



Utskrift fra møteprotokoll

Møte i: **Salten Regionråd**

Dato: **28. februar 2013**

Sak: **SR-sak 15/13 Uttalelse til EU-kommisjonen vedrørende nye regionalstøtteretningslinjer for 2014-2020**

Enstemmig vedtak:

Salten Regionråd vedtar uttalelsen til EU-kommisjonen vedrørende nye regionalstøtteretningslinjer for 2014-2020 som ble framlagt i regionrådets møte.

Framlagt uttalelse:

European Commission
Directorate-General for Competition
Ref.: HT.3127 Public consultation regional aid
State aid Registry
BE-1049 Brussels
Belgium

Bodø, 05 March 2013

CONSULTATION – DRAFT GUIDELINES ON REGIONAL STATE AID FOR 2014-2020

1 Introduction

Salten Regional Council ("Salten Regionråd") welcomes the opportunity to submit its comments to the European Commission on the draft regional aid guidelines for 2014-2020. Salten Regional Council is a body coordinating the regional policy of the nine municipalities of Beiarn, Bodø, Fauske, Gildeskål, Hamarøy, Meløy, Saltdal, Steigen and Sørfold in the Salten region in Nordland County, Norway.

Salten is a district in Nordland county in Norway. Salten covers an area of about 11,250 square kilometres and has a population (2011) of about 78,680 people. The district borders Helgeland in the south, Ofoten in the north, Sweden in the east, and Vestfjorden and the Lofoten islands in the west.

Salten is located north of the Arctic Circle and is part of Europe's arctic region. Through the EEA Agreement, the rules on regional aid have an impact on the development of the sparsely populated region of which Salten forms a part. The Salten Regional Council hereby gives its comments on the draft regional guidelines.¹

¹ The council has based its comments partly on the draft comments from the four northernmost counties (Nord-Trøndelag, Nordland, Troms and Finnmark) as the challenges of the Salten region to a large extent is similar to those of Northern Norway as such.

2 Sparsely populated areas

The municipalities form part of the Nuts II area of Northern Norway, which is a very sparsely populated area with less than 8 inhabitants per km² in line with the definition given in the draft guidelines.² Salten Regional Council (hereinafter “the council”) welcomes the opportunity the draft guidelines provide to grant both investment aid as well as operating aid in these areas. The tools provided are in the opinion of the council necessary to be able to continue to prevent and reduce depopulation in the very sparsely populated areas on the outermost fringe of Europe. To combat depopulation, stability and continuity of aid measures is necessary, and the council appreciates the continuation of the main features of the present guidelines.

3 Investment aid

3.1 Introduction

Salten Regional Council is pleased to note that the challenges sparsely populated areas face have been taken into account, and that these areas still may be eligible for aid.

The proposed definition in paragraph 144 (b) which reads “*Sparsely populated areas: NUTS 3 regions with less than 12.5 inhabitants per km² (based on Eurostat data on population density for 2010).*” means that the northernmost areas still will be eligible for investment aid. The council therefore strongly supports the Commission’s proposal on this point.

3.2 Decreased aid ceilings

The council notes that the proposal contains some reductions in the aid intensity in so-called “c”- areas.

Today, the maximum ceiling for regional investment aid to small enterprises is 35 %. The ceiling is 25 % with regard to medium-sized enterprises, and 15 % when it comes to large enterprises. Even this may sometimes not give sufficient incentives to invest in the least populated areas. A higher aid ceiling might encourage private investors to take a higher investment risk.

In paragraph 161, it is proposed that in “c”- areas, the aid ceiling should not exceed 30 % for small enterprises or 20 % for medium-sized enterprises.

The council notes that the ceilings are accompanied with the words “in principle”. This may be interpreted to give a certain flexibility to allow higher intensities in certain circumstances. Nevertheless, the council would like to stress the importance of allowing higher aid intensities than contained in the proposal in areas threatened with depopulation.

The incentive to invest in “c”- areas is further diminished by the fact that in all areas of the EU and of the EEA an aid intensity of 20 % in the case of small enterprises, and 10 % in the case of medium-sized enterprises, is allowed. This follows from Article 15 (2) (a) and (b) of the General Block Exemption Regulation (GBER) as it is today.³ Unless the Commission is planning to change these intensities, the incentive to invest in “c”- regions compared to all other regions of Europe would be only 10 % for both kinds of companies.

The council would therefore highly appreciate if the Commission would reconsider keeping to-

² The four northernmost counties have a population density of 4.71 inhabitants per km². The lowest population density can be found in Finnmark, with a population density of 1.60 inhabitants per km². Troms has a density of 6.34 inhabitants per km², Nordland has a density of 6.58 inhabitants per km², while Nord-Trøndelag has a density of 6.36 inhabitants per km². Figures from Statistics Norway (2011).

³ Commission Regulation (EC) No 800/2008 of 6 August 2008 declaring certain categories of aid compatible with the common market in application of Articles 87 and 88 of the Treaty (General block exemption Regulation) OJ L 214, 9.8.2008, p. 3–47.

day's aid ceilings for "c"-areas, such as the sparsely populated regions, also for the period 2014-2020.

3.3 Large undertakings

The council notes that according to the proposed rules, large undertakings will no longer be eligible for aid in the northernmost areas.

The present rules applicable until the end of 2013, with different aid ceilings for large enterprises and SME's address in the opinion of the council the differences between these enterprises in an appropriate manner. The rules give all enterprises an incentive to invest in sparsely populated areas, and thereby to stimulate economic development in these areas. As large enterprises may act as an engine for further development in remote parts of Europe with long distances to the market, such enterprises should still be given an incentive to invest in sparsely populated areas.

Many enterprises wanting to invest in the northernmost areas of Europe may be part of a larger group of companies located elsewhere in Europe. Thus, the definition of an undertaking in State aid law, and in particular in the Commission recommendation on SMEs, may hinder such enterprises to benefit from investment aid, as these may be defined as large undertakings.

Rules that prevent large undertakings from benefitting from investment aid may therefore reduce the number of investments in these areas.

The council would therefore appreciate if the Commission would reconsider whether it should still be possible to grant aid to large undertakings in "c"- areas.

3.4 Block exemption

It follows from the explanatory note to the guidelines that the guidelines have to be read in light of the forthcoming other elements of the future State aid framework, including the draft General Block Exemption Regulation (GBER).

According to the explanatory note, the scope of the GBER will be extended both as regards the categories of measures and the aid amounts. Many measures may therefore no longer require a notification to the Commission.

The council welcomes the introduction of new rules under the block exemption that will lead to simpler and better rules, and that reduces the administration of clearly defined aid measures.

In particular, the council welcomes the Commission's services proposal to exempt from notification operating aid schemes that compensate the additional transport costs of goods in a sparsely populated area, as determined in the approved regional aid map for the Member State concerned for the period 2014-2020.⁴

4 Operating aid

4.1 Introduction

Most Arctic areas, including the Salten region, suffer from problems relating to a low degree of diversification of the industry, as well as problems resulting from remoteness, long internal and external travel distances and harsh weather conditions.

The challenges in the northern regions of Europe are not of a purely temporary nature, but are

⁴ As described in the explanatory note on the paper of the services of DG Competition containing draft regional aid guidelines 2014-2020 at page 2.

more or less permanent. Without a sufficient population level, the area would not be able to provide, or attract, a work force able to handle the challenges ahead. Maintaining a skilled work force is essential to be able to exploit natural resources, which is needed for the future growth of Europe. For this reason, traditional investment aid alone may not always be the most adequate instrument to address the specific problems of these areas. Moreover, as investment aid favours capital over labour, the effects of such aid on the population development in the regions may not be as targeted as for example operating aid directly related to employment costs.

The council therefore welcomes that the new draft guidelines contain specific rules for operating aid in very sparsely populated areas, and supports the Commission's draft on operating aid.

The council would still like to make some comments on a few of the paragraphs regulating the use of operating aid. Therefore, in the following, please find some comments and proposals regarding some of the more detailed rules of the guidelines in this respect.

4.2 Paragraph 54 – calculation of aid amounts ex ante

The draft guidelines paragraph 54 reads:

“54. The Member State must demonstrate that the aid is appropriate to achieve the objective of the scheme, in relation to the problems that the aid is intended to address. To demonstrate that the aid is appropriate, the Member State shall calculate the aid amount ex ante as a fixed sum covering the expected additional in costs over a given period, rather than to establish it on the basis of costs and revenues as they are incurred. In the latter situation, there are typically few incentives for the company to contain costs and to develop the business over time.”

The council does not disagree that this may be a good approach in many circumstances. However, this may cause some practical problems in the implementation of certain aid schemes, in particular where the aid instrument is, for example, tax reductions or reductions of social security payments. In such circumstances, the aid amount may be better adjusted and targeted if it is calculated on the basis of the true cost of the undertaking, rather than on estimates.

The council would appreciate if the wording of the guidelines was drafted in a way that left it more to a concrete assessment by the Commission or the EFTA Surveillance Authority of each individual aid scheme. The council therefore proposes the following text:

“54. The Member State must demonstrate that the aid is appropriate to achieve the objective of the scheme, in relation to the problems that the aid is intended to address. To demonstrate that the aid is appropriate, the Member State may calculate the aid amount ex ante as a fixed sum covering the expected additional in costs over a given period.”

4.3 Paragraph 97 – cost attributable to the problems the aid is intended to address

The draft guidelines paragraph 97 reads:

“97. In particular, the following general conditions must be fulfilled:

(a) The aid must be determined in relation to a predefined set of eligible costs that are a fully attributable to the problems that the aid is intended to address, as demonstrated by the Member State. The aid must be limited to a certain proportion of those eligible costs and must not exceed those costs.”

The paragraph may be interpreted in a way that could limit well targeted aid measures to the problems that the aid is intended to address.

In the opinion of the council, the paragraph could be misinterpreted to imply that the choice of aid instruments is more limited than intended. The various types of aid instruments are described amongst others in paragraph 55. Here, the many various forms of regional aid are mentioned:

“55. Regional aid can be awarded in various forms. The Member State should however ensure that the aid is awarded in the form that is likely to generate the least distortions of trade and competition. In this respect, if the aid is awarded in forms that provide a direct pecuniary advantage (e.g. direct grants, exemptions or reductions in taxes, social security or other compulsory charges, or the supply of land, goods or services at favourable prices, etc.), the Member State must demonstrate why other potentially less distortive forms of aid that such as repayable advances or forms of aid that are based on debt or equity instruments (e.g. low-interest loans or interest rebates, state guarantees, the purchase of a share-holding or an alternative provision of capital on favourable terms) are not appropriate.”

To address the problem of depopulation, all the aid instruments above may, depending on the circumstances, prove appropriate. The council therefore proposes an adjustment of paragraph 97 to avoid that the paragraph could be interpreted as a limitation of the choice of the most appropriate aid instrument in each individual case. One possible drafting of the paragraph may be:

“97. In particular, the following general conditions must be fulfilled:

(a) The aid must be determined in relation to a predefined set of eligible costs, and the Member State should demonstrate that the aid is targeted to the problems that the aid is intended to address. The aid must be limited to a certain proportion of those eligible costs and must not exceed those costs.”

4.4 Paragraph 126 – duration of aid schemes

The draft guidelines paragraph 126 reads:

“126. The Commission may require the Member State to limit the duration of certain schemes (normally to four years or less) and to conduct an evaluation of those schemes, as described in Section 4.”

The council understands this paragraph to imply that the Commission *may* limit the duration of *certain* schemes, but that this depends on an individual assessment of each notified scheme. The section in brackets (normally to four years or less) could however be misinterpreted.

As stated in paragraph 6 of the draft guidelines⁵, in some very limited areas, the handicaps may be so severe or permanent, that operating aid may be a supplement to investment aid. In cases with permanent handicaps, it may ensure stability and continuity to allow an aid scheme to last for the duration of the guidelines, rather than to oblige the Member State to end it after four years. To avoid confusion on this point, the council proposes to delete the part of the sentence in brackets, so that the paragraph would read:

“126. The Commission may require the Member State to limit the duration of certain schemes and to conduct an evaluation of those schemes, as described in Section 4. “

Such a wording would give the Commission the flexibility to require a limitation of the duration where deemed necessary, but still allow certain schemes to last for a longer period. This could be combined with a thorough evaluation of such schemes.

Alternatively, the paragraph could also highlight the choice between limitations and evaluations by introducing the word “or” so that the paragraph would read:

“126. The Commission may require the Member State to limit the duration of certain schemes or to conduct an evaluation of those schemes, as described in Section 4.”

⁵ Paragraph 6 “ [...] In certain very limited, well-identified cases, the handicaps of an area in terms of attracting or maintaining economic activity may be so severe or permanent so that investment aid alone may not be sufficient to allow the development of that area. Only in such cases, regional investment aid may be supplemented by regional operating aid not linked to an investment.”



5 Concluding remarks

The proposed guidelines strike a good balance between the need for aid and the impact on competition. The main features of the present rules are maintained for the period 2014-2020. For the northernmost, very sparsely populated areas of Europe, it is important that the present rules on operating aid are proposed continued. Aid alone cannot necessarily prevent depopulation, but as part of an overall European, Nordic and Norwegian policy for the North, aid can contribute to create the right environment for growth in these areas.

In the comments above, some proposed adjustments have been made to clarify certain rules, and to ensure that the rules are as targeted as possible to combat the challenges sparsely populated areas are facing.

The Salten Regional Council would highly appreciate if the Commission could take the proposals into careful consideration.

Salten Regional Council

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