

**E U R O P E A N   E C O N O M I C   A R E A**  
**FORUM OF LOCAL AND REGIONAL AUTHORITIES**

Ref. 1124251

**SEVENTH MEETING OF THE EEA EFTA FORUM**

*Bergen*  
*20 – 21 June 2013*

**Opinion on the Review of State Aid Framework**

**Rapporteur:** Nils Amund Røhne

The EEA EFTA Forum of Local and Regional Authorities (the Forum):

- A. Having regard to Article 61 of the Agreement on the European Economic Area (the EEA Agreement) on the prohibition of the granting of state aid;
  - B. Noting the European Commission's State Aid Reform Programme set out in its Communication on State Aid Modernisation of 8 May 2012;
  - C. Having regard to the Commission's proposal of 8 May 2013 declaring certain categories of aid compatible with the Internal Market in the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union (TFEU) (General Block Exemptions Regulation);
  - D. Having regard to the Commission's proposal for a new regulation on the application of Articles 107 and 108 TFEU to *de minimis* aid;
  - E. Having regard to the new guidelines on regional state aid for 2014-2020 adopted by the European Commission on 19 June 2013;
  - F. Acknowledging the impact of EU law on local and regional authorities in the EEA EFTA States through the EEA Agreement;
  - G. Noting the reinforced subsidiarity principle set out in the Lisbon Treaty and its explicit reference to the local and regional dimension and self-government;
  - H. Emphasising that the local and regional authorities of the EEA EFTA countries Iceland and Norway face several challenges different to those of local authorities in the European Union;
  - I. Noting the role of the Forum as a body in the EFTA structure.
1. Welcomes the overall goals of the Modernisation Package to foster growth in a strengthened and competitive Internal Market, to simplify procedures and to focus enforcement on cases with the potentially biggest impact on the Internal Market;
  2. Welcomes the measures announced for the revision and extension of the General Block Exemption Regulation with the aim of reducing red tape, channelling public resources towards well-established objectives and simplifying the approval of well-designed measures involving relatively low amounts of aid;
  3. Calls for the extension of block exemptions to include the social, educational, health and broadband areas;

4. Welcomes the Commission's intention to allow Member States more discretion with regard to *de minimis* aid;
5. Calls for the threshold set by the general *de minimis* Regulation to be increased from EUR 200 000 to at least EUR 500 000 over a period of three years, in line with the Commission's efforts to focus on cases with a particularly strong impact on the Internal Market. Furthermore, raising the general *de minimis* threshold to the level of the Services of General Economic Interest (SGEI) *de minimis* threshold would simplify the state aid framework, in line with the Commission's objectives;
6. Stresses that, considering the current economic situation, it is appropriate that the possibility for public authorities to grant aid be broadened in order to create and safeguard jobs, thereby tackling the ongoing effects of the economic crisis at local and regional level;
7. Welcomes the new regional aid guidelines 2014-2020, stressing their importance for local and regional authorities as the guidelines determine how and where aid may be granted;
8. Welcomes that increased flexibility is introduced in designating areas eligible for aid, that no change is proposed regarding the option to designate sparsely populated areas as areas eligible for regional state aid, and that the option to provide operating aid to prevent or reduce depopulation in sparsely populated areas is maintained;
9. Welcomes the inclusion of an anti-relocation clause in the regional aid guidelines;
10. Regrets that regional investment aid to large enterprises in "c" areas is restricted to investments that bring new economic activity, for initial investments for the diversification of existing establishments into new products or for new process innovation. Large enterprises can foster further growth in challenged areas in the North and it is important to provide incentives for companies to invest in these areas. Furthermore, it is problematic that large multinational enterprises are equated with those just above the definition of small and medium-sized enterprises (SMEs);
11. Stresses that EEA Member States shall have the freedom to decide how national aid controls are organised;
12. Asks the Standing Committee of the EFTA States to call on the Governments of Iceland and Norway to provide and support information measures and guidance both to local and regional authorities and to economic operators, in order to ensure the proper application of existing and new state aid regimes.
13. Instructs its President to forward this Opinion to the EFTA Standing Committee at Ministerial level, to the EFTA Surveillance Authority and to the European Commission Directorate General for Competition.