



ROYAL NORWEGIAN MINISTRY OF GOVERNMENT
ADMINISTRATION, REFORM AND CHURCH AFFAIRS

European Commission
Directorate-General for Competition
State aid Registry
1049 Brussels

Your reference
Revision of the Regional aid
Guidelines

Our reference
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Revision of the Regional aid Guidelines – comments from Norway

Reference is made to the non-paper on the revision of the regional aid guidelines from DG Competition and the multilateral meeting in Brussels 8-9 February 2012 where this paper was presented and discussed. Norway welcomes the invitation to present its views on the Commission's proposals.

The Norwegian Ministry of Government Administration, Reform and Church affairs has the overall responsibility for the sector crossing instruments in the government's competition policy, and is the coordinator of comments from central administrations in state aid regulatory processes at the European Commission and the EFTA Surveillance Authority.

Please find enclosed the Norwegian Government's comments to the non-paper and the discussions in the multilateral meeting.

Yours sincerely,

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Revision of the regional aid guidelines, comments from Norway

Reference is made to the non-paper on the revision of the regional aid guidelines from the services of DG Competition. Reference is also made to the multilateral meeting in Brussels 8-9 February 2012 where this paper was presented and discussed. The Norwegian authorities welcome the invitation to present views on the proposals from the Commission. We also appreciate that we will have the possibility to give further comments in the consultation on the draft guidelines in September and in the planned next multilateral meeting.

Regional policy is a highly prioritised policy area in Norway. The regional development challenges in the country stem mainly from its geographical features, with large distances, difficult climate and large areas with very sparse population. A central objective of Norwegian regional policy is to facilitate development in sparsely populated regions. This, in line with EU cohesion policy, is linked to the perspective of making use of all parts of the country as a means to economic and social development. The regional aid guidelines represent an important part of the policy framework for regional policy's ability to deal with these policy challenges.

The Norwegian authorities' view on the non paper presented by DG-Competition, as well as of the discussion at the multilateral meeting, is largely positive. Maintaining low population density as a criterion for designating assisted areas, as well as the possibility to grant operating aid in the least populated areas, represent the possibility for a continuation of central and important measures of Norwegian regional policy.

The Commission, in the view of the Norwegian authorities, has presented a largely balanced framework for the upcoming revision. Below, we present some initial comments based on the messages in the non paper, as well as from the discussions at the multilateral meeting.

1. GEOGRAPHICAL SCOPE OF ASSISTED AREAS

The Norwegian authorities note that the non-paper suggests maintaining low population density as a criterion for designating assisted areas. This criterion is a central priority for the Norwegian authorities, including the maintenance of the flexibility criteria for the actual designation of areas, and to target the aid to regions that suffer from economic disadvantages instead of based on administrative borders on the NUTS III level. The Norwegian authorities welcome the proposal in the non paper from the Commission, that the guidelines will not be changed with regard to article 30 (b) of the existing regional aid guidelines.

2. OPERATING AID IN THE LEAST POPULATED AREAS

The non paper proposes to maintain the possibility for operating aid that is not degressive and not temporary in the outermost regions and in the least populated regions also in the new guidelines. Operating aid is an important tool to meet the natural handicaps arising from very low population density. It is furthermore vitally

important that such schemes have a large degree of predictability and transparency in their operation. The Norwegian authorities welcome the proposal in the non-paper and in the discussion at the multilateral meeting 8-9 February, that articles 80 and 81 in existing guidelines will remain unchanged in the new guidelines.

The maintenance of the possibility to grant start-up aid to newly created small enterprises in the new guidelines is supported by Norway.

3. INVESTMENT AID

Aid to large enterprises

The non paper discusses the effects and potentials for distortion of competition with regard to regional investment aid to large enterprises. The Norwegian authorities recognize that in practice there are few cases where aid is necessary for large enterprises. In these cases however, regional investment aid can be of vital importance as an incentive to invest in remote regions instead of outside assisted areas.

The Norwegian authorities are of the opinion that large enterprises should remain eligible for investment aid also in c-regions. However, the eligibility criteria for aid to large enterprises could be more narrowly defined than for small-and medium sized enterprises. One option could be that the enterprise in the application for aid clearly has to demonstrate that the aid is necessary for the planned investment in the region. A possible reference for such requirements could be the UK practice, as referred to in the multilateral meeting by the UK representatives. This would reduce the distortive effects of aid as only aid that demonstrate a strong incentive would be allowed.

Maximum aid intensities in article 87(3) (c)-regions

The Norwegian authorities are of the view that the maximum aid intensities for investment aid provided for by the current guidelines should be maintained, also in the c-regions. In practice, maximum aid intensities are rarely used in Norway. The bodies responsible for promoting regional development are instructed to assess the necessity of aid, with a view to efficient resource use and maximizing incentive effects.

The Norwegian authorities do not see the need for further restriction of aid intensities in c-regions. A further reduction of aid intensities in the assisted areas would bring aid levels closer to those provided for outside of the assisted regions. Further restriction of the aid intensities would thus lead to regional investment aid being less differentiated from aid instruments available outside of 87(3) (c)-regions and thus reduce the incentive effect and the possibility to attract investments in the assisted areas.

4. THE TIME SCHEDULE

The schedule for the next steps in the process of the revision of the guidelines, including the final approval of the guidelines, as presented by the Commission at the multilateral meeting, causes some concern. While recognizing the Commission's reason for including the latest available statistics on economic development in order to

take into account the current difficult economic situation in many countries, this must also be balanced against the necessity to have in place the new regional aid maps and aid schemes from 1 January 2014. Adoption of the guidelines in May 2013 as suggested, may cause difficulties for finalizing the notification processes and the national requirements needed by the end of December 2013.

The Norwegian authorities would therefore propose that the new regional aid maps should be based on Eurostat data from the period 2007-2009. This would also reflect the proposals of the draft regulations for the cohesion policy 2014-2020. This approach could be combined with a flexible option for revisions of the national aid maps, within the existing population coverage, during the period 2014-2020

5. OTHER COMMENTS

The Norwegian authorities note that a number of guidelines and regulations are under revision. The General Block Exemption Regulation is of key importance with regard to a number of ongoing schemes. The Norwegian authorities would therefore underline the importance of the coordination of these processes, so that necessary alterations to existing schemes can be made before 31.12.2013.

The Norwegian authorities agree with the Commission's proposal that sectors with overcapacity should remain ineligible for regional investment aid.

With regard to aid for large investment projects, the Norwegian authorities support the Commission's proposal.