

# Legal Alert

December 2008

**State Aid Scheme on Sustainable  
Economic Development**

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### State Aid Scheme on Sustainable Economic Development

Name of the enactment	Government Decision No. 1680 of December 10, 2008 for the institution of a State Aid scheme concerning the assurance of a sustainable economic development
Publication	Official Gazette of Romania, Part I, No. 897 of December 30, 2008
Entry into force	1 January 2009
Main provisions	The regulation aims at instituting a State aid scheme having as an objective the regional development by the stimulation of investment-making and creation of new work places.

This shall be applied to the enterprises making investments in Romania and which cumulatively fulfill the following conditions:

- make an initial investment with a value exceeding the equivalent in RON of EUR 30 million;
- create at least 300 new work places, as a consequence of the initial investment.

Certain sectors of activity cannot benefit from the provisions of this State aid scheme. These sectors are: (i) agriculture, hunting and related services, (ii) forestry and forest exploitation, (iii) fishing and aquaculture, (iv) extraction of superior and inferior coal, (v) manufacture of beverages, (vi) manufacture of tobacco products, (vii) manufacture of textile products, (viii) manufacture of clothing articles, (ix) leather tanning and finishing; manufacture of traveling articles and leather goods, of harnesses and foot gear; preparation and dyeing of furs, (x) processing of wood, manufacture of wood and corkwood products, except furniture; manufacture of straw articles and of other plaited vegetal materials, (xi) manufacture of paper and paper products, (xii) printing and reproduction of recordings on supports, (xiii) manufacture of chemical substances and products (including synthetic fibers), (xiv) metallurgical industry, (xv) manufacture of other transportation means (including the construction of sea boats), (xvi) manufacture of furniture, (xvii) other industrial activities, (xviii) reparation, maintenance and installation of machines and equipment, (xix) supply of steam and conditioned-air, (xx) ground transportation, (xxi) water-borne transportation, (xxii) air

transportation, (xxiii) storage and activities auxiliary to transportation, (xxiv) postal and freight activities, (xxv) professional, scientific and technical activities (excluding the research and development activities), (xxvi) administrative services activities and support services activities.

The enterprises which are deemed to be companies in difficulty or the ones against which a decision for the recovery of a State aid was issued, unless this recovery decision has already been enforced, according to the legal provisions in force, cannot benefit from the State aid scheme.

The maximum level of State aid of which an economic operator can benefit in accordance with this scheme is, for investments and work places created in the development region 8 Bucharest-Ilfov, the equivalent value in RON of EUR 22.5 million, while for the rest of the regions, this is the equivalent value in RON of EUR 28.125 million.

The State aid is granted within the limit of the maximum admissible intensity, calculated as per annex no. 2 to this decision, and it consists in granting non-refundable amounts from the State budget, through the Ministry of Economy and Finance – General Actions.

There can be no benefit from State aid under this scheme if, for the same eligible costs of the initial investment, State aid or *de minimis* aid from other State aid suppliers was received.

The State aid is granted if the beneficiary submits a financing application accompanied by a specific documentation before the start of the works. If the works started before the fulfillment of this condition, the entire project is not eligible for aid.

The granting of the State aid for the initial investment is conditioned by its maintenance in the region concerned for a minimum period of 5 years as of the date when the investment project is put into functioning.

The regional aid for investments is calculated by reference either to the costs of the investments into tangible and intangible assets resulting from the initial investment project, or to the estimated salary costs for the work places directly created through the investment project, the higher value being considered. For guaranteeing a viable and efficient level of the investments benefiting from aid, the beneficiary's contribution directed to their financing must be of at least 50% of the eligible costs, under a form that is not the object of any other public aid.

The duration of the State aid scheme is of 5 years, for the period 2009-2013, respectively.

The total maximum budget of the State aid scheme is the equivalent in RON of EUR 1 billion, and the average annual budget is of EUR 200 million, within the limit of the annual ceilings set for the period of 5 years.

*Note: The total estimated number of beneficiaries of the State aid granted under this scheme is of 70, the average annual number being of 14 enterprises.*

The State Aid scheme entered into force on January 1<sup>st</sup>, 2009, following that within 60 days from this date application procedures of this decision to be issued.

Mention should be made that this decision repeals a series of provisions of Government Decision No. 1165/2007 (published in the Official Gazette of Romania, Part I, No. 688 of October 10, 2007) for the stimulation of economic growth by the support of the investment-making.

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