

DECISION OF THE COMPETITION COUNCIL
No.101 from 30.05.2005

**CONCERNING THE STATE AID TO BE GRANTED TO S.C. SEMA
PARC S.A. BUCHAREST, NOTIFIED BY THE MINISTRY OF
ADMINISTRATION AND DOMESTIC AFFAIRS**

THE COMPETITION COUNCIL,

Having regard to the provisions of the Decree no. 57/2004 on the appointment of the members of the Competition Council;

Having regard to the provisions of the Competition Law no. 21/1996, published in the Romanian Official Gazette no. 88, Part I, of 30,04,1996, with the subsequent amendments and completions;

Having regard to the provisions of the Law no. 143/1999 on State aid, published in the Romanian Official Gazette no. 370, Part I, of 03,08,1999, with the subsequent amendments and completions;

Having regard to the provisions of the European Agreement establishing an association between the European Communities and their Member States, on the one part, and Romania, on the other part, ratified by Law no. 20/1993, published in the Romanian Official Gazette, Part I, no. 73 of 12,04,1993;

Having regard to the provisions of the Regulation on regional state aid, enforced by the Order of the Competition Council's President no. 55/2004, published in the Romanian Official Gazette, Part I, no. 340 of 19,04,2004, amended and completed by the Order of the Competition Council's President no. 221/2004, published in the Romanian Official Gazette, Part I, no. 847 of September the 16th, 2004,

On the following grounds:

1. DESCRIPTION OF THE LEGAL FRAMEWORK

1.1. LEGAL BASIS FOR THE GRANT OF THE STATE AID

(1) The State aid is granted to S.C. SEMA PARC S.A. Bucharest as part of the state aid scheme provided for by the Development Program “Industrial Parks”, based on the provisions of point 4.2. in the Procedures for Implementing the program, annex to the Order of the minister of development and prognosis no. 270/ 2002.

1.2. THE NOTIFICATION PROCEDURE

(2) By note no. 61/RMP of 02.03.2005, registered at the Competition Council by no. RS-AS 5/04.03.2005, the Ministry of Administration and Domestic Affairs notified, on the basis of Article 6 and Article 14 (1) f) of the Law no. 143/1999 on State aid, with subsequent modifications and completions, herein from referred to as “law”, the specific state aid allocation for S.C. SEMA PARC S.A. Bucharest.

(3) The notification became effective on the date when all information was precise and complete, namely on 15.04.2005.

2. THE BENEFICIARY OF THE STATE AID MEASURES

(4) The Industrial Park Euroland Semanatoarea Bucharest, stated its activity in the spring of 2003, by the concession, by the undertaking – the park’s administrator- Sema Parc SA from SC Semanatoarea SA, of lands and areas for buildings. Those assets are located within the industrial platform “Semanatoarea”, situated on Splaiul Independentei. The access in the industrial park’s area is made from the Splaiul Independentei, which is a main street with two ways, making possible the access of the high and medium tonnage auto vehicles. The roads and interior parking have a total area of 4,500 sqm.

(5) The Industrial Park Euroland Semanatoarea Bucharest lies in the Bucharest County, the 6th sector, the development region Muntenia. The area is located in allows an immediate access to several European and national roads, the entrance on the Bucharest – Pitesti auto-roads being at a 4 km distance. The park’s premise is crossed by a railway in relation to the West industrial area of Bucharest, with access to the national railway network. The park is at 10 km from the International Airport Baneasa, 20 km from the International Airport “Henry Coanda” and 60 km from the River-port Giurgiu. Therefore the park’s location allows a very easy access to all types of transport and communication ways.

(6) In the case assessed, the beneficiary of the financial measures granted by the state is S.C. SEMA PARC S.A. Bucharest as the management company of the Industrial Park Euroland Semanatoarea, which is framed in the *A component* of the Development Program “Industrial Parks”, named from now on the *program*.

(7) S.C. SEMA PARC S.A. Bucharest is registered in the Trade Register by no. J-40/5123/19.06.2002, unique identification number 14703086. The share capital is in amount of ROL 350,000,000, owed 92.929% by S.C. MYO-O S.A. and 7% by S.C. Semanatoarea S.A, as legal persons, and 0.061% by natural persons.

(8) The land corresponding to the industrial park has an area of 16.5 ha, is free of any obligations, and belongs to SC Semanatoarea SA. The investments made for the establishment of the Industrial Park Euroland Semanatoarea Bucharest shall be maintained for the whole lifetime of the park, fulfilling this way the investment's maintenance condition for a minimum 5 year period, as provisioned by art.11 in the Regulation

(9) SC SEMA PARC SA was established in 2002 and cumulatively fulfils the conditions provisioned by art.2 in the *Regulation on the state aid for SMEs, with the subsequent amendments and completions*, to be considered SME.

The main shareholder of SC SEMA PARC SA is SC MYO-O SA who owns 92.929% from the company's equity, being followed by SC Semanatoarea SA with 7% from the shares.

On the other hand, SC MYO-O SA is 100% owned by natural persons, and SC Semanatoarea SA is owned in a proportion of 92% by MYO-O, of 3% by an investment fund and of 5 % by natural persons.

Therefore, we can say that SC SEMA PARC SA is directly linked by SC MYO-O SA, and in order to assess if SC Sema Parc SA is an SME, we calculated the data referring to the number of employees, the turnover and the financial result, by adding to it the data of the undertaking directly linked to it in a proportion of 100%, according to art.2 align.(10) in the *Regulation on the state aid for SMEs, with the subsequent amendments and completions*.

Table no. 1. *The assessment of the SME statute of SC Sema Parc SA*

Euro ¹			
Undertaking	Employee number*	Turnover *	Financial result*
SC Sema Parc SA	88	2,320	264
SC MYO-O SA.	37	4,234,719	464,088
Total	125	4,237,039	464,352

* these data are coresponsive to the yeari 2004

Source: The notification form

As it ca be seen, the sum between the data of SC Sema Parc SA and of the undertaking directly linked to it meet the ceilings stipulated by art 2 align.(1) point.2 in the *Regulation on the state aid for SMEs, with the subsequent amendments and completions*, so it can be considered SME.

¹ Calculul Cifrei de afaceri si a rezultatului financiar al companiilor s-a efectuat la cursul BNR din 13.04.2005 de 1 Euro= 36.251 ROL

(10) The main field of activity of S.C. SEMA PARC S.A. Bucharest is “the administration of buildings based on tariffs or contracts” (CAEN code 7032).

(11) The basic activity carried out by SC SEMA PARC SA is the rental of real estates based on contracts or tariffs, including the activities related to this activity: utilities’ supplying (gas, electricity, water, sewerage, phone, internet) security services and PSI, parking services.

The beneficiary also performs other activities, specific for the management of an industrial park:

- accomplishing/ modernizing the infrastructure of the Industrial Park Euroland Semanatoarea;
- insuring the utilities and services necessary for the activities performed by different undertakings located within the managed park;
- managing the spaces and buildings in the industrial park;
- attracting investors for developing profitable activities and services.

(12) As far as the competitors of the company are concerned, the Ministry of Administration and Domestic Affairs mentions that, in the Muntenia Development Region, which includes Bucharest County and the surroundings, the main competitor, is the Industrial Park Metav.

3. THE STATE AID CHARACTER OF THE FINANCIAL SUPPORT MEASURES TO BE GRANTED TO THE COMPANY

(13) The financial support measures to be granted to SC SEMA PARC SA Bucuresti may give the company an advantage over its competitors and could thus distort competition. The financial measures would therefore constitute State aid within the meaning of Article 2 of Law no. 143/1999 on State aid, modified and completed by Law no. 603/2003 and the Competition Council would have to analyze their compatibility with a normal competitive environment.

(14) The facilities SC SEMA PARC SA Bucuresti may benefit of consist in the financing, by the Ministry of Administration and Internal Affairs of at most 30 % from the total eligible costs related to the project – the second stage. The state aid is granted in tranches representing the payments made by the supplier, based on the payment request issued by the beneficiary. The payment request must be sent together with the used documents to clearly prove the payment of each working made by the beneficiary.

(15) In the assessment of the measures of financial support, the Competition Council found out that there is no doubt that these are financed by state resources, they have a selective character and confer an advantage to S.C.INDUSTRIAL PARC S.R.L.Bucharest. Also, there is no doubt that the taken financial measures shall affect the trade with the EU member states.

(16) In conclusion, the measures of financial support are considered state aids and fall within the scope of Law no. 143/1999 on State aid, modified and completed by Law no. 603/2003.

(17) The purpose of setting up the industrial park from Bucharest is to incentive the economic regional and local development, by attracting companies able to carry out production activities generating goods with a high level of added value. The state aid is granted in connection with the initial investment in the view to overcome some regional disadvantages for ensuring the development of the Bucharest - Ilfov area.

(18) In conclusion, the state aid must be assessed according to the criteria to grant state aid provided under the Regulation on regional state aid.

(19) The state aid subject of the present decision is to be granted for the modernization of the infrastructure within the *Industrial Park Euroland Semanatoarea Bucharest*, namely for accomplishing the investments enclosed in the second stage of the regional development program proposed by SC SEMA PARC SA.

(20) Based on the provisions at point. 4.2. in the Procedures of implementing the Program, annex to the Order of the minister of development and prognosis no. 270/2002, the state aid can be granted as *co-financing* of the goods and services necessary to accomplish the infrastructure workings consisting in new investments/modernizing/developments/ major repairing/ urbanism for the following:

- electricity supply;
- telecommunication networks;
- gas supply network;
- water supply;
- installations for heating, ventilation, acclimatizing;
- sewerage, including rain;
- treating the waist waters and other waists;
- roads for link to the national road;
- interior roads, parking, access ramps and different improvements with industrial character;
- public lighting;
- buildings within the industrial park.

(21) The infrastructure workings for which the beneficiary requests financing in the second stage of the regional development program proposed by SC SEMA PARC SA, named „Modernizing, optimizing and extension workings, for certain networks, improvements and buildings in the industrial park Sema Parc” are the following:

- moving the electricity supplying station and modernizing electrical networks;
- modernizing internal roads and parking;
- re-edify and modernizing the network for water supply;
- optimizing the tacks and modernizing the natural gas network;
- building offices’ building;

- finalizing the bay.

(22) The state aid to be granted as a grant, designated to finance the investments enclosed in the second stage of the company's development project, amounts ROL 19,999,955,000.

3.1. Methods of payment for the grant

(23) According to the budget proposed by the beneficiary, in 2005 the value of the non-reimbursable financing shall be of 20% from the total eligible costs of the project, representing ROL 4 billion. During 2006 shall be paid the rest of ROL 16 billion, representing 80%.

(24) The beneficiary signs a contract with the one performing the workings co-financed in the second stage of the program, performer chooses after a bidding procedure organized according to the legislation on public acquisition.

After the beneficiary (the administrator company) paid the amount representing the value of its workings or a part of the working, it submits to the Ministry of Administration and Internal Affairs a payment request, together with the prove of the paid amounts.

(25) The beneficiary shall prove the paid sums, for which it requests the clearing, with the following documents:

- Notarized copies for the paid invoice subject of the clearing;
- The accountable statements and payment order signed by the bank;
- Copy after the Import Custom Statement (if the case);
- Copy after the External Exchange currency Payment Statement (if the case);
- The service performance or acquisition's contract;
- The costs for the building or installation workings;
- Declaration of the administrator company's representative stating that the data from the working's documents (quantities, prices) are according to the financial offer annexed to the execution contracts.

(26) When the beneficiary acquires goods or services from the external market, the Ministry of Administration and Internal Affairs shall clear, within the limits and the percents stipulated by contract, the value in ROL of the amounts in Euro paid by the beneficiary, at the exchange rate the transaction was made, according to the bank documents presented by the beneficiary.

After assessing the submitted payment documents, if the costs provisioned to be cleared are eligible and fulfill the conditions of being real, frequency and lawfulness, the payment shall be done through virement (giro), in the account from the Treasury opened by the beneficiary.

4. STATE AIDS PREVIOUSLY GRANTED TO SC SEMA PARC SA Bucuresti

(27) By the Decision of the Competition Council no. 12 of 9.01.2004, was authorized the specific state aid allocation for SC SEMA PARC SA Bucuresti, granted in relation with the initial investment, consisting in investments enclosed in the first stage of the development program proposed by the company in order to overcome some regional disadvantages and therefore to insure the development of the area Bucuresti-Ilfov. For the first stage of the development program proposed by the company, the value of the state aid granted is of ROL 7,112,700,000, with an intensity of 5.7%. The state aid actually received in 2004 by Sema Parc was of ROL 1,945,969,000 (respectively the deduction from the taxable profit of a 20% quota from the value of the investments made in the industrial park). The beneficiary met all the granting conditions for the authorized state aid.

5. ASSESSMENT OF STATE AID MEASURES TO BE GRANTED TO S.C. SEMA PARC S.A. Bucharest

5.1. PREFACE

(28) In view of the modernization of the local and regional industrial structure, the setting up of the Industrial Park Euroland Semanatoarea aims at generating an adequate climate for the functioning of SMEs capable of operating at maximum yield the material, power and labor resources, attracting firms capable to carry out efficient activities, generating profit.

(29) The investments made by Sema Parc in the industrial park in 2004, as part of the 1st stage in the investment program presented by the company amounted ROL 38,919,386,000, and were the following:

- consolidating and re-configuration of the office building and the corresponding auto platform (approx. ROL 27 billions);
- two bays finalized constructions and installment (approx. ROL 9.6 billions);
- annex to the bay transformed in offices (approx. ROL 2.3 billions).

(30) The necessity to achieve such an economic development entity in the city of Bucharest is undisputable, its effect being the creation of attractive conditions for developing economic activities, under efficiency conditions, their development which would have as result, mainly, the hiring of highly qualified personnel, creation of new jobs, increase of the investments' volume and stimulating the partnerships between the private, university, research sector and that of the public administration.

(31) Under these circumstances, it is necessary to develop the interior infrastructure to insure the needs of the undertakings performing different activities, a new development plan being necessary for adapting to the market's demands.

(32) The state aid notified now is intended to be granted for the second development stage of the infrastructure in the Industrial Park Euroland Semanatoarea, being notified before the start of the workings at the second stage. The investments proposed for the

second stage cover modernizing workings for certain utilities and interior roads as well as the accomplishment of a new office building. These are part from the investment plan of Sema Parc, which insures the coherence of the investing effort. Therefore, the investments made in 2004 within the Ist stage of the investment plan shall have as follow-up the actions envisaged in the draft proposed for co-financing by the Ministry of Administration and Internal Affairs within the grant program, consisting in the second stage. In 2004 were finished a number of superstructure objectives (buildings), and in the present project will be done modernizations to the infrastructure so it would bear with the development known by the industrial park, as well as a new offices building designated to fulfill the many requests expressed by several firms which consider Sema Parc to be the appropriate location for their businesses.

(33) The Industrial Park Euroland Semanatoarea shall generate an environment of innovation and research in the development region Muntenia, due to the cooperation between the research personnel, the undertakings and the public local administration.

5.2. EVALUATION OF THE AID ACCORDING TO THE REGULATION ON REGIONAL AID

(34) According to Article 14 paragraph 1 (f) of Law no. 143/1999 with the subsequent modifications and completions, the Competition Council can authorize measures that are State aids according to the Regulation on aid for regional development. For the purpose of this Regulation, aid can be granted for initial investment (Chapter II) or the creation of jobs (Chapter III). In exceptional this also applies to operating aid (Chapter IV).

5.2.1. AID FOR INITIAL INVESTMENT

(35) The Aid in question can be qualified as aid for initial investment in the sense of Chapter II of the Regulation.

(36) According to Art. 5 of the Regulation on Regional Aid, initial investment means an investment in fixed capital relating to the setting-up of a new establishment, the extension of an existing establishment, or the starting-up of an activity involving a fundamental change in the product or production process of an existing establishment through rationalization, diversification or modernization.

(37) In the assessed case, the state aid to be granted refers to the extension of an existing unit, who's development elaborated at the establishment of the park was submitted to the Competition Council when was notified the first state aid designated for financing the first stage of the company's development project. Therefore, the state aid notified now is designated for financing the second stage of investments, necessary for the development of the infrastructure workings within the Industrial Park Euroland Semanatoarea, development imposed by the effort to fulfill the needs of the undertakings, outnumbering the initial forecasts of the park's administrator.

(38) According to the feasibility study attached to the notification form, the period for implementing the second stage of the project is of 12 months. The execution phase is planned for approx. 10 months from the end of the contract and consists in modernizing the utility networks, interior roads and a office building. The accomplishment of these workings is necessary due to the increase in the demand of such services and the impossibility of the park's administration to fulfill the needs of the industrial park's clients.

(39) The proposed investment plan details the forecast schedule of the workings to be made in the second stage of the investment project, as it can be seen above:

- finalizing the detail projects: August the 1st, 2005;
- obtaining the building authorizations: August the 15th, 2005;
- choosing the builder by a bidding procedure (public acquisitions): June the 1st, 2005;
- starting the building works: September the 1st, 2005;
- finalizing the building workings: December the 31st, 2006.

(40) Planning the manner of using, for each trimester, the budget of the project, is estimated by SC SEMA PARC SA as percent from its total value, namely:

- in trim IV 2005 = 20% from the total;
- in trim I 2006 = 10 % from the total;
- in trim II 2006 = 20% from the total;
- in trim III 2006 = 30% from the total;
- in trim. IV 2006 = 20% from the total.

(41) By finalizing the sub-projects forming the project for which the state aid is requested, 200 new jobs will be created. As a result of the other modernizations included in the project, related to the roads, utilities and parking shall increase the quality of the basic services in the industrial park and the degree of occupation of the areas remained unoccupied. These investments imply the creation of 300 new jobs.

(42) The general situation of the project's costs, estimated by the ante-calculation method, amounts Euro 2,618,788 splitted as follows:

Table no.2: *The situation of the costs– antecalculation*

No. crt	Name of the resource	U /M	Quantity	Price/Unit without VAT (Euro)	Value without VAT (Euro)
A.	ELIGIBLE COSTS				
I.	Electricity supply station and modernizing the electrical networks				

	a) materials and equipments				
1	Feeder cells fully equiped	Peaces	2	10,500	21,000
2	Delivery feeder cells fully equiped	Peaces	6	8,750	52,500
3	Measure cells fully equiped	Peaces	2	12,250	24,500
4	Internal service cell equiped with charge separator	Peaces	1	5,500	5,500
5	Longitudinal couple cell made from peaces of 24 kv, fully equiped	Peaces	1	13,000	13,000
6	Building workings related to the installation of the new space	Peaces	1	9,500	9,500
7	Small material (of assembling)15%	Euro			18,500
	Value materials and equipments	Euro			144,500
	b) accessory costs	Euro			8,700
	TOTAL (withoutVAT)	Euro			153,200
II.	Modernizing internal roads and parkings				
	a) materiale				
1	Materials for road and parking infrastructure (rocks and sand) etc.	Sqm	4,500	8	36,000
2	Materials for road and platforms' suprastructure (fine asphalt, binder, border stone, etc)	Sqm	4,500	15	67,500
	Value of materials	Euro			103,500
	b) accessory costs	Euro			18,800
	TOTAL (withoutVAT)	Euro			123,300
III	Re-edify the water supplying network				
	a) materials				
1	Pipes, reinforcements and accessories for the 2 connections of 150 mm	Euro			21,500
	Value materials	Euro			21,500
	b) accessory costs	Euro			7,450
	TOTAL (withoutVAT)	Euro			28,950
IV	Optimizing the gas network				
	a) materials				

1	Pipes, reinforcements and accessories	Euro			10,850
2	Materials for suprastructure, road and platforms (fine asphalt, binder, border stone, etc)	Euro			11,520
	Value materials	Euro			22,370
	b) accessory costs	Euro			7,230
	TOTAL (withoutVAT)	Euro			29,600
V	Building up offices' building				
	a) materials				
1	Construction materials for new spaces	Sqm	3,765	345	1,299,000
	Value	Euro			1,299,000
	TOTAL without TVA	Euro			1,299,000
VI	Bay				
	a) materials				
1.	Construction materials	Sqm	10,000	22	220,000
	Value materials	Euro			220,000
	b) accessory costs	Euro			25,000
	TOTAL (withoutVAT)	Euro			245,000
	TOTAL ELIGIBLE COSTS	Euro			1,879,050
B.	NON-ELIGIBLE COSTS				
VII	Different (fence, etc)				
	a) materials				
1	Construction materials	Euro			14,300
	Value materials	Euro			14,300
	b) accessory costs	Euro			
	TOTAL (withoutVAT)	Euro			5,400
					19,700
VIII	Costs with studies, avises, organizing the biddings, consultancy, technical assistance, etc.				
1	Topo, geo studies	Euro			
2	Avis, agreements, taxes	Euro			37,000
3	Projecting	Euro			32,000
4	Organizing biddings	Euro			55,000
5	Consultancy and technical	Euro			10,000

	assistance				
	TOTAL without TVA	Euro			25,000
					159,000
IX	Other costs				
1	Organizing the building yard	Euro			
2	Different and unpredictable	Euro			37,975
	TOTAL without TVA	Euro			94,937
					132,912
	GENERAL TOTAL	Euro			

Source: The notification form

(43) The state aid is designated for the investment of modernizing, related to the extension of an existing unit, meeting the characteristics provisioned by art.5 in the Regulation necessary for being considered as regional state aid for initial investment.

(44) The state aid doesn't have as purpose replacement investments designated to the preservation of the production potential or the financial restructuring of an undertaking in difficulty. Therefore are fulfilled the provisions of art. 5 align. (2) a) in the regulation, on the replacement investment designated to the preservation of the production potential, and of art. 5 align. (2) b) on the measures designated for the financing restructuring of an undertaking in difficulty.

(45) The state aid to be granted aims to support the clients of the industrial park for a maximum efficiency in functioning within the park, so that no client would bother by its activities other clients of the park. The development of the Industrial Park Euroland Semanatoarea encourages the focus of businesses within this location in Bucharest.

(46) The development of the Industrial Park Euroland Semanatoarea shall have the following effects:

- creation of attractive conditions to efficiently carry out the economic activities, by continuing the improvement workings of the land in the industrial park and connection to the utility networks;
- increase of the Romanian and foreign investments' volume;
- development of the economic activities which can lead to the hiring of high qualification personnel;
- creation of new jobs according to the evolutions on the domestic and international markets;
- stimulating partnerships between the private, university, research, planning sector and that of the public local and central administration.

(47) Creation of synergy between small companies, universities and research centers stands for the most appropriate way to contribute to the economic development of the region and implicitly to the increase in the number of jobs in the industrial park.

(48) The activity of letting –off spaces to the undertakings within the industrial park had a very accelerated rithm, in the first half of 2004 being approx. 50 clients located within SEMA PARC, with apporx. 3,000 employees. The beneficiary estimates that in the next 20 months from the end of the second stage of investments, will be at least 500 new employees within the undertakings located in the industrial park.

(49) In the Feasibility study attached tothe notification form it was estimated that the value brought to day (in 2004)² of the totall incomes brought by this project shall be of apporx. Eur 5,441,247, relat5ed to a total cost value of approx. Eur 2,541,411. (the calculation was made for the first 10 years of the park’s activitiy, starting with 2005 which is considered as the year when the workings shall be ended). The average value of the turnover estimated for the period 2005-20015 is of Euro 3,380,011, and that of the net average profit estimated for the same period is of Euro 1,475,657.

(50) A number of economic- financial indexes were calculated, such as: the net present value (if possitive shows that the investment project is feasible) with a value of Euro 2,899,836, the redemption period of the investment (of 4.5 years), the risk assumed by the state by granting the financing for this project (of 18.2%), the effective power of the cost made by the state by this project, with a very high value, of 518.9% (proving the project’s attractiveness) and the internal rentability rate with a value of 31.3% (which, compared to the rentability rate specific to the infrastructure of industrial parks is much over the optimum value). From their value it can be seen the economic – financial development of the company and therefore of the area it is situated in.

(51) Due to the above-mentioned facts, it can be concluded that by accomplishing the investments enclosed in the second stage of the industrial park it shall substantially contribute to the local development, of the Bucharest County as well as of the area nearby, by a high economic and business focus. Focusing certain economic activities in an area, capitalizing the local material and human resources don’t distort the competitive environment, but by the contrary, contributes to its incentive.

5.2.2. ELIGIBLE COSTS

(52) The investments in question are solely tangible investments. Therefore the rules on eligible costs for tangible investments apply.

(53) According to Article 6 (1) of the Regulation on regional aid, aid for initial investment is calculated as a percentage of the investment's value. Paragraph (2) stipulates, that this value is to be established on the basis of a uniform set of items of expenditure corresponding to the elements of the investment, namely land, buildings and

²It was used an index of 8%

plant/machinery which represents the standard base defined in Annex 2 to the regulation on regional aid.

(54) If an acquisition takes place, there must be exclusively taken into account the acquisition costs of the three assets from the standard base, provided the transaction takes place under market conditions. The value of the assets already acquired with the benefit of state aid before the buying shall be deducted.

(55) Where a purchase is accompanied by other initial investment, the expenditure relating to the latter should be added to the cost of the purchase.

(56) From the total value of the investment project, eligible costs are the costs with the building up of a office building, finalizing the bay, modernizing internal roads and parking, rebuilding and modernizing the water network, moving the electricity supply station and its modernization.

(57) The total value of eligible costs is Euro 1,879,050, the equivalent of ROL 68,117,441,550 and it stands for tangible investments necessary for the infrastructure of the industrial park (land, buildings and equipment which form the standard basis), thus the condition under Article 6 of the Regulation is complied.

5.2.3. CONTRIBUTION OF THE BENEFICIARY

(58) To ensure that the productive investment benefiting from aid is viable and sound, the recipient's contribution to its financing must be at least 25%, (Art.8 - (1) of the Regulation on regional aid). This minimum contribution of 25% must not contain any aid (Article 8 - (2)).

(59) The state aid beneficiary shall contribute to the achievement of this investment project with an amount of ROL 47,989,711,150, standing for 70.59% of the total eligible costs (ROL 68,117,441,550). This value is higher than the 25% imposed by Article 8 of the Regulation on the regional state aid.

5.2.4. AID INTENSITY

(60) According to Article 9 of the Regulation on regional aid, the gross intensity of regional aid must not exceed the rate of 50% Net Grant Equivalent provided for in Annex 2.

(61) The value of the aid is ROL 19,999,955,000 of the total eligible costs of the project, amounting at ROL 68,117,441,550. After the calculation, it resulted an intensity of

29.41%. Consequently, Article 9 of the Regulation on regional state aid is observed, which provides that the gross aid intensity for regional aid should not exceed 50%, plus 15% for SMEs.

5.2.5. MAINTAINING THE INVESTMENT

(62) According to Article 11 of the regulation on regional aid for initial investment must be made conditional, through its method of payment or through the conditions associated with its acquisition, on the maintenance of the investment in question for a minimum period of five years.

(63) The investments achieved in view of setting up the Industrial Park Euroland Semanatoarea Bucharest shall be maintained throughout the existence of the park, which is indefinite, and thus the condition under Article 11 from the Regulation on maintaining the investment for at least 5 years is observed.

6. CONCLUSION

(64) The information in the notification before the Competition Council lead to the conclusion that the state aid intended to be awarded to S.C. SEMA PARC S.A. Bucharest for accomplishing the investments enclosed in the second stage of the investment project is not capable of significantly affecting a normal competitive environment and does not infringe the appropriate application of the international treaties Romania is a part of.

(65) Our analysis shows that the state aid amounting at ROL 19,999,955,000, consisting in co-financing the goods and services necessary for the accomplishment of infrastructure workings, meets the award criteria under the Regulation on regional state aid, enacted by Order of the President of the Competition Council 55/2004.

DECIDES

Art. 1 The measure notified by the Ministry for Administration and Domestic Affairs for the recipient S.C. SEMA PARC S.A. Bucharest constitutes state aid for the purposes of Article 2 of Law 143/1999, with the following amendments and completions.

Art. 2 Under Article 12 par. 2 section (c), read in conjunction with Article 14 par. 1 (f) of Law 143/2999, with subsequent amendments and completions, we authorize the state aid for regional development which is about to be granted to S.C. SEMA PARC S.A. Bucharest, provided that the conditions under Articles 3 and 4 of this decision are met.

Art. 3 The company must commit itself to maintain the investment at issue for a period of minimum five years. Contrary, the state aid will be recovered, according to the law.

Art. 4 The Ministry for Administration and Domestic Affairs shall monitor that the intensity of the aid granted to S.C. SEMA PARC S.A. Bucharest must commit itself not to exceed the maximum admissible admitted by the regulations in force, provided that the conditions for state aid cumulating for the same objective and recipient are observed.

Art. 5 The maximum value of the state aid S.C. SEMA PARC S.A. Bucharest may benefit from, as part of the Development Program “Industrial Parks”, is ROL 19,999,955,000.

Art. 6 This Decision is applicable as of the date it is communicated.

Art. 7 Under Article 24 of Law 143/1999, with subsequent modifications and completions, the Ministry for Administration and Domestic Affairs shall annually convey to the Competition Council information on the granted state aid, in order to make their inventory.

Art. 8. According to the provisions of Article 29 of the Law no. 143/1999 on state aid, with subsequent amendments and completions, the present Decision may be appealed by concerned persons before the Bucharest Court of Appeal, the Administrative Section, within 30 days from the publication, or depending on the case, from the date it was communicated by administrative procedure.

Art. 9 The present Decision shall be communicated by the Secretariat-General of the Competition Council to:

- the Ministry for Administration and Domestic Affairs, 1, Piata Victoriei, sector 1, Bucharest;
- S.C. SEMA PARC SA, Splaiul Independentei no.319, sector 6, Bucharest.

Art. 10. The Secretariat-General and the Directorate for State Aid Authorization of the Competition Council shall pursue the fulfillment of the present Decision.

PRESIDENT

MIHAI BERINDE