

European Commission conditionally approves training aid of up to €57 million to Ford Romania

The European Commission has authorised, subject to certain conditions, under EU rules on state aid, training aid up to €57 million planned by Romania in favour of Ford Romania SA. The aid supports the company's plan to offer an extensive training programme to its current and future employees at the Craiova car plant in Romania. The training programme covers a total of 9 000 employees over a period of five years. The overall cost of the training programme is of approximately €185 million, of which the company would finance approximately €128 million. The Commission found the aid to be in line with EU rules on training aid because it is targeted at redressing a verified market failure - underinvestment in training and is appropriate as policy instrument. It has a demonstrated incentive effect and is limited in amount to covering respectively 50% of the eligible costs of general training, and 25% of the eligible costs of specific training. However, to ensure that the aid amount corresponds to training expenses effectively incurred, that distortions of competition are minimised and that employees benefit in full from the skills acquired through the training, the Commission imposed conditions regarding the payment of the aid and reporting and monitoring requirements.

Competition Commissioner Neelie Kroes said: "The proposed aid supports an ambitious training project expected to produce positive effects for the employees of the Craiova plant, for regional development and for society as a whole. However, we imposed stringent conditions to make sure that the aid achieves its objectives and does not give rise to undue distortions of competition."

Ford Romania SA intends to provide extensive and personalised training to its current and future employees at the Craiova plant. Up to 9 000 employees shall receive in-depth training on diverse areas of knowledge, such as safety, language(s), IT, business fundamentals and general industrial skills. The company shall finance entirely, from its own funds, the part of the training programme which is directly relevant for its own production activities and for meeting safety-at-work requirements resulting from EU and Romanian legislation. The aid shall be provided for the part of the training programme which conveys additional, in-depth skills to the employees at the Craiova plant.

The Commission assessed the measure under its 2009 Communication on training aid, because the aid amount exceeded the €2 million threshold for exemption from notification of the General Block Exemption Regulation. The Commission's investigation found the aid to be in line with the Communication on training aid, because:

- 1) the aid is targeted at redressing a verified market failure, i.e. underinvestment in training
- 2) the aid is appropriate as an instrument for achieving the desired purpose – i.e. encouraging the company to invest in additional training for its employees.

- 3) the aid has a demonstrated incentive effect, in so far as the company would not have offered such extensive training to its workforce in the absence of aid; and
- 4) the aid is proportional to the costs estimated to be incurred through training, and in particular, it is limited in amount to covering respectively 50% of the eligible costs of general training, and 25% of the eligible costs of specific training.

However, to limit the distortive effects of the aid and to reinforce the positive effects of the training to be carried out for the employees themselves and for society as a whole, the Commission attached the following conditions to the implementation of the measure:

- 1) the aid shall be paid in periodic instalments, in amounts corresponding to the expenses actually incurred
- 2) Ford Romania SA shall report annually to the Romanian authorities and the Commission on the training offered and the expenses incurred
- 3) the employees at the Craiova plant shall receive attendance certificates stating the content of the training received.

Under these conditions, the Commission has authorised the aid to be implemented.

Source: European Commission