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**Comments from Sweden on the draft Regulation amending the General
Block Exemption Regulation**

First of all, Sweden would like to thank the European Commission for the opportunity to comment on 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 general, Sweden welcomes the inclusion of exemption provisions for ports and airports in the GBER, as this simplifies and clarifies the State aid rules in these fields.

Sweden also finds the amendments regarding regional operating aid very fruitful. They will clarify the conditions for companies in sparsely populated areas facing high transport costs due to long distances to markets. In relation to this, Sweden would like to draw the Commission's attention to the need for a further revision of the conditions on regional operating aid (see further below).

Furthermore, Sweden welcomes the amendments to the provisions on aid for culture and heritage conservation in Articles 4 and 53, as well as the additions with regard to incentive effect in Article 6, eligible costs in Article 7 and monitoring in Article 12.

The Swedish language version of the text, e.g. the new definitions regarding ports in Article 2, needs to be revised editorially to avoid misinterpretations. Also, some definitions in the existing regulation seem to have been mistranslated. Sweden would be happy to provide specific comments on this matter in the further drafting process.

More detailed remarks concerning specific articles will follow below. The document will be concluded with a general estimate of the amount of administrative burden savings.

Article 4.1, point dd

In our view, it is reasonable not to establish a notification threshold for investments in regional airports, since the competitive effects of the investment is more related to the size of the airport than the invested amount. The reference to Article 56a seems unnecessary as it should be obvious that the investment must comply with the relevant article in chapter III.

Article 5.2, point k

In order to avoid misinterpretation or misuse of the provision, Sweden would suggest that the Commission adds an example to further develop what kind of “publicly available, regularly updated and generally accepted benchmark” this new point refers to.

Article 14.7

Sweden welcomes the restriction of the condition in the first sentence to “large undertakings”. However, it would be reasonable to add this restriction also to the second sentence, for aid granted for a diversification of an existing establishment.

Article 15

As mentioned above, Sweden welcomes the amendments regarding regional operating aid, but sees the need for a further revision.

When regional operating aid was included in the GBER in 2014, a condition was added in Article 15, point 2 a, that the beneficiaries of aid compensating for the additional transport costs of goods must have their production activity in areas eligible for operating aid. In Sweden, regional transport aid is restricted to the four northernmost NUTS 3 regions which are sparsely populated.

A common situation is that a company with production in the area is a sub-contractor to an enterprise outside the area. With the present condition, the latter enterprise is not eligible for aid despite handling all the transportation of the purchased goods from the sub-contractor, in order to take advantage of large-scale production. The smaller company which produces the transported goods is forced to procure and pay for all transportation in order to receive the aid. This puts it in an unfavourable position compared to competitors outside the eligible area and increases its administrative burdens. It also worsens its liquidity and

binds capital on a long term, since the aid is paid in arrears only twice a year.

In the long run, this hinders the growth of efficient firms since it forces them into inefficient business models (i.e. own transportation rather than sub-contracting as part of a business model benefiting from models of scale). These negative effects particularly hit small firms badly.

Sweden therefore proposes that paragraph *a* in point 2 should be deleted. With this amendment, the focus of the provision is shifted from the production area of the aid beneficiary to the production area of the transported goods, keeping the condition that the goods must have been produced or further processed within the area eligible for operating aid. This would better serve the purpose of the transport aid.

Article 22.2

“An activity that is new for this enterprise” is not defined in the regulation. Therefore, the new condition added in point *a* will in our view be difficult to interpret and apply without a further explanation or exemplification from the Commission. We therefore suggest that it is included in the list of definitions in Article 2.

Article 52

The added point, which concerns how eligible costs are established, is difficult to interpret with the reference to point 2, which regulates what the eligible costs are. To be able to interpret the addition, the Member States will need further explanation from the Commission.

Article 56a

As mentioned above, Sweden takes a positive view to the inclusion of exemption provisions for airports. However, some amendments and clarifications would be welcomed.

When applying point 4, specific regional conditions need to be taken into account. As the weather conditions are severe during the winter period in large parts of Sweden, it must be considered that travelling time risk to be prolonged substantially due to snowy, icy or frost-damaged roads and railroads. Therefore, it needs to be clarified that, under these circumstances, aid may be granted to airports even if they are located within 100 kilometres distance from another airport.

Relating to point 5, a definition of “average annual passenger traffic” should be added in the list of definitions in Article 2, preferably with the same wording as in the Commission’s Guidelines on State aid to airports and airlines (point 25.9).

Also, in relation to point 8, a definition of “passenger airport” is needed in the list of definitions in Article 2, since aid granted for the creation of new passenger airports, or for the conversion of an existing airfield into a passenger airport, is excluded from the regulation.

A clarification is also needed in point 9 on what is meant with the “operating profit of the investment” and for which time period this should be assessed.

Regarding point 10, it should in our view be adjusted so that also planning costs relating to the investments in airport infrastructure can be seen as eligible. This would be in line with the Guidelines (point 97) and with the new GBER provisions regarding ports (articles 56b point 2 and 56c point 2).

Articles 56b and 56c

As mentioned above, Sweden takes a positive view to the inclusion of exemption provisions for maritime and inland ports.

Sweden welcomes that planning costs are included among the costs eligible for investment aid for ports (Articles 56b point 2 and 56c point 2). To avoid misinterpretation, the addition of a definition of planning costs should be considered to be introduced in Article 2.

Clarifications are also needed (Articles 56b point 3 and 56c point 3) on the meaning of “operating profit of the investment” and for which time period this should be assessed.

Administrative burden savings

It is not possible to estimate the amount of potential administrative burden savings for the Swedish authorities and the final beneficiaries. In general, the inclusion of new aid categories in the GBER has probably saved the central state aid unit from some administrative burden. For aid grantors and beneficiaries the savings are more uncertain, since they will have to allocate more resources, at least initially, for the interpretation and application of the new provisions.

Also, any potential reduction of administrative burden must be assessed in comparison with the additional administrative burden for the Member States stemming from the GBER’s new transparency requirements.

However, in more specific terms, the amendment proposed by Sweden to the regional operating aid (see article 15 above) would in particular save companies in sparsely populated areas, many of them SMEs, from some administrative burdens.