

European Commission approves Romanian state guarantee to Ford Romania

The European Commission has authorised, under the EC Treaty's rules on state aid, a planned state guarantee by Romania to enable Ford Romania SA to access a loan from the European Investment Bank (EIB). The loan will co-finance the development project of a low-Co2 engine and subsequent vehicle production at Ford's Craiova plant. The 80% guarantee to be provided by Romania meets the conditions of the Commission's Temporary Framework for state aid measures, which gives Member states additional scope to facilitate access to financing in the present economic and financial crisis. In particular, Ford Romania would pay an adequate remuneration for the guarantee and provide sufficient securities in case the guarantee would be drawn. It is therefore compatible with Article 87(3)(b) of the EC Treaty, which permits aid to remedy a serious disturbance in the economy of a Member state.

"The Commission can authorise this state guarantee, which should contribute to Ford's trans-European investment project for environmentally-friendly cars without giving rise to undue distortions of competition", said Competition Commissioner Neelie Kroes.

Ford Romania is planning to use the EIB funds for its over €1 billion-project at the Craiova plant, which is part of a joint European venture to develop low-CO2 emission engines and cars. The EIB lends a total of €600 million to Ford Europe for the development project, out of which €200 million goes to Ford Werke GmbH in Germany and €400 million to Ford Romania.

The loans and the corresponding guarantees will be provided for five years, for the period 2009-2014 with a maturity of seven years. Ford Romania will pay a premium for the guarantees and provide the Romanian Government with high-quality collateral covering the guaranteed amount. This collateral would be callable by the Romanian state if it had to pay out any money under the guarantee. The level of the premium paid during the lifetime of the loan is in line with the provisions of the Commission's Temporary Framework.