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**Ministry of Enterprise and
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conditions*

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**Additional comments from Sweden on the draft Regulation amending the
General Block Exemption Regulation**

On 17 May 2016, Sweden submitted its comments to the European Commission regarding the draft Regulation amending Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (the General Block Exemption Regulation, GBER).

In order to clarify some points discussed at the advisory committee meeting on the GBER amendments on 24 May, Sweden hereby takes the opportunity to submit additional comments regarding Article 15, paragraph 2, on regional operating aid in sparsely populated areas and Article 56a, paragraph 4, on the catchment area for regional airports.

Article 15, paragraph 2

At the advisory committee meeting, and in the comments submitted in advance of this, Sweden argued that the focus of Article 15, paragraph 2, should be shifted from the production area of the aid beneficiary to the production area of the transported goods. This can be achieved through the following amendments of the proposal presented by the Commission:

2. In sparsely populated areas, the regional operating aid schemes shall compensate for the additional transport costs of goods ~~which have been produced in areas eligible for operating aid, as well as additional transport costs of goods that are further processed in those areas~~, under the following conditions:

(a) the goods have been produced or will be further processed in areas eligible for operating aid ~~the beneficiaries have their production activity in those areas~~;

(b) the aid is objectively quantifiable in advance on the basis of a fixed sum or per tonne/kilometre ratio or any other relevant unit;

(c) the additional transport costs are calculated on the basis of the journey of the goods inside the national border of the Member State concerned using the means of transport which results in the lowest costs for the beneficiary.

The aid intensity shall not exceed 100% of the additional transport costs as determined in this paragraph.

The fundamental aim of Article 15, paragraph 2, is to allow compensation for additional transport costs of goods resulting from long distances between production/processing sites and selling points. Through this, the negative effects for companies of being located in sparsely populated areas, compared to competitors located closer to the markets, are counteracted.

Many of the companies in the areas eligible for operating aid sell a large share of their products to larger enterprises outside the areas, thus acting as sub-contractors to these firms. Depending on what is most rational and cost efficient for the specific actors' business relation, the transport could be procured and paid by either the seller or the buyer. In Sweden's view, the companies involved should be entrusted with making that choice. The conditions for operating aid shouldn't adversely affect that decision, forcing them into inefficient business models, meaning a risk of having negative effects on the companies and thus ultimately counteracting the aim of Article 15. The point of relevance is that the additional transport costs of goods which have been produced or will be further processed in areas eligible for operating aid are compensated. Therefore, the aid should be granted to the company paying for the transport of the goods, be it the seller located in the area eligible for aid, or the buyer located outside the area.

From a competition point of view the proposed amendment would have a low impact, since the condition still only encompasses goods which are produced or will be further processed in sparsely populated areas suffering from high costs due to long distances to markets. The buyer located outside the area is not subsidised to a higher degree compared to the effects of present rules. Furthermore, an amendment allowing for a more cost efficient application of transport aid could also positively affect the overall need for state expenditure.

Article 56a, paragraph 4

To follow up on the discussion during the advisory committee meeting on the catchment area for regional airports, Sweden sees the need of a

clarification on how Article 56a, paragraph 4 on the catchment area, should be interpreted.

At the meeting, the Commission mentioned that the conditions on distance (100 kilometres) and travel time (60 minutes by car, bus, train or high-speed train) should not be seen as cumulative. In view of this, can the Commission confirm that the GBER is applicable on investment aid to a regional airport located more than 100 kilometres from another airport, even if the travel time falls short of 60 minutes? And reversely, is the regulation applicable if the travel time exceeds 60 minutes, but the distance is less than 100 kilometres? Sweden would appreciate if the Commission could provide a clarification on this during the further drafting process.