to benefit from this subsidy, the beneficiary must show that it has paid its tax and social security contributions.

It must also provide evidence that the investment in the project has been made and that the financial operation has been carried out according to the terms laid down in the agreement signed with the financial entities.

7. Amount of the subsidy

Subsidy allocated: Ptas 1,066 million.

Subsidy paid: Ptas 475 million.

8. Duration of the subsidy

This aid programme remains in effect as long as there are sufficient funds for the subsidies.

9. Statistical data permitting an assessment of the trade effects of the subsidy

The accounts are currently being closed and a CNAE table will be sent subsequently, showing that the subsidy affects all industrial sectors and technical services to industrial enterprises.

**3. Programme of support to research activities (Intek Programme)**

1. Title of the subsidy programme

Programme of Support to Research, Development and Technological Innovation Activities in the Autonomous Community of the Basque Country.

2. Period covered by the notification

1997-2000.

3. Policy objective and/or purpose of the subsidy

The objective is horizontal with a view to encouraging R&D activities and innovation applicable to industrial sectors and industry-related services.

4. Legal basis

Decree 185/1997 of 29 July, which establishes measures to support research, development and technological innovation activities in the Autonomous Community of the Basque Country, amended by Decree 17/1998 of 10 February 1998.

5. Form of the subsidy

The aid under this programme is in the form of non-repayable subsidies.

6. Beneficiaries

The subsidies are intended for industrial enterprises and enterprises providing industry-related services. Foundations and inter-enterprise groups set up to carry out the activities eligible for subsidies also qualify.

The subsidy is paid in two instalments: 50 per cent paid immediately upon notification of approval and the remaining 50 per cent once the activity has been completed and evidence for the completion produced.

7. Total amount

Ptas 2,824 million for the 1998 financial year.

8. Duration of the subsidy and/or any other time-limits attached to it

The subsidies are paid on a yearly basis and therefore the activities eligible for subsidies are financed during each calendar year.

9. Statistical data permitting an assessment of the trade effects of the subsidy

As this programme mainly concerns the industrial sector and industry-related services, no data on its effects on trade are available.

**4. Ekimen Programme**

1. Title of the subsidy programme

Ekimen Programme of Economic Aid to Investment in Industrial Production that Creates Jobs.

2. Period covered by the notification

1998.

3. Purpose of the subsidy

The purpose of the Ekimen Programme is to promote and encourage industrial investment projects to be carried out in the Autonomous Community of the Basque Country that lead to the creation of a large number of jobs.

4. Legal basis

Decree 289/1996 of 17 December regulating the Ekimen Programme of economic aid to investment in production that creates jobs.

5. Form of the subsidy

Non-repayable subsidy and interest-rate subsidy for financial operations.

6. To whom and how the subsidy is provided

This aid is available to industrial mining and/or processing companies or companies providing technical services to the former, whose investment projects receiving aid are situated in the territory of the Autonomous Community of the Basque Country.

Entities that belong to the institutional administration of the Autonomous Community, including public companies and subsidiary technological research bodies, are not eligible as beneficiaries.

The subsidy is paid after the company concerned has fulfilled the requirements laid down in the programme, including the investment and job creation, and in the relevant decision on granting the subsidy.

Projects eligible to receive economic aid are those which have met the following requirements over a maximum period of three years:

- (a) The projects have led to the creation of at least 30 jobs and a minimum eligible investment of Ptas 360 million;
- (b) the companies' own resources, excluding subsidies, must represent at least 30 per cent of the total net assets. This requirement must be met and proof provided at the end of the second financial year following the commencement of the investment project and in the financial year in which the project is definitively terminated;
- (c) the investment and the job creation must be made by a single legal entity and, for companies that have various production sites, at a single production site, unless it can satisfactorily be proved that it is a single investment project;

- (d) in any event, the projects eligible for aid must prove their technical, economic and financial viability.

The beneficiary must also show that it has paid its tax and social security contributions.

7. Amount of the subsidy

Subsidy allocated: Ptas 10,614 million.

Subsidy paid: Ptas 1,529 million.

8. Duration of the subsidy

For the purposes of submitting applications during the period 1996-1998, the extension of this aid programme for the 1999 financial year has been authorized.

As the projects must be implemented within a maximum period of three years from the date of approval of the aid, the total investment and the payment of the relevant subsidies may be extended until the financial year 2001.

9. Statistical data permitting an assessment of the trade effects of the subsidy

The programme concerns the promotion of projects to develop processing industries and/or their related technical services which lead to large-scale job creation and will thus be a substantial incentive for Basque industrial activities and, consequently, for economic activity in general in the Autonomous Community of the Basque Country.

### **XIII. RIOJA**

**1. Promotion of investment and modernization by SMEs in areas in industrial decline**

1. Title of the subsidy programme

Promotion of Investment and Modernization by SMEs in Areas in Industrial Decline.

2. Period covered by the notification

1998.

3. Purpose of the subsidy

To promote the development of areas in industrial decline, as determined in the Community Regional Policy.

4. Legal basis

Regulatory Order: Aid to the industrial, trade and services sectors in areas in industrial decline. Order of 6 May 1994 as amended by the Order of 20 May 1996.

5. Form of the subsidy

Subsidy for investment.



6. Beneficiaries

The subsidy is provided for specific business investment projects.

7. Amount of the subsidy

The total annual amount is Ptas 248.8 million.

8. Duration of the subsidy

The Order regulating the aid is for an indefinite period, but always applies in the context of the La Rioja Operational Programme for Objective No. 2 (1997-1999).

9. Statistical data permitting an assessment of the trade effects of the subsidy

Number of projects: 208.

Investment generated: Ptas 5,579,686.

Jobs: 97.

**2. Promotion of investment and modernization by SMEs in rural areas**

1. Title of the subsidy programme

Promotion of Investment and Modernization by SMEs in Rural Areas.

2. Period covered by the notification

1998.

3. Purpose of the subsidy

To promote the development of rural areas in La Rioja, as determined in the Community Regional Policy.

4. Legal basis

Regulatory Order: Aid to the industrial, trade and services sectors in rural areas. Date of publication in the Official Journal of La Rioja: 14 May 1994.

5. Form of the subsidy

Subsidy for investment.

6. Beneficiaries

The subsidy is provided for specific business investment projects.

7. Amount of the subsidy

The total annual amount is Ptas 302.5 million.

8. Duration of the subsidy

The Order regulating the aid is for an indefinite period, but always applies in the context of the La Rioja Operational Programme for Objective No. 5(b) (1994-1999).

9. Statistical data permitting an assessment of the trade effects of the subsidy

Number of projects: 214.  
Investment generated: Ptas 8,110 million.  
Jobs: 384.

**XIV. VALENCIA**

**1. Aid for the temporary stoppage of activity by the fishing fleet**

1. Title of the subsidy programme

Aid for the temporary stoppage of activity by the fishing fleet.

2. Period covered by the notification

1998.

3. Policy objective and/or purpose of the subsidy

Fisheries resources policy for the purpose of allowing the resources to recover through biological halts.

4. Background and authority for the subsidy

Order of the Regional Ministry of Agriculture, Fisheries and Food of 2 February 1995 (Official Journal of Valencia (DOGV) No. 2431 of 19 January 1995) establishing aid for the temporary stoppage of activity by the fishing fleet.

5. Form of the subsidy

Direct subsidized premium.

6. To whom and how the subsidy is provided

The subsidy is paid to owners in the form of a fixed premium according to the capacity of the vessel.

7. Subsidy per unit

Average amount per beneficiary: Ptas 1,433,893  
Total amount 1998: Ptas 331, 229,171  
Number of beneficiaries: 231

8. Duration of the subsidy (inception/commencement)

The scheme is of indefinite duration and was initiated in the 1995 financial year.

9. Statistical data permitting an assessment of the trade effects of the subsidy

There are no trade effects as the aid is not intended to increase production but to reduce catches; it is aimed at the fisheries sector in the Autonomous Community of Valencia.

The figures for fishing in the Autonomous Community of Valencia have decreased as follows:

1996: Ptas 17,500,000

1997: Ptas 16,800,000

1998: Ptas 16,000,000

**2. Aid to associations and federations of fishermen**

1. Title of the subsidy programme

Aid to associations and federations of fishermen.

2. Period covered by the notification

1998.

3. Policy objective and/or purpose of the subsidy

Operation of the control scheme applicable to the common fisheries policy.

4. Background and authority for the subsidy

Order of 29 March 1996 of the Regional Ministry of Agriculture and the Environment (DOGV No. 2726 of 11 April 1996).

5. Form of the subsidy

Direct subsidy.

6. To whom and how the subsidy is provided

It is paid as a percentage of investment or costs.

7. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted

Average subsidy: Ptas 808,629

Total amount 1998: Ptas 18, 598,458

Number of beneficiaries: 23

8. Duration of the subsidy (inception/commencement)

Indefinite, initiated in the 1996 financial year.

9. Statistical data permitting an assessment of the trade effects of the subsidy

This aid is aimed at the fisheries sector.

The figures for fishing in the Autonomous Community of Valencia have decreased as follows:

1996: Ptas 17,500,000  
1997: Ptas 16,800,000  
1998: Ptas 16,000,000

**3. Aid to Ford España S.A.**

1. Title of the subsidy programme

Aid to Ford España S.A. (ZETAC-SE motor), projects 11 to 13.

2. Period covered by the notification

1998.

3. Policy objective and/or purpose of the subsidy

Projects 11 and 11 *bis*: energy savings and environmental protection;

Project 12: research and development, innovation and regional development;

Project 13: training of staff and maintaining jobs, regional development (improving the professional level of workers in the region).

4. Background and authority for the subsidy

Projects 11 and 11 *bis*: Law 82/1980 of 30 December on energy savings and development orders.

Projects 12 and 13: Public Finance Law of the Autonomous Community of Valencia (Legislative Decree of the Valencian Government of 26 June 1991).

5. Form of the subsidy

Non-repayable subsidy.

6. Beneficiaries

The beneficiary is Ford España S.A.

The subsidy is paid after evidence has been provided that the investment has been made and/or the activities eligible for the subsidy have been carried out, in accordance with the funds available.

7. Total amount or annual amount budgeted

This is an ad hoc subsidy, so there is no subsidy per unit.

For 1998, due to budgetary problems, no subsidies were paid under this scheme for any of the projects.

Project 11 "Improvements in energy efficiency through energy savings in factories and plants and the construction of a new co-generating station".

Project 11 bis "Improvements in energy efficiency through energy savings in buildings and machinery".

Project 12 "Innovative investments for the installation of a new engine-manufacturing plant".

Project 13 "Project to develop ongoing vocational training activities for FORD workers".

8. Duration of the subsidy (inception/commencement)

1996-2003.

9. Statistical data permitting an assessment of the trade effects of the subsidy

As no subsidy was paid during 1998, there is no effect on international trade.

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