

4. Duration of the subsidy

The Plan runs from 1992 to 1996.

5. Statistical data

The total amount of 2,307 million pesetas has been used to subsidize 265 projects, each of which has received 8.7 million pesetas on average.

In view of the above figures and the fact that exports from the Spanish textile and clothing sector in 1994 amounted to 350,951 billion pesetas and imports to 588,302 billion pesetas, it can be assumed that the trade effects of the Plan are very slight.

6. Beneficiaries and requirements for grant of the subsidy

The following are eligible:

- Industrial enterprises and associations of enterprises, particularly SMEs, operating in the textile and clothing sector or which contribute to diversification in areas where employment in the textile sector accounts for at least 10 per cent of industrial employment.
- Public or private entities or bodies which carry out directly or support the activities listed in the objectives.
- Entities which promote the development of economic activities, which generate jobs and improve scientific and industrial equipment, making the textile sector less dependent in the above-mentioned areas.

Provision of the aid is subject to the applicants meeting their tax and social security obligations. They are also required to submit documentation which provides adequate evidence that the activity for which the subsidy is granted has actually been carried out in the corresponding financial year.

Additional Note

The Plan is regulated by the Ministerial Order of 16 July 1992 and is part of the Community initiative RETEX. It applies only to the areas set out in 1, 2 or 5(b), and is notified under Article 25 purposes, having been in force in 1994.

9. AID TO SHIPBUILDING

Shipbuilding subsidies

These are provided for in Community legislation, and in 1994 were applied in accordance with the Council Directive of 21 December 1990 on aid to shipbuilding (90/684/EEC) or Seventh Directive, as amended by Directive 93/115/EEC regarding its period of application.

(i) Form of the subsidy

Non-repayable.

(ii) Subsidy per unit

Total subsidy granted in 1994: 11,583 million pesetas;
No. of subsidies granted in 1994: 26 vessels;
Average subsidy per unit: 445.5 million pesetas.

Of the 11,583 million pesetas, 7,304 million account for aid for financing and 4,279 million, aid for restructuring, as defined in point (iii).

(iii) Policy objective and/or purpose of the subsidy

The fundamental aim of community and national policy is to ensure that the shipbuilding sector remains competitive in the world market.

Since third countries continue to apply aid and/or measures that distort free competition in the shipbuilding sector, in order to compete in the international market Community shipyards must have access to operational aid (limited by a common ceiling: 9 per cent or 4.5 per cent depending on whether or not the value of the ship to be built exceeds 10 million ECUs) and restructuring aid (for investments which do not imply an increase in capacity, total or partial closure of facilities and research and development).

(iv) Time span

The duration of the programme is the same as that of the Seventh Directive which, in principle is in force until 31 December 1995.

The subsidy is provided once the relevant construction or conversion contract has come into effect and payments are made as the ship is built or converted, subject to provision being made in the annual budget, which means an average delay in payments of approximately one year.

(v) Statistical data

Subsidies granted in 1994 did not increase Spain's share in the world market since, according to available data, new contracts in 1994 for ships to be built in Spanish shipyards account for 2.1 per cent of the world total, whereas historically the figure was higher (approximately 4 to 5 per cent).

(vi) Beneficiaries and requirements for grant of the subsidy

For the purposes of the Plan, the shipbuilding sector is understood to mean shipbuilding enterprises authorized to build metal-hulled vessels of over 100 Gross Registered Tonnes, other than enterprises that have by shipbuilding plans connected with Ministry of Defence programmes.

In order to obtain aid under the Plan, shipbuilders must submit an up-to-date schedule of their activities. Entitlement to payments is subject to approval of the schedules.

Interest subsidy for shipbuilding loans

This is in addition to the shipbuilding subsidies described above.

(i) Form of the subsidy

Interest-rate subsidy

(ii) No. of subsidies granted

2 vessels;

Total amounts granted: 1,549 million and 330 million pesetas;

Period for repayment of loans: 14 and 8.5 years;

Average annual amounts: 110.6 and 38.8 million pesetas.

(iii) Purpose

As described in first section of point 9.

The measure applies only to national shipowners or those domiciled in the European Union and consists of payment of up to 3 percentage points of the interest on shipbuilding loans granted by domestic or foreign financial entities.

(iv) Time span

The duration of the programme is the same as that of the Seventh Directive which, in principle, is in force until 31 December 1995.

The subsidy is paid throughout the term of the loan (8.5 to 14 years) subject to provision being made in the annual budget, which means that there is a 3 to 9 month delay in payments.

(v) Statistical data

Subsidies granted in 1994 did not lead to an increase in the number of orders from domestic shipowners or shipowners domiciled in the European Union to Spanish shipyards: in 1994 orders accounted for only some 15 per cent of total new orders to domestic shipyards as opposed to an average of about 40 per cent in recent years.

10. AID TO IRON AND STEEL(a) CSII. Form of the subsidy

This is a subsidy of 485,150 million pesetas, the ultimate purpose of which is to cover the liabilities and surplus labour costs of two iron and steel companies in the process of being dissolved: ALTOS HORNOS DE VIZCAYA and ENSIDESA, as part of the plan to restructure the holding company, CSI, formed by the other two. The plan is based on the provisions of Commission Decision 94/258/ECSC.

II. Subsidy per unit

Not applicable.

III. Policy objective or purpose of the subsidy

The restructuring of CSI comes under the 1993 Community iron and steel restructuring plan whose main purpose is to reduce steelmaking capacity in the European Community.

The main objective is the closure of an integrated steelworks and a hot rolling mill in Vizcaya, and the elimination of the following surplus production capacities:

- Pig iron 2,300,000 t.
- Raw steel 1,400,000 t.
- Hot-rolled coil 2,300,000 t.

IV. Duration of the subsidy

The subsidy is to be provided in a single payment, which was due before 31 December 1992 but has been delayed.

V. Trade effects

- The closure of manufacturing plants will have a favourable impact as it will reduce surplus production capacity in the European Community.
- Furthermore, the subsidy is to cover the liabilities and surplus labour costs of two residual companies with no future steelmaking activity, and will therefore have no trade effects.

(b) SIDENOR

I. Form of the subsidy

The subsidy is for an amount of 87,842 million pesetas and its ultimate purpose is to cover the liabilities and surplus labour costs of two iron and steel companies in the process of being dissolved: ACENOR, FORJAS and ACEROS DE REINOSA, as part of the plan to restructure the holding company, SIDENOR, formed by the other two. The plan is based on the provisions of Commission Decision 94/261/ECSC of 12 April 1994.

II. Subsidy per unit

Not applicable.

III. Policy objective or purpose of the subsidy

The restructuring of SIDENOR comes under the 1993 Community iron and steel restructuring plan whose main purpose is to reduce steelmaking capacity in the European Community.

Its main objective is the closure of two plants located in the Basque country manufacturing structural steel light angles, shapes and sections, together with their electric steel plants, and the elimination of the following surplus production capacity:

- Raw steel 505,000 t.

-Hot-rolled angles, shapes and sections 379,000 t.

IV. Duration of the subsidy

The subsidy is to be provided in a single payment, which was due before 31 December 1992 but has been delayed.

V. Trade effects

-The closure of manufacturing plants will have a favourable impact by reducing surplus production capacity in the European Community.

-Furthermore, the subsidy is to cover the liabilities and surplus labour costs of two residual companies with no future activity in iron and steel, and will therefore have no trade effects.

11. INDUSTRIAL TECHNOLOGY ACTION PLAN

1. Form of the subsidy

Non-repayable grant and in some cases interest-rate subsidy.

2. Annual amount

8,671 million pesetas.

3. Purpose of the subsidy

The Plan's objectives, as laid down in the Ministerial Order of 15 March 1994 (BOE 22 March 1994), are to contribute to improving the overall level of competitiveness of the economic and production system by introducing advanced technologies and improving the capacity to generate them.

The Plan establishes the following actions:

-General measures to stimulate activities for incorporating advanced technologies.

-The creation and strengthening of technological infrastructures to facilitate access by SMEs to innovative activities, with particular emphasis on less privileged regions.

-Promoting technological development in priority areas such as: information and communication technologies, production technologies (automation, robotics, etc.), materials technologies, life technologies (biotechnology and pharmaceutical research and development), chemical technology and basic and processing industrial technologies.

4. Duration of the subsidy

The Plan is to run until 1996.

The subsidies are provided annually and projects covering more than one year may be subsidized for a maximum of three years.

5. Statistical data

In 1994 a total of 801 projects were subsidized, the average subsidy per project being 10.8 million pesetas. In view of these figures, the size of the enterprises, the annual budgetary provision and the number and type of beneficiaries, it can be said the trade effects are minimal.

6. Beneficiaries and requirements for grant of the subsidy

The following are eligible:

- public or private enterprises and entities;
- associations of such enterprises;
- non-profit making institutions;

which implement projects or measures related to the activities referred in the Plan's objectives.

Subsidies under the Plan must be applied for and beneficiaries must be up-to-date with their tax and social security obligations. Before the subsidy is paid, beneficiaries must produce documents showing that the activity for which the subsidy is granted has actually been carried out. Certification is issued upon completion of the project and the corresponding technical and economic verification.

Additional Note

The Plan subsidizes research and development projects and is therefore a non-actionable subsidy within the meaning of Article 8.2(a) of the SCM Agreement. It is notified under Article 25, having been in force in 1994.

12. CENTRE FOR THE DEVELOPMENT OF INDUSTRIAL TECHNOLOGY (CDTI)

1. Form of the subsidy

Low or even zero interest loans for company research and development projects.

2. Annual amount

-Commitments covering more than one year made in the 1994 financial year for projects for technological development, innovation and the promotion of technology: 15,250 million pesetas.

-Payments made in the 1994 financial year for projects for technological development, innovation and promotion of technology: 9,043 million pesetas.

3. Purpose of the subsidy

Support for the funding of different types of research in enterprises.

The legal basis for the subsidization of these activities is Royal Decree No. 2/1984 of 4 January 1984.

4. Duration of the subsidy

The duration of the projects varies, generally from 1 to 3 years. Loans are approved for the whole project period, but payments are made as each technical stage is completed.

The CDTI's activity has no prescribed time-limit.

5. Statistical data

The aid has no distorting effects on international trade: in 1994 for example, it is distributed between 316 approved new projects, 87 per cent of which are being carried out by small and medium-sized enterprises with less than 500 workers. The average yearly payment per project is less than 30 million pesetas, and projects are widely distributed among sectors.

6. Beneficiaries and requirements for grant of the subsidy

Enterprises implementing projects for technological development, innovation or technology promotion are eligible for aid under the CDTI.

Additional note

CDTI aid goes to funding R&D projects exclusively, and is therefore deemed to be "non-actionable" within the meaning of Article 8.2(a) of the SCM Agreement. It is notified under Article 25, having been in force in 1994.

13. AIRBUS PROGRAMME

1. Form of the subsidy

Repayable advances.

2. Annual amount

6,361 million pesetas.

3. Purpose of the subsidy

The AIRBUS A330/A340 development programme, supported by intergovernmental agreements between the programme's partners.

4. Duration of the subsidy

The programme is to run until 1996.

5. Statistical data

Not applicable.

14. R&D PLAN FOR THE AERONAUTICAL SECTOR

1. Form of the subsidy

Repayable advances.

2. Annual amount

2,862 million pesetas.

3. Purpose of the subsidy

Aerospace basic research and development projects.

4. Duration of the subsidy

The R&D Plan runs for five years, until 1998.

5. Statistical data

Since the Programme covers basic research, which is far removed from the marketing stage, it has no trade effects.

Additional Note

The Plan is for basic research projects and is therefore regarded as programme of "non-actionable" aid within the meaning of Article 8.2(a) of the SCM Agreement. It is notified under Article 25, having been in force in 1994.

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD

I. NATIONAL SUBSIDIES TO THE AGRICULTURAL SECTOR IN 1994

1. PROMOTION OF THE CONTRACT SYSTEM IN AGRICULTURE

Form of the subsidy	-Subsidization of costs of promotion campaigns -Subsidization of part of the interest on loans granted by financial entities that have concluded specific cooperation agreements.
Amount	-Less than 10 per cent of promotion costs -Up to 50 per cent if contracts involve associations.
Purpose	Promotion of contract system from the production sector through the distribution sector, for agricultural products with specific or generic designation of origin.
Duration	Specific to each individual promotion project or each loan requested therefor.
Legal basis	Order of 4 January 1989 of the Ministry of Agriculture, Fisheries and Food.
Beneficiaries	Food distribution enterprises and associations of producers.
Requirements	Contracts must be approved by the Ministry of Agriculture, Fisheries and Food.
Value	411.7 million pesetas.

2. AGRICULTURAL INSURANCE

Form of the subsidy	Subsidization of cost of farmers' weather insurance policies.
Amount	25 per cent, 40 per cent or 60 per cent of value of policy, according to product.
Purpose	Promotion of insurance in agricultural sector (and elimination of special compensation for damage to insurable products).
Duration	Specific to each insurance policy.
Legal basis	Order of 12 January 1994 of Ministry of Agriculture, Fisheries and Food.
Beneficiaries	Any individual farmer or association of producers taking out insurance.
Requirements	The Agricultural Insurance Plan classifies combined insurance according to weather accidents (frost, hail, wind, rain, ...) and products. The dates on which insurance starts are set.
Value	15,600 million pesetas.

3. REPAIR AND PREVENTION OF DISASTER DAMAGE

Form of the subsidy	Aid to owners of farms in regions affected by drought, in the form of a moratorium on payment of social security contributions, water consumption charges, mortgage loans, cancellation of tax on real estate and interest-rate subsidies for social-interest loans.
Amount	Three-point discount on interest on loans granted by financial entities that have agreements with the Ministry of the Agriculture, Fisheries and Food; up to a ceiling of 85,000 million pesetas.
Purpose	To alleviate effects of drought.
Duration	Specific in the case of special loans. Moratoriums and cancellations concern 1994.
Legal basis	Royal Decree Law of 27 May 1994. Order of 7 July 1994 of the Ministry of Agriculture, Fisheries and Food.
Beneficiaries	Owners of farms in regions specifically mentioned in the Ministerial Order.
Requirements	The amount of the special loan is calculated on the basis of 25,000 pesetas per LSU, 40,000 pesetas per unirrigated hectare and 150,000 pesetas per irrigated hectare, with a ceiling of 4 million pesetas per farm owner.
Value	18,201.3 million pesetas. ¹

¹Of this amount, 703.1 million concern the loan interest-rate subsidies, and 1,368.2 million the moratoriums and cancellations.

II. SUBSIDIES TO THE AGRICULTURAL SECTOR CO-FINANCED BY THE EUROPEAN UNION IN 1994

Title	Amount (million pesetas)
Modernization of agricultural structures	29,751.1
Conservation of protected regions and areas	1,038.5
Prevention of and protection against forest fires	1,869.8
Agricultural and food research and testing	292.6
Occupational training in agriculture	731.2
Management and improvement of agricultural productivity	914.5
Animal reproduction and selection	463.7
CAP accompanying measures	11,224.2
Restructuring sectors of production	10,352.0
Animal and plant health	5,884.1
Management of agricultural supply	3,606.1
Promotion of agricultural industrialization	11,152.3 ¹
Agricultural income compensation (IMC)	11,225.7
Agreements on statistical information and accountancy network	395.0
Promotion of cooperativism	370.4

¹Figure corresponds to national contributions. The amounts corresponding to the other titles are down in the Spanish General State Budgets as paid out in 1994. Approximately 45 per cent of the amounts will be refunded by the European Union. This percentage should therefore be regarded as an advance provided by the Spanish State.

MINISTRY OF THE ECONOMY AND FINANCE

Member State

Spain.

Department responsible

Ministry of the Economy and Finance, General Directorate of Regional Economic Incentives, Paseo de la Castellana 147, 28071 Madrid.

Relevant legislation

- Law 50/1985 of 27 December on regional economic incentives to correct economic imbalances within the territory.

- Regulation approved by Royal Decree 1535/1987 of 11 December as amended by Royal Decree 897/1991 of 14 July, Royal Decree 302/1993 of 26 February and Royal Decree 2315/1993 of 29 December. The Regulation was adopted by an EU Commission Decision of 1 June 1987.

Thirteen Royal Decrees delimiting the areas for economic promotion.

Form

Non-repayable subsidies granted for production investments and calculated on the investment approved by the Administration.

Procedure for payment of the aid

The aid is provided once the Autonomous Community concerned has issued a report showing that the project has been fully implemented and that the requirements in the corresponding Individual Resolution accepted beforehand by the beneficiary have been met within the set time-limit. Enterprises may apply to receive the subsidy in instalments provided that they produce evidence that the part of the investment corresponding to each instalment has been completed, together with adequate guarantees against failure to complete.

Annual amount budgeted

General State Budgets for 1994: 17,063.2 million pesetas, spent in their entirety.

Objectives

The purpose of the regional incentives is to promote entrepreneurial activity and encourage the establishment of enterprises in previously determined areas, in order to lessen economic disparities between different parts of the national territory, achieve more balanced distribution of economic activities throughout the territory and strengthen the regions' potential for internally generated development.

Duration of the regional aid scheme

The scheme will continue to apply as long as the disparities in regional development which prompted its establishment persist.

Statistical data

With regard to statistical data permitting an assessment of the trade effects of the aid programme, it should be noted that since the subsidies take the form of capital for production investment in less-favoured regions, they are not considered to be inconsistent with the principle of free competition.

**MINISTRY OF PUBLIC WORKS, TRANSPORT
AND THE ENVIRONMENT**

AID TO THE NATIONAL ENTERPRISE FOR THE MANAGEMENT
OF INDUSTRIAL WASTE

Form of the subsidy

Direct transfer of funds.

Amount for 1994

600 million pesetas.

Purpose of the subsidy

Participation in the construction of a waste incinerator for the city of Melilla.

Legal basis

BOE of 30 December 1993. Law of 29 December 1993. State Budgets for 1994. Budget Item 17.14.443.D.740.

Statistical data

No trade effects.

AUTONOMOUS COMMUNITY OF ANDALUSIA

AID GRANTED IN THE FINANCIAL YEAR 1994

The statistical data available do not permit an assessment of the trade effects of the aid measures adopted by the Autonomous Community of Andalusia which are set out in detail below.

1.AID FOR ENTERPRISES SET UP IN THE CARTUJA 93 TECHNOLOGY PARK IN SEVILLE

-Legislation: Order of 2 February 1994 concerning aid for enterprises setting up in Cartuja 93, Seville (BOJA No. 14 of 5 February 1994).

-Beneficiaries: Enterprises which carry out projects involving any of the activities listed below:

- (a) Research and development;
- (b) advanced services;
- (c) technological support and dissemination of technology.

- Conditions on which aid is granted:

Types of aid:

- Grant;

-subsidy on the interest charged by the private financial institution granting the corresponding credit on market terms.

- Conditions of application:

-Percentage of investment: The grant may not exceed 30 per cent of the subsidizable investment;

- the interest subsidy will be from one to eight points.

Costs entering into the aid calculations:

- (a) Tangible fixed assets connected with the realization of the project;
- (b) intangible assets linked with the investment in question. Within this category preference will be given to subsidizing the cost of the research and development carried out by the enterprise itself in Cartuja 93 in which connection the subsidizable items will include the costs of hiring or obtaining the collaboration of research personnel.

- Objective of the aid programme:

Technological research and development and regional development

The aim of the programme was to support investment in technological research and development in Andalusia and, more specifically, in the Cartuja Technology Park in the city of Seville.

^{*}Official Journal of the Autonomous Government of Andalusia.

- Regional administration: Autonomous Government of Andalusia
- Implementation period: 1994
- Total cost: 75,000,000 pesetas

2.AID PROGRAMME FOR THE TECHNOLOGICAL MODERNIZATION OF THE ANDALUSIAN INDUSTRIAL SECTOR FOR THE FINANCIAL YEAR 1994

-Legislation: Order of 2 February 1994 establishing an aid programme for the technological modernization of the Andalusian industrial sector (BOJA No. 14 of 5 February 1994)

- Beneficiaries: small- and medium-sized enterprises (SMEs)
- Conditions on which aid is granted:

Type of aid: Grant

Percentage of investment: Where fixed assets are concerned, the amount of aid may not exceed 30 per cent of the subsidizable investment, with a maximum of 50 million pesetas. In other cases - studies, plans, training, etc. - the subsidy may amount to 75 per cent of the proposed investment, with a maximum of 10 million pesetas.

Costs entering into the aid calculations: There are five types of subsidizable projects and hence of costs which may enter into the aid calculations:

- (1) Investment for renewing or modernizing production machinery or equipment.

Costs:

- Investment in fixed assets, preferably intended for:
 - Automating and improving the flexibility of the production process;
 - warehouse automation;
 - purchase of numerically controlled machinery and machine tools;
 - computer-aided control of the production process;
 - computer-aided manufacturing;
 - introduction of computer-aided design;
 - production chain robotics;
 - in general, the incorporation of advanced technology in the production system.

- (2) Investment for encouraging technological innovation and development

Costs:

- Investment in equipment intended for creating and/or upgrading I&D units;

- setting up pilot plants;
- making prototypes and presses;

-running costs associated with I&D projects, industrial design, industrial cooperation in the area of innovation and technology, training in advanced technologies, access to technological information services, protection of industrial property rights and technology transfer, development of proposals for participation in national and international I&D programmes and technological demonstration and dissemination operations.

(3) Investment for improving industrial quality systems

Costs: Investment, preferably for:

- Installing and equipping testing laboratories;
- purchasing and installing process control and measuring equipment;
- purchasing and installing product control and measuring equipment.

(4) Promotion of the use of advanced telecommunications services (ATS) by SMEs

Costs:

- ATS popularization, training and dissemination activities;
- studies and projects intended to introduce industrial SMEs or trade associations to the above-mentioned services.

(5) Energy efficiency

Costs:

- Adaptation or modification of production plant, equipment or processes;
- cogeneration;
- waste heat recovery;
- replacement of conventional by renewable energy sources;
- replacement of conventional energy sources by natural gas.

- Objective of the aid programme:

Regional development

The programme had the following objectives:

- (1) Renewal or modernization of production machinery and equipment in Andalusia;
- (2) encouragement of technological innovation and development;

- (3) improvement of the industrial quality system;
- (4) promotion of the use of advanced telecommunications services by SMEs;
- (5) energy efficiency.
- Regional administration: Autonomous Government of Andalusia
- Implementation period: 1994
- Total cost: 1,225 million pesetas

ERDF funding 937 million pesetas
A.G. of Andalusia funding..... 288 million pesetas

3. AID PROGRAMME FOR INVESTMENT IN INFRASTRUCTURE AND EQUIPMENT

-Legislation: Order of 2 February 1994 concerning the granting of subsidies for investment in infrastructure and equipment (BOJA No. 14 of 5 February 1994)

- Beneficiaries: Small- and medium-sized enterprises (SMEs)
- Conditions on which aid is granted:

Type of aid: Grant

Conditions of application:

-Percentage of investment: The amount of aid may not exceed 30 per cent of the subsidizable investment, with a maximum of 100 million pesetas per project.

Costs entering into the aid calculations:

- Rural power distribution and supply installations;
- commercial natural gas distribution networks;
- installation of power stations using renewable resources, with a capacity of not more than 5 MW (hydraulic power) or 15 MW (other types of renewable energy).
- Objective of the aid programme:
Regional development

Since Andalusia's energy supply depends mainly on petroleum derivatives, it was considered necessary to promote the use of alternatives such as natural gas and renewable energy sources. Given the existence of a primary infrastructure for the transport of natural gas in Andalusia, it was decided to support the development of the commercial natural gas distribution networks by providing installation subsidies. Moreover, to promote the use of local renewable resources for energy production it was considered desirable to support the installation of power stations that use these resources, thereby reducing energy dependency.

- Regional administration: Autonomous Government of Andalusia
- Implementation period: 1994
- Total cost: 1,700 million pesetas.

4.AID INTENDED FOR COFINANCING USED OIL AND PLASTIC WASTE MANAGEMENT ACTIVITIES

-Legislation: Order of 22 September 1994 concerning the granting of aid by the Environmental Agency for the management of used oil and agricultural plastic waste generated by farming activities on Andalusian territory (BOJA No. 158 of 7 October 1994)

- Beneficiaries:

Public and private enterprises which perform the management tasks described above. All the beneficiary enterprises are SMEs.

- Conditions on which aid is granted:

Type of aid: Grant

The aid is directed towards the following activities:

-Management of used oil collected within the territory of the Autonomous Community of Andalusia involving reclamation, use as fuel, storage, analysis and grading in transfer centres;

-collection, storage and treatment (recycling or re-use as fuel in controlled processes) of plastic waste generated by farming within the same territory.

- Objective of the aid programme:

Protection of the environment. Seeks to bolster two activities.

- Regional administration: Autonomous Government of Andalusia
- Implementation period: 1994
- Total cost: 95 million pesetas

5.SUBSIDIES INTENDED TO IMPROVE THE CONDITIONS OF PROCESSING AND MARKETING OF AGRICULTURAL PRODUCTS

-Legislation: Order of 2 February 1994 developing Decree 22/1994 of 1 February establishing economic revitalization and business support measures relating to investment in the handling, processing and marketing of agricultural products (BOJA No. 14 of 5 February 1994)

- Beneficiaries:

Any legally constituted enterprise, and preferably agrarian associations composed mainly of agricultural producers

- Conditions on which aid is granted:

Types of aid:

- Grants;
- subsidy on the interest.

Conditions of application:

- Subsidies: limit of subsidy relative to investment subsidized:

Agrarian associations:	up to 50 per cent
Other beneficiaries:	up to 45 per cent
- Interest subsidies: up to eight points
- Costs entering into the aid calculations:

The investments eligible for subsidization are those specified in Annex 1 of the accompanying Decree.

The following investments are excluded:

- Purchases of office equipment, furniture, purchases of equipment that can be written off in one year and the like;
 - formation and initial costs;
 - taxes and charges, whether or not recoverable by the beneficiary;
 - vehicles, except when because of their special characteristics they meet the requirements of the industrial activity;
 - secondhand buildings, unless they have been unoccupied for more than six months and by their nature are adaptable to the industrial activity to be subsidized.
-
- Objective of the aid programme:

Regional development. Seeks to promote improvements in the conditions of processing and marketing of agricultural products by cofinancing investment intended for that purpose.
 - Regional administration: Autonomous Government of Andalusia
 - Implementation period: indefinite duration
 - Total cost: 1,944 million pesetas per year. The budget for 1994 has already been spent.
6. AID FROM THE ANDALUSIAN PROMOTION INSTITUTE (IFA)

-Legislation: Law 3/1987, dated 13 April, establishing the Andalusian Promotion Institute (BOJA No. 33 of 14 April 1987)

Decree 122/1987, dated 6 May, approving the General Regulations of the Andalusian Promotion Institute Law (BOJA No. 42 of 18 May 1987)

- Objective of the aid programme:

Regional development

- Beneficiaries: SMEs

- Conditions on which aid is granted:

Types of aid:

- Grants;
- equity participation;
- repayable loans;
- equity loans;
- avals;
- interest subsidies;
- rescue and restructuring aid for SMEs in crisis.

(1) SUBSIDIES

Subsidizable projects and conditions on which aid is granted: the following projects may be subsidized:

(a)Studies which provide support for decision-making in business management and for improving the competitiveness of enterprises

Limit: 50 per cent of cost, but not more than 3 million pesetas

(b)Studies required to give SMEs easier access to risk capital. Thus both the studies which the enterprises must make and the cost of those which must be carried out by the revenue capital company itself to assess its participation will be subsidized

Limit: 50 per cent of cost, but not more than three million pesetas

(c)Recruitment of experts by SMEs for specific projects of limited duration (technological modernization or study projects)

Maximum percentage subsidy: 50 per cent

Maximum amount: 3 million pesetas per expert per year

Maximum duration: two years

(d) Cost to enterprises of introducing Community quality standards. The following are covered:

1. Preparation of a Quality Procedures Manual

Maximum percentage: 50 per cent
Maximum amount: 2 million pesetas

2. Introduction of quality and certification procedures

Maximum percentage: 70 per cent
Maximum amount: 2.5 million pesetas

3. Product certification in accordance with quality standards

Maximum percentage: 50 per cent
Maximum amount: 5 million pesetas, as a general rule but subject to compliance with the quality standards applicable

4. Investment in intangibles, mainly training in quality topics and computerized quality control and assurance equipment

Maximum percentage: 50 per cent
Maximum amount: 1.5 million pesetas per year

(e) Subsidies for cogeneration projects. Exclusively for project feasibility studies (not for investment in tangible assets)

Maximum percentage: 50 per cent
Maximum amount: 3 million pesetas

(f) Technological audits for SMEs. The technological audit involves a study of the production structure and organization of the beneficiary enterprise leading to an expert diagnosis and a series of proposals for improving the production process. The audit is regarded more as a tool for the use of the IFA since it enables the Institute to understand the true situation of the enterprise studied and to act with full knowledge of the facts on any aid application made by the enterprise in connection with its projects

(g) Viable job creation or plant conversion investment initiatives providing employment for at least two years

Maximum percentage: 50 per cent
Maximum amount: 100 million pesetas

(2) EQUITY PARTICIPATION

Types of projects eligible for subsidization:

Participation where justified by the socio-economic importance of the project to be undertaken or the relevance of the enterprise itself to regional development. The initiatives must be viable and suitable managers must be available.

The following types of projects are eligible for subsidization:

-Initial creation or launching of an enterprise on terms equivalent to those for a private investor;

- creation and increase, within specified limits, of the capital of advanced services centres for providing services for enterprises at market rates;
- capital contributions for the creation of enterprises or public entities or bodies formed for the purpose of establishing industrial parks, with the subsequent sale of sites on market terms;
- creation and increase of the capital of venture capital companies, with the participation of, and on the same terms as, private partners. In the event of an increase of capital, the IFA's participation will not exceed the specified limit;
- contributions intended to help an SME overcome a crisis situation by providing it with self-financing for the investment needed to ensure viability in the medium term. The characteristics of this type of aid are defined at the end of item 10 of this communication.

Conditions on which aid is granted:

Maximum percentage: 49 per cent of capital

Maximum amount: 150 million pesetas

(3) LOANS

- Types of project eligible for subsidization:
 - Financing of fixed and current assets;
 - debt refinancing.

As regards the financing of fixed and current assets, it should be noted that, as a general rule, the IFA does not grant loans intended exclusively for financing an enterprise's current assets. The amounts earmarked for this purpose are very limited and tied to the financing of fixed assets and to a single production cycle.

In exceptional circumstances and, in general, for enterprises with a special socio-economic impact on their environment, loans may be granted for current assets not directly linked with an investment in fixed assets but necessary for the continued activity of the enterprise. This credit line will not exceed 5 per cent of the loan aid budget.

The projects must be at least 30 per cent self-financed.

As far as debt refinancing is concerned, there are two possibilities:

- Refinancing of the debt associated with a recent investment

In granting this type of aid consideration will be given to the fact that it is intended to overcome the immediate difficulties of small- and medium-sized enterprises (bearing in mind that Andalusia is a 92.3(a) region) and to the fact that it will be granted only once.

- debt refinancing for small- and medium-sized enterprises in crisis by providing self-financing for the investment necessary to enable them to achieve medium-term viability