



EUROPEAN COMMISSION

Brussels, 23-VIII-2007
C (2007) 4061

Subject: State aids N 344/07, N 351/07 and N 352/07 - United Kingdom - Individual aids for processing and marketing of fishery and aquaculture products

Sir,

1. Procedure.

On 21 June 2007, the United Kingdom authorities notified the Commission of three aid measures entitled "Regional Development aid to Seachill", "Regional Development Aid to Coldwater Seafood" and "Regional Development aid to Cumbrian Holdings Ltd.", registered respectively under numbers N 344/07, N 351/07 and N 352/07.

2. Description.

N 344/07 - Regional Development aid to Seachill

The objective of the measure is to grant aid to Seachill Ltd. for investments in processing and marketing of fisheries and aquaculture products. The investments concern capital investments for refurbishing an existing production site and to purchase infrastructure and manufacturing equipment for the factory, serving to improve working conditions and product quality.

The beneficiary, Seachill Ltd., is active in processing and marketing of seafood products. It has an overall amount of 500 full time equivalent employees and an annual turnover of 143,616,000 GBP (ca. 212,428,646 EUR).

The measure concerns a direct grant of 415.000 GBP (ca. 614,169.25 EUR) to be awarded under the Selective Finance for Investments Scheme (Fish) for a capital investment of 5,713,000 GBP (ca. 8,481,006 EUR). The aid intensity will thus be 7.24% of the eligible costs. Eligible investments costs are the expenditures on fixed assets, such as property, plant and machinery, as well as some other costs of a non-recurring nature (e.g. patent rights, professional fees). The grant will be paid by instalments over the course of two or three years, in accordance with the schedule attached to the grant contract and on the basis of the realised progress of the project concerned.

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N 351/07 - Regional Development Aid to Coldwater Seafood

The objective of the measure is to grant aid to Coldwater Seafood Ltd. for investments in processing and marketing of fisheries and aquaculture products. The investments concern capital investments in infrastructure and manufacturing equipment to rationalise a production site to process seafood for human consumption, serving to improve working conditions and product quality. Rationalising the business will be achieved by moving equipment and certain production lines between the different sites, updating or improving the equipment, and investing in new production lines and infrastructure.

The beneficiary, Coldwater Seafood Ltd., is active in processing and marketing of seafood products. It has an overall amount of 1031 full time equivalent employees and an annual turnover of 126,634,000 GBP (ca. 187,278,884 EUR).

The measure concerns a direct grant of 570.000 GBP (ca. 843,105 EUR) to be awarded under the Selective Finance for Investments Scheme (Fish) for a capital investment of 5.7 million GBP (ca. 8,431,053 EUR). The aid intensity will thus be 10% of the eligible costs. Eligible investments costs are the expenditures on fixed assets, such as property, plant and machinery as well as some other costs of a non-recurring nature (e.g. patent rights, professional fees). The grant will be paid by instalments over the course of three years, in accordance with the schedule attached to the grant contract and on the basis of the realised progress of the project concerned.

N 352/07 - Regional Development aid to Cumbrian Holdings Ltd.

The objective of the measure is to grant aid to Cumbrian Holdings Ltd. for investments in processing and marketing of fisheries and aquaculture products. The investments concern capital investments for the modernisation and expansion of the processing plant in order to improve working conditions and product quality and to allow for the production of new fish products, currently not eaten in the United Kingdom. In addition, the investment is considered to reduce negative environmental impacts as the new premises will be much more energy efficient, both in terms of energy needed for the refrigeration and cooking facilities, but also in the reduced need to transport goods around the site.

The beneficiary, Cumbrian Holdings Ltd., is active in processing and marketing of seafood products. It has an overall amount of 594 full time equivalent employees and an annual turnover of 116 million GBP (ca. 171,831,645 EUR).

The measure concerns a direct grant of 1.9 million GBP (ca. 2,814,483 EUR) to be awarded under the Selective Finance for Investments Scheme (Fish) for a capital investment of 10 million GBP (ca. 14,813,072 EUR). The aid intensity will thus be 19% of the eligible costs. The grant will be paid by instalments over the course of two or three years, in accordance with the schedule attached to the grant contract and on the basis of the realised progress of the project concerned.

3. Assessment.

The measure concerns State resources within the meaning of Article 87 of the EC Treaty. The aid is likely to give an economic advantage to the beneficiary and it cannot be excluded that the aid granted in this manner threatens to distort competition because it reinforces the financial position of this undertaking compared to its competitors. Furthermore, it could affect intra-community trade when the beneficiary competes with undertakings from other Member States. The measure therefore constitutes State aid within the meaning of Article 87(1) of the EC Treaty.

State aid to fisheries is to be assessed under the Guidelines for the examination of State aid to fisheries and aquaculture¹.

According to point 3.10 of the Guidelines, State aid for categories of measures covered by Regulation (EC) No 1595/2004², but which is designed to benefit enterprises other than SMEs, or exceeds the thresholds laid down in Article 1(3) of that Regulation, will be assessed on the basis of these Guidelines and of the criteria laid down for each category of measures in Articles 4 to 13 of that Regulation. According to Article 8 of that Regulation, aid towards investments in processing and marketing shall be compatible with the common market when it fulfils the relevant conditions of Regulation (EC) No 2792/1999³.

As Regulation (EC) No 2792/1999 has been replaced by Council Regulation (EC) No 1198/2006 on the European Fisheries Fund⁴, in accordance with to Article 104(2) of Regulation (EC) No 1198/2006, references to Regulation (EC) No 2792/1999 should be construed as references to the new Regulation.

The conditions for granting aid for investments in processing and marketing are laid down in Articles 34 and 35 and Annex II of Regulation (EC) No 1198/2006. The measures at issue thus need to be assessed on the compatibility with those conditions. According to Articles 34 and 35 of Regulation (EC) 1198/2006, Member States may support investments in processing and marketing of fisheries and aquaculture products, under the following conditions:

- transfers of ownership of business, as well as investments concerning fisheries and aquaculture products intended to be used for other purposes than human consumption (except when it concerns exclusively fisheries and aquaculture product waste), shall not be eligible;
- where it concerns investments to comply with Community standards, aid may be granted until the date on which the standard becomes mandatory for enterprises;
- Support may be given for the construction, extension, equipments and modernisation of enterprises;
- the aid should, in particular, serve to achieve one of the following objectives: improving working conditions, improving and monitoring public health and hygiene conditions or product quality; producing high quality products for niche markets; reducing negative impacts on the environment; improving the use of little-used species, by-products and waste; producing or marketing new products, applying new technologies, or developing innovative production methods; marketing products mainly originating from local landings and aquaculture;
- the investment shall be limited to SMEs and enterprises other than SMEs with less than 750 employees or with a turnover of less than EUR 200 million;
- no aid shall be granted for investments relating to retail trade.

¹ OJ C 229 14.9.2004, p. 5.

² Commission Regulation (EC) No 1595/2004 of 8 September 2004 on the application of Articles 87 and 88 of the EC Treaty to State aid to small and medium-sized enterprises active in the production, processing and marketing of fisheries products (OJ L 291, 14.9.2004, p. 3).

³ Council Regulation (EC) No 2792/1999 of 17 December 1999 laying down the criteria and arrangements regarding Community structural assistance in the fisheries sector. Regulation as last amended by Regulation (EC) No 485/2005 (OJ L 81, 30.3.2005, p. 1.).

⁴ OJ L 223, 15.8.2006, p. 1.

All three measures concern aid for investments in processing and marketing of fisheries and aquaculture products in the sense of the aforementioned conditions. They are aimed at improving working conditions and product quality and are not given to comply with mandatory standards. The three undertakings concerned are not SMEs, but each fulfil the requirement of having either less than 750 employees or a turnover of less than EUR 200 million. Moreover, the objectives of each of the measures are compatible with the requirements referred to in the third indent above. Finally, the respective aid rates of 7.24%, 10% and 19%, are compatible with Annex II to Regulation (EC) 1198/2006, according to which aid may be granted up to 40% of the eligible costs.

On these grounds, the aid measures N 344/07, N 351/07 and N 352/07 are considered compatible with the common market on the basis of Article 87(3)(c) of the EC Treaty.

4. Decision.

In view of the foregoing analysis the Commission has decided not to raise any objections to aid measures N 344/07, N 351/07 and N 352/07.

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http://europa.eu.int/comm/secretariat_general/sgb/state_aids/

Any such requests should be sent by registered post or fax to:

European Commission
Directorate General for Fisheries
DG FISH/D/3 "Legal Issues"
B-1049 Brussels
(Fax: 00 32 2 295 19 42)

Yours faithfully,
For the Commission

Viviane REDING
Member of the Commission