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Subject: State aid SA.38889 (2014/N) – Spain

Prolongation of the research and development part and of the innovation part of the horizontal aid scheme for shipbuilding

Sir,

1. PROCEDURE

- (1) On 5 October 2004, Spain notified a horizontal aid scheme for shipbuilding (including research and development aid, innovation aid and regional investment aid). This scheme was authorised until 31 December 2006 by Commission decision of 16 March 2005 (N 423/2004).¹ This scheme was prolonged until 31 December 2008 by Commission decision of 8 June 2007 (N 159/2007),² until 31 December 2011 by Commission decision of 3 September 2008 (N 392/2008),³ until 31 December 2013 by Commission decision of 30 May 2012 (SA.34584)⁴ and until 30 June 2014 by Commission decision of 19 December 2013 (SA.37786).⁵
- (2) By electronic notification SANI n° 10070 of 11 June 2014, Spain notified the

¹ OJ C 250, 8.10.2005, p.10.

² OJ C 157, 10.7.2007, p.9.

³ OJ C 261, 14.10.2008, p.3.

⁴ OJ C 196, 4.7.2012, p.10.

⁵ OJ C 6, 10.1.2014, p.2.

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prolongation until 31 December 2014 of the research and development part and of the innovation part of the horizontal aid scheme for shipbuilding. The regional investment aid part of this scheme is not covered by the present notification.

2. DESCRIPTION

- (3) Spain intends to prolong the research and development part and the innovation part of the horizontal aid scheme for shipbuilding from 1 July 2014 to 31 December 2014. Both types of aid are intended for shipbuilding as defined in section 2 of the Framework on state aid to shipbuilding⁶ ("the Shipbuilding Framework"). The budget for this period will be of EUR 10 million. The remaining elements of the research and development part and of the innovation part of the horizontal aid scheme for shipbuilding remain unchanged and the Commission therefore refers to its previous decisions mentioned above in recital (1) above for a more detailed description of the scheme.
- (4) The Spanish authorities have also committed to suspending the payment of any aid under the notified scheme to any undertaking that has benefited from earlier unlawful aid declared incompatible by a Commission decision, until that undertaking has reimbursed or paid into a blocked account the total amount of unlawful and incompatible aid and the corresponding recovery interest.

3. ASSESSMENT

- (5) The notified measure constitutes State aid within the meaning of Article 107(1) TFEU for the reasons set out in the decisions of the Commission authorising the horizontal aid scheme for shipbuilding in cases N 423/2004, N 159/2007, N 392/2008, SA.34584 and SA.37786.
- (6) In these decisions, the Commission assessed the research and development part and the innovation part of the horizontal aid scheme for shipbuilding and concluded that the scheme and the various prolongations thereof were compatible with the internal market, pursuant to Article 107(3)(c) TFEU.
- (7) By the present notification the Spanish authorities request that the Commission approve a prolongation of the research and development part and of the innovation part of the horizontal aid scheme for shipbuilding until 31 December 2014.
- (8) The Commission notes that, upon the expiry of the Shipbuilding Framework and of the innovation aid rules contained in that Framework, any proposed aid for shipbuilding will fall to be assessed under the general rules set out in the Commission's Framework for state aid for research and development and innovation.⁷ Research and development aid will also have to be assessed under the new framework, which will enter into force on 1 July 2014. However, Member States will have six months to bring existing aid schemes into line with those rules. The prolongation of the research and development part and of the innovation part of the horizontal aid scheme for shipbuilding by six months mirrors this adaptation period and is justified in order to give Spain the opportunity to adapt the

⁶ OJ C 364, 14.12.2011, p.9.

⁷ Communication from the Commission of 21.5.2014 – Framework for state aid for research and development and innovation, available at http://ec.europa.eu/competition/state_aid/modernisation/rdi_framework_en.pdf.

national legislation to the new framework which was adopted in principle on 21 May 2014.

- (9) Furthermore, Spain has submitted annual reports on the implementation of the horizontal aid scheme for shipbuilding during the year 2013 in accordance with point 32 of the Shipbuilding Framework.
- (10) As stated in recital (3) above, besides the extension of the validity of the research and development part and of the innovation part of the horizontal aid scheme for shipbuilding and the budget, the present notification does not introduce any changes in substance to the previously approved scheme and, therefore, does not change the substantive assessment of the compatibility of the scheme conducted in the previous decisions.
- (11) Therefore the Commission considers the notified measure to be compatible with the internal market pursuant to Article 107(3)(c) TFEU, read in conjunction with the Shipbuilding Framework.

4. CONCLUSION

- (13) The Commission has accordingly decided not to raise objections to the notified measure prolonging the research and development part and the innovation part of the horizontal aid scheme for shipbuilding, as last authorised in case SA.37786, on the grounds that it is compatible with the internal market pursuant to Article 107(3)(c) TFEU, read in conjunction with the Shipbuilding Framework.

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Yours faithfully,
For the Commission

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Vice-president