

WRITTEN QUESTION P-2050/06
by Michael Nattrass (IND/DEM)
to the Commission

Subject: State aid

2,300 jobs have been lost at the Ryton factory in Coventry, after Peugeot-Citr en decided to move the production of the new 207 model to Slovakia.

The UK Government submitted a request for permission for a £16 million state aid grant to the Ryton factory, yet inexplicably it took two years to gain permission. The Department of Trade and Industry in the UK said it had never experienced such a long delay.

At the same time, the Slovakian Government has made at least three grants to Peugeot since the country became subject to EU accession requirements. The Trnava plant received in total €105 million, 15% of the total budget, in state aid where Peugeot are now building the new 207 model in place of Ryton.

1. Could the Commission please confirm whether it approved the application for state aid by the Slovakian Government for the plant at Trnava?
2. Could the Commission please explain why the UK Government experienced such delays in its application for state aid for the Ryton factory?
3. Could the Commission explain why it has permitted the Slovakian Government to offer Peugeot free land, construction financing, local infrastructure enhancements, tax breaks and labour training subsidies, which all count as state aid, particularly with reference to the paragraph below, which appears on the Slovakian Government's website?

In Slovakia, State aid to investors has frequently been given in the form of tax relief. For eligible recipients of investor incentives, a 10-year tax holiday may be granted for an amount determined by the Minister of Economy. The amount of tax relief depends on several factors including the amount of the investment and the average productivity in the region where the investment is being made. (Investors should note that the 10-year tax holidays may eventually be eliminated because they run contrary to EU state aid legislation.)
<http://strategis.ic.gc.ca/epic/internet/inimr-ri.nsf/en/gr115752e.html>

4. Could the Commission also explain, if the Ryton factory upgrade project was subject to a 10% limit of the total from state aid, why has the Slovakian Government been allowed to give 15% of the total project to the Trnava plant, which was in direct competition to the Ryton factory?