

State aid: Commission refers France to Court for failure to recover illegal aid from Arbel Fauvet Rail

The European Commission has decided under EC Treaty state aid rules to refer France to the European Court of Justice for failure to comply with a Commission decision of 2 April 2008 (see [IP/08/531](#)). The decision ordered France to recover illegal and incompatible state aid from Arbel Fauvet Rail. To date, France has not recovered this aid.

Competition Commissioner Neelie Kroes commented: "The Commission will continue to take a strong stance against Member States that do not recover state aid from companies who received unfair and illegal support."

On 2 April 2008, the Commission found that Arbel Fauvet Rail, a manufacturer of railway wagons for industrial use established in Douai in Northern France, had received illegal and incompatible aid from the Région Nord-Pas-de-Calais and the Communauté d'agglomération du Douaisis. The aid was granted in the form of two loans totalling €2 million.

The Commission's investigation found that the two loans were granted at preferential interest rates that would not have been available to Arbel Fauvet Rail on the private credit market due to its difficult financial situation. The company had therefore received an unfair economic advantage that was not available to its competitors, amounting to the difference between the interest payable under the preferential terms of the aid and the interest which would have been payable at market rates.

To date, the French authorities have failed to provide the Commission with information confirming recovery of the aid and the Commission has therefore decided to refer France to the European Court of Justice.

This approach is in line with the State Aid Action Plan adopted in June 2005, which is designed to ensure an effective state aid control (see [IP/05/680](#) and [MEMO/05/195](#)).