



EUROPEAN COMMISSION

Brussels, 17.12.2009
C(2009)10364 final

**Subject: State aid N 680/2009 - Roumania
Modification of N 478/2009 Individual State Guarantee for Ford Romania SA**

Sir,

1. PROCEDURE

- (1) On 8 December 2009 Romania notified a modification of the measure N 478/2009 Individual State Guarantee for Ford Romania SA (hereinafter: “Ford Romania”), approved by the Commission on 13 November 2009¹ on the basis of the Commission’s communication “Temporary framework for State aid measures to support access to finance in the current economic and financial crisis”² (hereinafter: “the TF”).

2. DESCRIPTION

2.1 The Approved Measure

- (2) The approved State guarantee has the purpose to ensure the financing of Ford Motor Company’s (hereinafter: “Ford”) investment project in Craiova, Romania³. The beneficiary of the planned measure is the legal entity Ford Romania⁴.
- (3) The 80% State guarantee, granted by the Ministry of Public Finances, covers an EUR 400 million loan granted by the European Investment Bank (hereinafter: “EIB”)⁵. Ford Romania will provide high-quality collaterals for the State guarantee. Concerning the

¹ Commission decision of 13/11/2009 C(2009)8956 final in case N 478/2009, not yet published.

² OJ C 16, 2.1.2009, p. 1, as amended by Commission Communication of 25 February 2009 (a consolidated version of the TF was published on 7 April 2009, see OJ C 83, p.1.).

³ Please refer to recitals 7-10 of case N 478/2009.

⁴ Please refer to recitals 3-6 of case N 478/2009

⁵ Please refer to recitals 11-15 of case N 478/2009.

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20% part which is not covered by the State guarantee (i.e. EUR 80 million), Ford will provide cash collateral⁶.

- (4) As regards the pricing, the Romanian authorities originally envisaged an annual guarantee premium of 380 basis points.
- (5) At the time of the notification of the approved measure, the rating of Ford by Standard and Poor's was CCC+. The Commission assumed the same rating for Ford Romania in the original decision.
- (6) In its decision of 13 November 2009, the Commission found that the notified State guarantee complied with all the conditions in section 4.3 of the TF and hence it could be declared compatible with the internal market on the basis of Article 107(3)(b) TFEU.

2.2 Modifications introduced

- (7) On 8 December 2009 Romania notified a modification of the measure. In particular, Romania explained that the measure has not been implemented yet. Romania also informed the Commission, that on 3 November 2009, shortly before the Commission's approval decision in case N 478/2009, Standard and Poor's improved Ford's rating raising it from CCC+ to B-. Therefore, the Romanian authorities intend to charge an annual guarantee premium of 200 bps, instead of the originally planned 380 bps.
- (8) The Romanian authorities maintain that all other elements of their notification as regards case N 478/2009 remain unchanged.
- (9) The Romanian authorities hold that the modified measure still fulfils all criteria of point 4.3.2 of the TF, given that the required premium of 200 basis points is the safe harbour value under the TF for large B rated companies with high collateralisation (4.3.2.b) and that no other elements of the measure have changed.
- (10) Thus, Romania takes the view that the guarantee is compatible with the internal market in view of the provisions of the TF.

3. ASSESSMENT OF THE MODIFICATIONS

- (11) The notified measure constitutes State aid for the reasons exposed in the decision of the Commission authorising the state guarantee for Ford in case N 478/2009⁷.
- (12) The Commission examined the compatibility of the original State guarantee in the light of Article 107(3)(b) TFEU, and it concluded that the measure was in line with the TF⁸.
- (13) As regards the notified modification, for a company with a B- credit rating, such as Ford is currently, the safe-harbour minimum premium indicated in Annex 1 of the TF is 200 basis points, provided that the guarantee has high collateralisation, defined for

⁶ Please refer to recitals 18-19 of case N 478/2009.

⁷ Please refer to recitals 24-32 of case N 478/2009.

⁸ Please refer to recitals 33-61 of case N 478/2009.

these purposes as a loss given default hereinafter below or equal to 30%⁹. As already set out in the original decision, the Commission considers that Romania has provided credible evidence that high-quality assets collateral is available. Thus, the proposed modified annual guarantee premium is in line with point 4.3.2.b of the TF.

- (14) Apart from this modification, no other aspects of the measure have been altered. Therefore, the Commission considers that the notified State guarantee can be considered compatible with the internal market on the basis of the derogation provided for by Article 107(3)(b) TFEU.

4. DECISION

- (15) For the reasons indicated above, the Commission decided not to raise objections to the notified measure.

The Commission notes that Romania accepts the decision to be adopted in the English language. If this letter contains confidential information which should not be disclosed to third parties, please inform the Commission within fifteen working days of the date of receipt. If the Commission does not receive a reasoned request by that deadline, you will be deemed to agree to the disclosure to third parties and to the publication of the full text of the letter in the authentic language on the Internet site:

http://ec.europa.eu/community_law/state_aids/state_aids_texts_ro.htm.

Your request should be sent by registered letter or fax to:

European Commission
Directorate-General for Competition
State Aid Greffe
B-1049 Brussels
Fax No: +32-2-296 12 42

Yours faithfully,
For the Commission

Neelie KROES
Member of the Commission

⁹ See footnote 20 to the TF.