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⁽¹⁾ Text with EEA relevance

I

(Information)

COMMISSION

Euro exchange rates ⁽¹⁾

3 March 2006

(2006/C 54/01)

1 euro =

Currency	Exchange rate	Currency	Exchange rate		
USD	US dollar	1,2020	SIT	Slovenian tolar	239,50
JPY	Japanese yen	139,96	SKK	Slovak koruna	37,160
DKK	Danish krone	7,4618	TRY	Turkish lira	1,5660
GBP	Pound sterling	0,68500	AUD	Australian dollar	1,6123
SEK	Swedish krona	9,4603	CAD	Canadian dollar	1,3627
CHF	Swiss franc	1,5628	HKD	Hong Kong dollar	9,3258
ISK	Iceland króna	79,11	NZD	New Zealand dollar	1,8028
NOK	Norwegian krone	8,0120	SGD	Singapore dollar	1,9460
BGN	Bulgarian lev	1,9558	KRW	South Korean won	1 167,50
CYP	Cyprus pound	0,5747	ZAR	South African rand	7,3909
CZK	Czech koruna	28,523	CNY	Chinese yuan renminbi	9,6617
EEK	Estonian kroon	15,6466	HRK	Croatian kuna	7,3215
HUF	Hungarian forint	254,47	IDR	Indonesian rupiah	11 040,37
LTL	Lithuanian litas	3,4528	MYR	Malaysian ringgit	4,454
LVL	Latvian lats	0,6960	PHP	Philippine peso	61,506
MTL	Maltese lira	0,4293	RUB	Russian rouble	33,5780
PLN	Polish zloty	3,8015	THB	Thai baht	46,658
RON	Romanian leu	3,4790			

⁽¹⁾ Source: reference exchange rate published by the ECB.

Prior notification of a concentration
(Case COMP/M.4139 — Sony/NEC/JV)

(2006/C 54/02)

(Text with EEA relevance)

1. On 24 February 2006, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EC) No 139/2004⁽¹⁾ by which the undertakings Sony Corporation ('Sony', Japan) and NEC ('NEC', Japan) acquire within the meaning of Article 3(1)(b) of the Council Regulation joint control by way of purchase of shares in a newly created company constituting a joint venture ('JV', Japan).

2. The business activities of the undertakings concerned are:

- Sony: electronic consumer products and their electronic components,
- NEC: IT products and services and network communications technology,
- JV: optical disk drives for computers.

3. On preliminary examination, the Commission finds that the notified transaction could fall within the scope of Regulation (EC) No 139/2004. However, the final decision on this point is reserved.

4. The Commission invites interested third parties to submit their possible observations on the proposed operation to the Commission.

Observations must reach the Commission not later than 10 days following the date of this publication. Observations can be sent to the Commission by fax (No (32-2) 296 43 01 or 296 72 44) or by post, under reference number COMP/M.4139 — Sony/NEC/JV, to the following address:

European Commission
Competition DG
Merger Registry
J-70
B-1049 Brussels

⁽¹⁾ OJ L 24, 29.1.2004, p. 1.

Prior notification of a concentration
(Case COMP/M.4133 — Mellon/West LB)
Candidate case for simplified procedure

(2006/C 54/03)

(Text with EEA relevance)

1. On 24 February 2006, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EC) No 139/2004⁽¹⁾ by which the undertakings Mellon Financial Corporation ('Mellon', USA) and WestLB AG ('WestLB', Germany) acquire within the meaning of Article 3(1)(b) of the Council Regulation joint control in a newly created company ('JV') constituting a joint venture by way of purchase of shares.

2. The business activities of the undertakings concerned are:

- for Mellon: global financial services,
- for WestLB: universal bank,
- for JV: asset management.

3. On preliminary examination, the Commission finds that the notified transaction could fall within the scope of Regulation (EC) No 139/2004. However, the final decision on this point is reserved. Pursuant to the Commission Notice on a simplified procedure for treatment of certain concentrations under Council Regulation (EC) No 139/2004⁽²⁾ it should be noted that this case is a candidate for treatment under the procedure set out in the Notice.

4. The Commission invites interested third parties to submit their possible observations on the proposed operation to the Commission.

Observations must reach the Commission not later than 10 days following the date of this publication. Observations can be sent to the Commission by fax (No (32-2) 296 43 01 or 296 72 44) or by post, under reference number COMP/M.4133 — Mellon/West LB, to the following address:

European Commission
Competition DG
Merger Registry
J-70
B-1049 Brussels

⁽¹⁾ OJ L 24, 29.1.2004, p. 1.

⁽²⁾ OJ C 56, 5.3.2005, p. 32.

Prior notification of a concentration
(Case COMP/M.4155 — BNP Paribas/BNL)

(2006/C 54/04)

(Text with EEA relevance)

1. On 27 February 2006, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EC) No 139/2004⁽¹⁾ by which the undertaking BNP Paribas S.A. ('BNPP', France) acquires within the meaning of Article 3(1)(b) of the Council Regulation control of the undertaking Banca Nazionale del Lavoro S.p.A. ('BNL', Italy) by way of purchase of shares.
2. The business activities of the undertakings concerned are:
 - for BNPP: worldwide banking and financial activities, in particular, investment and financial banking, retail banking and asset management;
 - for BNL: banking and financial services and insurance activities, mainly in Italy.
3. On preliminary examination, the Commission finds that the notified transaction could fall within the scope of Regulation (EC) No 139/2004. However, the final decision on this point is reserved.
4. The Commission invites interested third parties to submit their possible observations on the proposed operation to the Commission.

Observations must reach the Commission not later than 10 days following the date of this publication. Observations can be sent to the Commission by fax (No (32-2) 296 43 01 or 296 72 44) or by post, under reference number COMP/M.4155 — BNP Paribas/BNL, to the following address:

European Commission
Competition DG
Merger Registry
J-70
B-1049 Brussels

⁽¹⁾ OJ L 24, 29.1.2004, p. 1.

Prior notification of a concentration
(Case COMP/M.4171 — Bosch/Mann + Hummel/ArvinMeritor Purolator)
Candidate case for simplified procedure

(2006/C 54/05)

(Text with EEA relevance)

1. On 23 February 2006 the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EC) No 139/2004 ⁽¹⁾ by which the undertakings Robert Bosch GmbH ('Bosch', Germany) and Mann + Hummel GmbH ('Mann + Hummel', Germany) acquire within the meaning of Article 3(1)(b) of the Council Regulation joint control of the PPNA filtration products business in North America of ArvinMeritor, Inc. ('The Business', USA), by way of purchase of assets.

2. The business activities of the undertakings concerned are:

- for Bosch: development, manufacturing and sales of automotive technologies, industrial technology, consumer goods and building technology;
- for Mann + Hummel: development, production and sales of filter and air intake systems for the automotive industry;
- for the Business: development, manufacturing and sale of oil, air and fuel filters for the automotive industry and industrial applications.

3. On preliminary examination, the Commission finds that the notified transaction could fall within the scope of Regulation (EC) No 139/2004. However, the final decision on this point is reserved. Pursuant to the Commission Notice on a simplified procedure for treatment of certain concentrations under Council Regulation (EC) No 139/2004 ⁽²⁾ it should be noted that this case is a candidate for treatment under the procedure set out in the Notice.

4. The Commission invites interested third parties to submit their possible observations on the proposed operation to the Commission.

Observations must reach the Commission not later than 10 days following the date of this publication. Observations can be sent to the Commission by fax (No (32-2) 296 43 01 or 296 72 44) or by post, under reference number COMP/M. 4171 — Bosch/Mann + Hummel/ArvinMeritor Purolator, to the following address:

European Commission
Competition DG
Merger Registry
J-70
B-1049 Brussels

⁽¹⁾ OJ L 24, 29.1.2004, p. 1.

⁽²⁾ OJ C 56, 5.3.2005, p. 32.

Non-opposition to a notified concentration
(Case COMP/M.4123 — BC Partners/Hyatt Regency Hotels & Tourism Hellas)

(2006/C 54/06)

(Text with EEA relevance)

On 17 February 2006, the Commission decided not to oppose the above notified concentration and to declare it compatible with the common market. This decision is based on Article 6(1)(b) of Council Regulation (EC) No 139/2004. The full text of the decision is available only in English and will be made public after it is cleared of any business secrets it may contain. It will be available:

- from the Europa competition web site (<http://europa.eu.int/comm/competition/mergers/cases/>). This web site provides various facilities to help locate individual merger decisions, including company, case number, date and sectoral indexes,
 - in electronic form on the EUR-Lex website under document number 32006M4123. EUR-Lex is the on-line access to European law. (<http://europa.eu.int/eur-lex/lex>)
-

Information procedure — Technical rules

(2006/C 54/07)

(Text with EEA relevance)

Directive 98/34/EC of the European Parliament and of the Council of 22 June 1998 laying down a procedure for the provision of information in the field of technical standards and regulations and of rules on Information Society services. (OJ L 204, 21.7.1998, p. 37; OJ L 217, 5.8.1998, p.18).

Notifications of draft national technical rules received by the Commission

Reference ⁽¹⁾	Title	End of three-month standstill period ⁽²⁾
2006/0088/D	Order on authorised inspectors, expert inspectors, technical inspections and competences pursuant to the Hessian Construction Ordinance, Article 2: Order on the inspection of technical equipment and installations in buildings (Technical Inspection Order — German designation TPrüfVO)	11.5.2006
2006/0089/DK	Order amending Order no 244 of 2 April 2004 on organic agricultural production etc. (feed for ruminants)	11.5.2006
2006/0090/D	Principles for assessing the effects of construction products on soil and groundwater	11.5.2006
2006/0091/A	RVS 15.05.11 Bridges — corrosion protection — steel — steel structures	15.5.2006
2006/0092/HU	The draft amending Law CXXVII of 2003 laying down the provisions of excise tax and specific conditions of trading with products falling under excise tax	⁽⁴⁾
2006/0093/EE	Government of the Republic regulation 'Requirements for keeping pets and the area or structure provided for such'	15.5.2006
2006/0094/A	RVS 8B.05.8 Specification of works for bridge-building, foundation works, jet grouting RVS 8B.050.9 Specification of works for bridge-building, foundation works, deep vibration and vertical drains	15.5.2006
2006/0095/A	RVS 7B.05.8 Specification of works for bridge-building, foundation works, jet grouting RVS 7B.050.9 Specification of works for bridge-building, foundation works, deep vibration and vertical drains	15.5.2006
2006/0096/A	RVS 13.01.15 'Quality assurance in the fields of structural upkeep, structural upkeep of roads, pavement management, assessment criteria for technical state detection using the RoadSTAR system'	15.5.2006
2006/0097/NL	Order issued by the Commodity Board for Arable Products on crop coexistence 2005	15.5.2006
2006/0098/PL	Regulation of the Minister for the Economy amending the regulation concerning types of waste, the collection or transport of which does not require a trade licence	16.5.2006
2006/0099/D	BNetzA SSB LA-NOE 122 Interface description for low-power radio equipment for inductive applications	16.5.2006

⁽¹⁾ Year — registration number — Member State of origin.

⁽²⁾ Period during which the draft may not be adopted.

⁽³⁾ No standstill period since the Commission accepts the grounds of urgent adoption invoked by the notifying Member State.

⁽⁴⁾ No standstill period since the measure concerns technical specifications or other requirements or rules on services linked to fiscal or financial measures, pursuant to the third indent of the second paragraph of Article 1(11) of Directive 98/34/EC.

⁽⁵⁾ Information procedure closed.

The Commission draws attention to the judgement delivered on 30 April 1996 in the 'CIA Security' case (C-194/94 — ECR I, p. 2201), in which the Court of Justice ruled that Articles 8 and 9 of Directive 98/34/EC (formerly 83/189/EEC) are to be interpreted as meaning that individuals may rely on them before national courts which must decline to apply a national technical regulation which has not been notified in accordance with the Directive.

This judgement confirms the Commission's communication of 1 October 1986 (OJ C 245, 1.10.1986, p. 4).

Accordingly, breach of the obligation to notify renders the technical regulations concerned inapplicable, and consequently unenforceable against individuals.

For more information on the notification procedure, please write to:

European Commission
DG Enterprise and Industry, Unit C3

B-1049 Brussels

e-mail: Dir83-189-Central@cec.eu.int

Also consult the website: <http://europa.eu.int/comm/enterprise/tris/>

If you require any further information on these notifications, please contact the national departments listed below:

LIST OF NATIONAL DEPARTMENTS RESPONSIBLE FOR THE MANAGEMENT OF DIRECTIVE 98/34/EC

BELGIUM

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Qualité et Sécurité
 SPF Economie, PME, Classes moyennes et Energie
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Website: <http://www.mineco.fgov.be>

Common mailbox for notification messages — noti@ebst.dk

Website: <http://www.ebst.dk/Notifikationer>

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ITALY

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CYPRUS

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NETHERLANDS

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PORTUGAL

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P-2829-513 Caparica

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SLOVENIA

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GUIDELINES ON NATIONAL REGIONAL AID FOR 2007-2013

(2006/C 54/08)

(Text with EEA relevance)

1. Introduction

1. On the basis of Article 87(3)(a) and (c) of the Treaty, State aid granted to promote the economic development of certain disadvantaged areas within the European Union may be considered to be compatible with the common market by the Commission. This kind of State aid is known as national regional aid. National regional aid consists of aid for investment granted to large companies, or in certain limited circumstances, operating aid, which in both cases are targeted on specific regions in order to redress regional disparities. Increased levels of investment aid granted to small and medium-sized enterprises located within the disadvantaged regions over and above what is allowed in other areas are also considered as regional aid.
2. By addressing the handicaps of the disadvantaged regions, national regional aid promotes the economic, social and territorial cohesion of Member States and the European Union as a whole. This geographical specificity distinguishes regional aid from other forms of horizontal aid, such as aid for research, development and innovation, employment, training or the environment, which pursue other objectives of common interest in accordance with Article 87(3) of the Treaty, albeit sometimes with higher rates of aid in the disadvantaged areas in recognition of the specific difficulties which they face ⁽¹⁾.
3. National regional investment aid is designed to assist the development of the most disadvantaged regions by supporting investment and job creation. It promotes the expansion and diversification of the economic activities of enterprises located in the less-favoured regions, in particular by encouraging firms to set up new establishments there.
4. The criteria applied by the Commission when examining the compatibility of national regional aid with the common market under Articles 87(3)(a) and 87(3)(c) of the EC Treaty have been codified in the 1998 guidelines on national regional aid ⁽²⁾ which cover the period 2000-2006 ⁽³⁾. The specific rules governing aid for large investment projects have been codified in the 2002 Multisectoral Framework ⁽⁴⁾. However, important political and economic developments since 1998, including the enlargement of the European Union on 1 May 2004, the anticipated accession of Bulgaria and Romania and the accelerated process of integration following the introduction of the single currency, have created the need for a comprehensive review in order to prepare new guidelines which will apply from 2007 to 2013.
5. Regional aid can only play an effective role if it is used sparingly and proportionately and is concentrated on the most disadvantaged regions of the European Union. In particular the permissible aid ceilings should reflect the relative seriousness of the problems affecting the development of the regions concerned. Furthermore, the advantages of the aid in terms of the development of a less-favoured region must outweigh the resulting distortions of competition ⁽⁵⁾. The weight given to the advantages of the aid is likely to vary according to the derogation applied, so that a greater distortion of competition can be accepted in the case of the most disadvantaged regions covered by Article 87(3)(a) than in those covered by Article 87(3)(c) ⁽⁶⁾.

⁽¹⁾ Regional top-ups for aid granted for such purposes are therefore not considered as regional aid.

⁽²⁾ OJ C 74 10.3.1998, p. 9, modified in OJ C 288 9.10.1999, p. 2, and OJ C 285 9.9.2000, p. 5.

⁽³⁾ Point 4.4 of the regional aid guidelines was amended by the Community Guidelines on State aid for rescuing and restructuring firms in difficulty, OJ C 288, 9.10.1999, p. 2.

⁽⁴⁾ OJ C 70, 19.3.2002, p. 8, as amended in OJ C 263, 1.11.2003, p. 3.

⁽⁵⁾ See in this respect the judgment of the Court of Justice in Case 730/79, *Philip Morris* [1980], ECR 2671, paragraph 17 and in Case C-169/95, *Spain v Commission* [1997], ECR I-135, paragraph 20.

⁽⁶⁾ See in this respect the judgment of the Court of First Instance in T-380/94, *AIUFFASS and AKT* [1996], ECR II-2169, paragraph 54.

6. In certain very limited, well-defined cases, the structural handicaps of a region may be so severe that regional investment aid, together with a comprehensive horizontal aid regime may not be sufficient to trigger a process of regional development. Only in such cases may regional investment aid be supplemented by regional operating aid.
7. An increasing body of evidence suggests that there are significant barriers to the formation of new enterprises in the Community which are more acute inside the disadvantaged regions. The Commission has therefore decided to introduce a new aid instrument in these guidelines to encourage small business start-ups in disadvantaged regions with differentiated aid ceilings according to the regions concerned.

2. Scope

8. The Commission will apply these Guidelines to regional aid granted in every sector of the economy apart from the fisheries sector and the coal industry ⁽⁷⁾ which are subject to special rules laid down by specific legal instruments.

In the agricultural sector, these guidelines do not apply to the production of agricultural products listed in Annex I of the Treaty. They do apply to the processing and marketing of such products, but only to the extent laid down in the Community guidelines for State aid in the agriculture sector ⁽⁸⁾, or any replacement Guidelines.

In addition, some other sectors are also subject to specific rules which take account of the particular situation of the sectors concerned and which may totally or partially derogate from these guidelines ⁽⁹⁾.

As regards the steel industry, in accordance with its long-established practice, the Commission considers that regional aid to the steel industry as defined in Annex I is not compatible with the common market. This incompatibility also applies to large individual aid grants made in this sector to small and medium-sized enterprises within the meaning of Article 6 of Regulation (EC) No 70/2001 ⁽¹⁰⁾, or any successor regulation, which are not exempted by the same Regulation.

In addition, due to its specific characteristics, no regional investment aid may be granted in the synthetic fibres sector as defined in Annex II.

9. Aid may only be granted to firms in difficulties within the meaning of the Community guidelines on State aid for rescuing and restructuring firms in difficulty ⁽¹¹⁾ in accordance with the latter guidelines. ⁽¹²⁾
10. As a general rule, regional aid should be granted under a multi-sectoral aid scheme which forms an integral part of a regional development strategy with clearly defined objectives. Such a scheme may also enable the competent authorities to prioritise investment projects according to their interest for the region concerned. Where, exceptionally, it is envisaged to grant individual ad hoc aid to a single firm, or aid confined to one area of activity, it is the responsibility of the Member State to demonstrate that the project contributes towards a coherent regional development strategy and that, having

⁽⁷⁾ For the purposes of these guidelines 'coal' means high-grade, medium-grade and low-grade category A and B coal within the meaning of the international codification system for coal laid down by the United Nations Economic Commission for Europe.

⁽⁸⁾ OJ C 28 of 1.2.2000, p.2. Corrigendum OJ C 232 12.8.2000, p. 17.

⁽⁹⁾ The sectors covered by special rules over and above those set out here are currently: transport and shipbuilding.

⁽¹⁰⁾ OJ L 10, 13.1.2001, p. 33. Regulation as amended by Regulation (EC) No 364/2004 (OJ L 63, 28.2.2004, p. 22).

⁽¹¹⁾ OJ C 244, 1.10.2004, p. 2.

⁽¹²⁾ In particular, aid granted to large or medium-sized enterprises during the restructuring period must always be notified individually to the Commission, even if it is granted as part of an approved scheme.

regard to the nature and size of the project, it will not result in unacceptable distortions of competition. If aid granted under a scheme appears to be unduly concentrated on a particular sector of activity, the Commission may review the scheme pursuant to Article 17 of Regulation (EC) No 659/1999 of 22 March 1999 on modalities for the application of Article 93 of the EC Treaty ⁽¹³⁾ and may propose, in line with Article 18 (c) of this Regulation, to abolish the scheme.

11. Member States do not have to notify national regional aid schemes which fulfil all the conditions laid down in the group exemption Regulations adopted by the Commission pursuant to Article 1 of Council Regulation (EC) No 994/98 of 7 May 1998 on the application of Articles 92 and 93 of the EC Treaty establishing the European Community to certain categories of horizontal State aid ⁽¹⁴⁾.

3. Demarcation of regions

3.1. Population coverage eligible for regional aid, 2007-2013

12. In the light of the principle of the exceptional nature of regional aid, the Commission considers that the total population coverage of assisted regions in the Community must be substantially less than that of unassisted regions.
13. Having regard to the conclusions of different European Councils calling for a reduction in overall levels of State aid, and in view of the widely shared concerns about the distortive effects of investment aid for large companies, the Commission considers that the overall population coverage of the regional aid guidelines for 2007-2013 should be limited to that which is necessary to allow coverage of the most disadvantaged regions, as well as a limited number of regions which are disadvantaged in relation to the national average in the Member State concerned. Accordingly, it has decided to fix the limit for the overall population coverage to 42 % of the population of the current Community of 25 Member States, which is similar to the limit fixed on the basis of a Community of 15 members in 1998. This limit will provide for an appropriate level of concentration of regional aid in EU-25, while allowing a sufficient degree of flexibility for the accession of Bulgaria and Romania, the entire territory of which will normally be eligible for regional aid ⁽¹⁵⁾.
14. This notwithstanding, in order to ensure a sufficient degree of continuity for the existing Member States, the Commission has also decided to apply an additional safety net to ensure that no Member State loses more than 50 % of the coverage of its population covered during the period 2000-2006 ⁽¹⁶⁾.

3.2. The derogation in Article 87(3)(a)

15. Article 87(3)(a) provides that aid to promote the economic development of areas where the standard of living is abnormally low or where there is serious underemployment may be considered compatible with the common market. As the Court of Justice of the European Communities has held, 'the use of the words "abnormally" and "serious" in the exemption contained in [Article 87(3)(a)] shows that it concerns only areas where the economic situation is extremely unfavourable in relation to the Community as a whole' ⁽¹⁷⁾.

⁽¹³⁾ OJ L 83, 27.3.1999, p. 1.

⁽¹⁴⁾ OJ L 142, 14.5.1998, p. 1.

⁽¹⁵⁾ This 42 % limit is estimated to rise to 45,5 % on an EU-27 basis following the Accession of Bulgaria and Romania.

⁽¹⁶⁾ Application of the safety net will lead to a total population coverage of about 43.1 % on an EU-25 basis, or 46,6 % on an EU-27 basis.

⁽¹⁷⁾ Case 248/84, *Germany v Commission* [1987, ECR 4013, paragraph 19].

16. The Commission accordingly considers that the conditions laid down are fulfilled if the region, being a NUTS ⁽¹⁸⁾ level II geographical unit, has a per capita gross domestic product (GDP), measured in purchasing power standards (PPS), of less than 75 % of the Community average ⁽¹⁹⁾. The GDP per capita ⁽²⁰⁾ of each region and the Community average to be used in the analysis are determined by the Statistical Office of the European Communities. In the interest of ensuring the maximum possible coherence between the designation of regions eligible for the derogation under Article 87(3)(a) under the regional aid guidelines, and the regions eligible for the convergence objective under the structural fund regulations, the Commission has used the same GDP per capita data to designate the Article 87(3)(a) regions as that used to designate the convergence regions under the structural fund regulations ⁽²¹⁾.
17. In recognition of the special handicaps which they face by reason of their remoteness and specific constraints in integrating into the internal market, the Commission considers that regional aid for the outermost regions covered by Article 299(2) of the Treaty ⁽²²⁾ also falls within the scope of the derogation in Article 87(3)(a), whether or not the regions concerned have a GDP per capita of less than 75 % of the Community average.

3.3. Phasing out arrangements for the 'statistical effect' regions

18. For certain regions, the GDP per capita exceeds 75 % of the Community average solely because of the statistical effect of enlargement. These are regions at NUTS II level which have a GDP per capita of more than 75 % of the EU-25 average, but less than 75 % of the EU-15 average ⁽²³⁾ ⁽²⁴⁾.
19. In order to ensure that the past progress of these regions is not undermined by too rapid change, in terms of aid intensities and the availability of operating aid, the Commission considers that they should continue to remain eligible for the derogation in Article 87(3)(a) on a transitional basis until 31 December 2010.
20. In 2010 the Commission will review the position of these regions on the basis of the three-year average of the most recent GDP data available from Eurostat. If the relative GDP per capita of any of the regions has declined below 75 % of the EU-25 average, the regions concerned will continue to be eligible for the derogation under Article 87(3)(a). Otherwise the statistical effect regions will become eligible for aid under the derogation of Article 87(3)(c) from 1 January 2011.

3.4. The derogation in Article 87(3)(c)

21. The Court of Justice, in Case 248/84 ⁽²⁵⁾, has expressed its views on the range of problems covered by this derogation and the reference framework for the analysis as follows: 'The exemption in [Article 87(3)(c)], on the other hand, is wider in scope inasmuch as it permits the development of certain areas without being restricted by the economic conditions laid down in [Article 87(3)(a)], provided such aid "does not adversely affect trading conditions to an extent contrary to the common interest". That provision gives the Commission power to authorize aid intended to further the economic development of areas of a Member State which are disadvantaged in relation to the national average'.

⁽¹⁸⁾ Regulation (EC) No 1059/2003 of the European Parliament and of the Council of 26 May 2003 on the establishment of a common classification of territorial units for statistics (NUTS) OJ L 154, 21.6.2003, p. 1. The NUTS nomenclature is used by EUROSTAT as a reference for the collection, development and harmonisation of EU regional statistics and for socio-economic analyses of the regions.

⁽¹⁹⁾ The underlying assumption being that the GDP indicator is capable of reflecting synthetically both the phenomena mentioned.

⁽²⁰⁾ In this, and all subsequent references to GDP per capita in these guidelines, GDP is measured in terms of purchasing power standards.

⁽²¹⁾ The data cover the period 2000-2002.

⁽²²⁾ Azores, Madeira, Canary Islands, Guadeloupe, Martinique, Réunion and French Guyana.

⁽²³⁾ In practice, 75 % of the average EU-15 GDP per capita corresponds to 82,2 % of the average EU-25 GDP per capita.

⁽²⁴⁾ These regions are subsequently referred to as the 'statistical effect' regions.

⁽²⁵⁾ Footnote 17, supra.

22. The regional aid covered by the derogation in Article 87(3)(c) must, however, form part of a well-defined regional policy of the Member State and adhere to the principle of geographical concentration. Inasmuch as it is intended for regions which are less disadvantaged than those to which Article 87(3)(a) relates, both the geographic scope of the exception and the aid intensity allowed must be strictly limited. This being so, only a small part of the national territory of a Member State may normally qualify for the aid in question.
23. So as to afford national authorities sufficient latitude when it comes to choosing eligible regions without jeopardizing the effectiveness of the system of checks and balances operated by the Commission in respect of this type of aid and the equal treatment of all Member States, the selection of the regions eligible under the derogation in question should be undertaken by a two-step process which consists, first, of the determination by the Commission of the maximum population coverage for each Member State ⁽²⁶⁾ for such aid, and, secondly, of the selection of eligible regions.

3.4.1. Determination of eligible national population coverage

24. As a first step, the determination of the national population coverage eligible for aid under the derogation in Article 87(3)(c) must be made by a method which is objective, fair and transparent. Furthermore, the final outcome must remain within the overall limit for coverage of regional aid determined by the Commission under section 3.1, taking account also of the safety net. In order to achieve this, the Commission determines the population ceiling for each Member State on the basis of the following method.
25. First, Member States automatically receive an allocation equivalent to the population of any regions which were eligible for aid under the derogation in Article 87(3)(a) of the Treaty but which no longer meet the conditions for eligibility under that Article and which are not covered by the arrangements for the statistical effect regions described in section 3.3. These are the regions which had a GDP per capita of less than 75 % on an EU-15 basis when the 1998 regional aid guidelines were adopted, but which as a result of their economic development no longer meet that condition on an EU-15 basis. Since these regions ⁽²⁷⁾ have previously benefited from a relatively high level of aid, the Commission considers it necessary to allow Member States the flexibility, if they so wish, to continue to support these regions for the duration of these guidelines, under the derogation in Article 87(3)(c) ⁽²⁸⁾.
26. Second, in order to allow for the continued support of low population density regions, the Member States concerned also receive an allocation based on the population of low population density regions ⁽²⁹⁾.
27. After deducting the population coverage resulting from the application of the objective criteria set out in sections 3.2 and 3.3, as well as the allocations referred to in the two preceding paragraphs from the upper limit of 42 % of EU-25 population determined in section 3.1, the balance is available for distribution between the Member States using a distribution key that takes account of variations in GDP per capita and unemployment between the regions, both in a national and a Community context. The detailed formula is set out in Annex IV ⁽³⁰⁾.
28. Finally, as indicated in section 3.1, a safety net is applied to ensure that no Member State loses more than 50 % of the coverage of its population under the 1998 guidelines.

⁽²⁶⁾ With the exception of Member States whose entire territory is eligible for the derogation under Article 87(3)(a).

⁽²⁷⁾ Subsequently referred to as the 'economic development' regions.

⁽²⁸⁾ Although it was not eligible for aid pursuant to Article 87(3)(a), Northern Ireland has in fact benefited during the period 2000-2006 from the same aid intensities as many of the Article 87(3)(a) regions. Accordingly, Northern Ireland should also be considered as an economic development region for the purposes of these Guidelines.

⁽²⁹⁾ Calculated on the basis of the NUTS III option of paragraph 30(b) of these guidelines.

⁽³⁰⁾ The same method was used by the Commission in its 1998 Guidelines on national regional aid: Annex 3, paragraphs 4-7.

29. The resulting allocations are set out in Annex V, together with the lists of regions eligible for support under Article 87(3)(a), the statistical effect regions and the economic development regions.

3.4.2. Selection of eligible regions ⁽³¹⁾

30. The eligibility criteria for the selection of regions by the Member States must be sufficiently flexible to allow for the wide diversity of situations in which the granting of national regional aid may potentially be justified but at the same time they must be transparent and provide sufficient safeguards that the award of regional aid will not distort trade and competition to an extent contrary to the common interest. Accordingly, the Commission considers that the following regions may be eligible for selection by the Member States concerned for the award of regional investment aid pursuant to the derogation under Article 87(3)(c) ⁽³²⁾:

- (a) the 'economic development' regions;
- (b) the low population density regions: such areas are made up essentially of NUTS-II geographic regions with a population density of less than 8 inhabitants per km², or NUTS-III geographic regions with a population density of less than 12.5 inhabitants per km² ⁽³³⁾. However, a certain flexibility is allowed in the selection of these areas, subject to the following limitations:
 - flexibility in the selection of areas must not mean an increase in the population covered;
 - the NUTS III parts qualifying for flexibility must have a population density of less than 12.5 inhabitants per square kilometer;
 - they must be contiguous with NUTS III regions which satisfy the low population density test;
- (c) regions which form contiguous zones with a minimum population of at least 100 000 and which are located within either NUTS-II or NUTS-III regions which have either a GDP per capita of less than the EU-25 average, **or** which have an unemployment rate which is higher than 115 % of the national average, (both calculated on the average of the most recent 3 years of Eurostat data);
- (d) NUTS-III regions with less than 100 000 population which have either a GDP per capita of less than the EU-25 average **or** which have an unemployment rate which is higher than 115 % of the national average, (both calculated on the average of the most recent three years of Eurostat data);
- (e) islands and other regions categorised by similar geographical isolation ⁽³⁴⁾ which have either a GDP per capita of less than the EU-25 average, **or** which have an unemployment rate which is higher than 115 % of the national average, (both calculated on the average of the most recent three years of Eurostat data);
- (f) islands with fewer than 5 000 inhabitants and other communities with fewer than 5 000 inhabitants categorised by similar geographical isolation;

⁽³¹⁾ Those statistical effect regions which from 1 January 2011 are not eligible for the derogation under Article 87(3)(a) are automatically eligible under Article 87(3)(c).

⁽³²⁾ Taking account of their small size, for Cyprus and Luxembourg it is sufficient that the regions designated have either a GDP per capita which is less than the EU average, or an unemployment rate which is higher than 115 % of the national average, and have a minimum population of 10 000 inhabitants.

⁽³³⁾ In order to prevent double counting, this criterion should be applied on a residual basis, after taking account of the relative wealth of the regions concerned.

⁽³⁴⁾ For example peninsulas and mountainous regions.

- (g) NUTS-III regions or parts thereof adjacent to a region which is eligible for support under Article 87(3)(a) as well as NUTS-III regions or parts thereof which share a land border, or a sea border of less than 30 kilometres with a country which is not a Member State of the European Economic Area or EFTA.
- (h) In duly justified cases, Member States may also designate other regions which form contiguous zones with a minimum population of at least 50 000 which are undergoing major structural change, or are in serious relative decline, when compared with other comparable regions. It will be the task of Member States which wish to use this possibility to demonstrate that the award of regional investment aid in the region concerned is justified, using recognised economic indicators and comparisons with the situation at Community level.
31. In addition, in order to allow Member States greater flexibility to target very localised regional disparities, below the NUTS-III level, Member States may also designate other smaller areas which do not meet the conditions described above provided they have a minimum population of 20 000 ⁽³⁵⁾. It will be the task of Member States which wish to use this possibility to demonstrate that the areas proposed are relatively more in need of economic development than other areas in that region, using recognised economic indicators such as GDP per capita, employment or unemployment levels, local productivity or skills indicators. Regional aid will be approved by the Commission in these areas for SMEs, and the relevant SME bonus will also apply. However, because of the potential distortion of competition resulting from the spill-over effect into the more prosperous surrounding regions, the Commission will not approve aid for investments by large companies in these areas, or aids for investments with eligible expenses exceeding EUR 25 million.
32. Compliance with the total coverage allowed for each Member State will be determined by the actual population of the regions concerned, on the basis of the most recent recognised statistical information available.

4. Regional investment aid

4.1. Form of aid and aid ceilings

4.1.1. Form of aid

33. Regional investment aid is aid awarded for an initial investment project.
34. *Initial investment* means an investment in material and immaterial assets relating to;
- the setting-up of a new establishment;
 - the extension of an existing establishment;
 - diversification of the output of an establishment into new, additional products;
 - a fundamental change in the overall production process of an existing establishment.

'Material assets' means assets relating to land, buildings and plant/machinery. In case of acquisition of an establishment, only the costs of buying assets from third parties should be taken into consideration, provided the transaction has taken place under market conditions.

'Immaterial assets' means assets entailed by the transfer of technology through the acquisition of patent rights, licences, know-how or unpatented technical knowledge.

⁽³⁵⁾ This minimum limit may be reduced in the case of islands and other areas categorised by similar geographical isolation.

Replacement investment which does not meet any of these conditions is thus excluded from the concept ⁽³⁶⁾.

35. The acquisition of the assets directly linked to an establishment may also be regarded as initial investment provided the establishment has closed or would have closed had it not been purchased, and is bought by an independent investor ⁽³⁷⁾.
36. Regional investment aid is calculated either in reference to material and immaterial investment costs resulting from the initial investment project or to (estimated) wage costs for jobs directly created by the investment project ⁽³⁸⁾.
37. The form of the aid is variable. It may, for example, take the form of grants, low-interest loans or interest rebates, state guarantees, the purchase of a share-holding or an alternative provision of capital on favourable terms, exemptions or reductions in taxes, social security or other compulsory charges, or the supply of land, goods or services at favourable prices.
38. It is important to ensure that regional aid produces a real incentive effect to undertake investments which would not otherwise be made in the assisted areas. Therefore aid may only be granted under aid schemes if the beneficiary has submitted an application for aid and the authority responsible for administering the scheme has subsequently confirmed in writing ⁽³⁹⁾ that, subject to detailed verification, the project in principle meets the conditions of eligibility laid down by the scheme before the start of work on the project ⁽⁴⁰⁾. An express reference to both conditions must also be included in all aid schemes ⁽⁴¹⁾. In the case of ad hoc aid, the competent authority must have issued a letter of intent, conditional on Commission approval of the measure, to award aid before work starts on the project. If work begins before the conditions laid down in this paragraph are fulfilled, the whole project will not be eligible for aid.
39. Where the aid is calculated on the basis of material or immaterial investment costs, or of acquisition costs in the case referred to in paragraph 35, to ensure that the investment is viable and sound and respecting the applicable aid ceilings, the beneficiary must provide a financial contribution of at least 25 % of the eligible costs, either through its own resources or by external financing, in a form which is free of any public support ⁽⁴²⁾.
40. Furthermore, in order to ensure that the investment makes a real and sustained contribution to regional development, aid must be made conditional, through the conditions attached to the aid, or its method of payment, on the maintenance of the investment in question in the region concerned for a minimum period of at least five years after its completion ⁽⁴³⁾. In addition, where the aid is calculated on the basis of wage costs, the posts must be filled within three years of the completion of the works. Each of the jobs created through the investment must be maintained within the region concerned for a period of five years from the date the post was first filled. In the case of SMEs, Member States may reduce these five-year periods for the maintenance of an investment or jobs created to a minimum of three years.

⁽³⁶⁾ Replacement investment may however qualify as operating aid under certain conditions as set out in section 5.

⁽³⁷⁾ Consequently, the sole acquisition of the shares of the legal entity of an enterprise does not qualify as initial investment.

⁽³⁸⁾ A job is deemed to be directly created by an investment project if it concerns the activity to which the investment relates and is created within three years of completion of the investment, including jobs created following an increase in the utilisation rate of the capacity created by the investment.

⁽³⁹⁾ In the case of aid which is subject to individual notification to and approval by the Commission, confirmation of eligibility must be made conditional on the Commission decision approving the aid.

⁽⁴⁰⁾ 'Start of work' means either the start of construction work or the first firm commitment to order equipment, excluding preliminary feasibility studies.

⁽⁴¹⁾ The only exception to these rules is in the case of approved tax aid schemes where a tax exemption or reduction is granted automatically to qualifying expenditure without any discretion on the part of the authorities.

⁽⁴²⁾ This is for example not the case for a subsidised loan, public equity-capital loans or public participations which do not meet the market economy investor principle, state guarantees containing elements of aid, as well as public support granted within the scope of the *de minimis* rule.

⁽⁴³⁾ This rule shall not prevent the replacement of plant or equipment which has become out-dated within this five year period due to rapid technological change, provided the economic activity is retained in the region concerned for the minimum period.

41. The level of the aid is defined in terms of intensity compared with reference costs. All aid intensities must be calculated in terms of gross grant equivalents (GGE) ⁽⁴⁴⁾. The aid intensity in gross grant equivalent is the discounted value of the aid expressed as a percentage of the discounted value of the eligible costs. For aid which is individually notified to the Commission, the gross grant equivalent is calculated at the moment of notification. In other cases, the eligible investment costs are discounted to their value at the moment of the granting of the aid. Aid payable in several instalments shall be discounted to its value at the moment of its being notified or granted, as appropriate. The interest rate to be used for discounting purposes and to calculate the aid amount in a soft loan is the reference rate applicable at the time of grant. In cases where aid is awarded by means of tax exemptions or reductions on future taxes due, discounting of aid tranches takes place on the basis of the reference rates applicable at the various times the tax advantages become effective.

4.1.2. Aid ceilings (maximum aid intensities) for aid to large companies

42. The intensity of the aid must be adapted to take account of the nature and intensity of the regional problems that are being addressed. This means that the admissible aid intensities are from the outset less high in regions qualifying for exemption under Article 87(3)(c) than in those qualifying under Article 87(3)(a).
43. The Commission must also take account of the fact that following recent enlargements the disparities in the relative wealth of the regions qualifying under Article 87(3)(a) have increased substantially. In fact, a significant number of regions and indeed entire Member States now have a per capita GDP of below 45 % of the EU-25 average, which was not the case in 1998. The existence of these greater disparities of wealth within the Community requires the Commission to introduce a greater categorisation of the regions concerned.
44. In the case of regions falling under Article 87(3)(a), the Commission thus considers that the intensity of regional aid must not exceed:
- 30 % GGE for regions with less than 75 % of average EU-25 GDP per capita, for outermost regions with higher GDP per capita and until 1 January 2011 statistical effect regions;
 - 40 % GGE for regions with less than 60 % of average EU-25 GDP per capita;
 - 50 % GGE for regions with less than 45 % of average EU-25 GDP per capita.
45. In recognition of their specific handicaps, the outermost regions will be eligible for a further bonus of 20 % GGE if their GDP per capita falls below 75 % of the EU-25 average and 10 % GGE in other cases.
46. The statistical effect regions which fall under the derogation under Article 87(3)(c) from 1 January 2011 will be eligible for an aid intensity of 20 %.
47. In the other Article 87(3)(c) regions, the ceiling on regional aid must not exceed 15 % GGE. This is reduced to 10 % GGE in the case of regions with both more than 100 % of average EU-25 GDP per capita and a lower unemployment rate than the EU-25 average, measured at NUTS-III level (based on averages for the last three years, using Eurostat data) ⁽⁴⁵⁾.

⁽⁴⁴⁾ The Commission is discontinuing its former practice of converting regional aid notified by Member States into net grant equivalents in order to take account of the judgment of the Court of First Instance of 15 June 2000 in Case T-298/97, *Alzetta*. In that case the Court of First Instance ruled: 'The Commission is not empowered, under the State aid monitoring system established by the Treaty, to take into consideration the incidence of tax on the amount of financial aid allocated when it assesses whether it is compatible with the Treaty. Such charges are not levied specifically on the aid itself but are levied downstream, and apply to the aid in question in the same way as to any income received. They cannot therefore be relevant when assessing the specific effect of the aid on trade and competition and, in particular, when estimating the benefit obtained by the recipients of such aid by comparison with competing undertakings which have not received such aid and whose income is also liable to tax.' Furthermore, the Commission considers that the use of GGEs, which are also used to calculate the intensities of other types of State aid, will contribute to increasing the simplicity and transparency of the State aid control system, and also takes account of the increased proportion of State aid which is awarded in the form of tax exemptions.

⁽⁴⁵⁾ By way of exception, a higher aid intensity may be permitted in the case of a NUTS-III region, or smaller, adjacent to an Article 87(3)(a) region if this is necessary to ensure that the differential between the two regions does not exceed 20 percentage points.

48. However, the low population density regions and regions (corresponding to NUTS-III level or smaller) adjoining a region with Article 87(3)(a) status selected by Member States for coverage under Article 87(3)(c), as well as NUTS-III regions or parts thereof which share a land border with a country which is not a Member State of the European Economic Area or EFTA, are always eligible for an aid intensity of 15 % GGE.

4.1.3. Bonuses for small and medium-sized enterprises

49. In the case of aid awarded to small and medium-sized enterprises ⁽⁴⁶⁾, the ceilings in section 4.1.2 may be increased by 20 % GGE for aid granted to small enterprises and by 10 % GGE for aid granted to medium-sized enterprises ⁽⁴⁷⁾.

4.2. *Eligible expenses*

4.2.1. Aid calculated on the basis of investment costs

50. Expenditures on land, buildings and plant/machinery ⁽⁴⁸⁾ are eligible for aid for initial investment.
51. For SMEs, the costs of preparatory studies and consultancy costs linked to the investment may also be taken into account up to an aid intensity of 50 % of the actual costs incurred.
52. In the event of an acquisition of the type referred to in paragraph 35, only the costs of buying assets ⁽⁴⁹⁾ from third parties should be taken into consideration ⁽⁵⁰⁾. The transaction must take place under market conditions.
53. Costs related to the acquisition of assets other than land and buildings under lease can only be taken into consideration if the lease takes the form of financial leasing and contains an obligation to purchase the asset at the expiry of the term of the lease. For the lease of land and buildings, the lease must continue for at least five years after the anticipated date of the completion of the investment project for large companies, and three years for SMEs.
54. Except in the case of SMEs and takeovers, the assets acquired should be new. In the case of takeovers, assets for whose acquisition aid has already been granted prior to the purchase should be deducted.
55. For SMEs, the full costs of investments in intangible assets by the transfer of technology through the acquisition of patent rights, licences, know-how or unpatented technical knowledge may always be taken into consideration. For large companies, such costs are eligible only up to a limit of 50 % of the total eligible investment expenditure for the project.
56. In all cases, eligible intangible assets will be subject to the necessary conditions for ensuring that they remain associated with the recipient region eligible for the regional aid and, consequently, that they are not the subject of a transfer benefiting other regions, especially other regions not eligible for regional aid. To this end, eligible intangible assets will have to satisfy the following conditions in particular:
- they must be used exclusively in the establishment receiving the regional aid;
 - they must be regarded as amortizable assets;

⁽⁴⁶⁾ Annex I of Commission Regulation (EC) No 364/2004 of 25 February 2004 amending Regulation (EC) No 70/2001, OJ L 63, 28.2.2004, p. 22, or any successor regulation.

⁽⁴⁷⁾ These bonuses do not apply to aid awarded in the transport sector.

⁽⁴⁸⁾ In the transport sector, expenditure on the purchase of transport equipment (movable assets) is not eligible for aid for initial investment.

⁽⁴⁹⁾ Where the acquisition is accompanied by other initial investment, the expenditure relating to the latter should be added to the cost of the purchase.

⁽⁵⁰⁾ In exceptional cases, the aid may alternatively be calculated by reference to the (estimated) wage costs for the jobs safeguarded or newly created by the acquisition. These cases have to be individually notified to the Commission.

- they must be purchased from third parties under market conditions;
- they must be included in the assets of the firm and remain in the establishment receiving the regional aid for at least five years (three years for SMEs).

4.2.2. Aid calculated on the basis of wage costs

57. As was indicated in section 4.1.1, regional aid may also be calculated by reference to the expected wage costs ⁽⁵¹⁾ arising from job creation as a result of an initial investment project.
58. *Job creation* means a *net* increase in the number of employees ⁽⁵²⁾ directly employed in a particular establishment compared with the average over the previous 12 months. Any jobs lost during that 12 month period must therefore be deducted from the apparent number of jobs created during the same period ⁽⁵³⁾.
59. The amount of aid must not exceed a certain percentage of the wage cost of the person hired, calculated over a period of two years. The percentage is equal to the intensity allowed for investment aid in the area in question.

4.3. *Aid for large investment projects*

60. For the purpose of these guidelines, a 'large investment project' is an 'initial investment' as defined by these guidelines with an eligible expenditure above EUR 50 million ⁽⁵⁴⁾. In order to prevent that a large investment project being artificially divided into sub-projects in order to escape the provisions of these guidelines, a large investment project will be considered to be a single investment project when the initial investment is undertaken in a period of three years by one or more companies and consists of fixed assets combined in an economically indivisible way ⁽⁵⁵⁾.
61. To calculate whether the eligible expenditure for large investment projects reaches the various thresholds in these guidelines, the eligible expenditure to be taken into account is either the traditional investment costs or the wage cost, whichever is the higher.
62. In two successive Multisectoral frameworks on regional aid for large investment projects in 1998 ⁽⁵⁶⁾ and 2002 ⁽⁵⁷⁾, the Commission reduced the maximum aid intensities for large investment projects to limit distortions of competition. In the interests of simplification and transparency, the Commission has decided to integrate the provisions of the 2002 Multisectoral framework (MSF-2002) into the Regional aid guidelines for the period 2007-13.

⁽⁵¹⁾ The wage cost means the total amount actually payable by the beneficiary of the aid in respect of the employment concerned, comprising the gross wage, before tax, and the compulsory social security contributions.

⁽⁵²⁾ The number of employees means the number of annual labour units, namely the number of persons employed full time in one year, part-time and seasonal work being ALU fractions.

⁽⁵³⁾ Such a definition holds true as much for an existing establishment as for a new establishment.

⁽⁵⁴⁾ The EUR 50 million must be calculated at prices and exchange rates on the date when the aid is granted, or in the case of large investment projects where individual notification is required, at prices and exchange rates at the date of the notification.

⁽⁵⁵⁾ To assess whether an initial investment is economically indivisible, the Commission will take into account the technical, functional and strategic links and the immediate geographical proximity. The economic indivisibility will be assessed independently from ownership. This implies that to establish whether a large investment project constitutes a single investment project, the assessment should be the same irrespective of whether the project is carried out by one undertaking, by more than one undertakings sharing the investment costs or by more undertakings bearing the costs of separate investments within the same investment project (for example in the case of a joint venture).

⁽⁵⁶⁾ OJ C 107, 7.4.1998, p. 7.

⁽⁵⁷⁾ OJ C 70, 19.3.2002, p. 8 as amended by OJ C 263, 1.11.2003, p. 1.

63. MSF-2002 will therefore cease to apply to aid awarded or notified ⁽⁵⁸⁾ after 31 December 2006 and will be replaced by these guidelines ⁽⁵⁹⁾.

4.3.1. Increased transparency and monitoring of large investment projects

64. Member States are required to notify individually to the Commission any aid to be awarded to investment projects under an existing aid scheme if the aid proposed from all sources is more than the maximum allowable amount of aid that an investment with eligible expenditure EUR 100 million can receive under the scale and the rules laid down in paragraph 67 ⁽⁶⁰⁾.

The notification thresholds for different regions with the most commonly encountered aid intensities under these guidelines are summarised in the table below.

Aid intensity	10 %	15 %	20 %	30 %	40 %	50 %
Notification threshold	EUR 7,5 million	EUR 11,25 million	EUR 15,0 million	EUR 22,5 million	EUR 30,0 million	EUR 37,5 million

65. Whenever regional aid is granted on the basis of existing aid schemes for non-notifiable large investments projects, Member States must, within 20 working days starting from the granting of the aid by the competent authority, provide the Commission with the information requested in the standard form laid down in Annex III. The Commission will make summary information available to the public through its website (<http://europa.eu.int/comm/competition/>).
66. Member States must maintain detailed records regarding the granting of aid for all large investment projects. Such records, which must contain all information necessary to establish that the maximum allowable aid intensity has been observed, must be maintained for 10 years from the date on which the aid was granted.

4.3.2. Rules for the assessment of large investment projects

67. Regional investment aid for large investment projects is subject to an adjusted regional aid ceiling ⁽⁶¹⁾, on the basis of the following scale:

Eligible expenditure	Adjusted aid ceiling
Up to EUR 50 million	100 % of regional ceiling
For the part between EUR 50 million and EUR 100 million	50 % of regional ceiling
For the part exceeding EUR 100 million	34 % of regional ceiling

Thus, the allowable aid amount for a large investment project will be calculated according to the following formula: maximum aid amount = $R \times (50 + 0,50 \times B + 0,34 \times C)$, where R is the unadjusted regional aid ceiling, B is the eligible expenditure between EUR 50 million and EUR 100 million, and C is the eligible expenditure above EUR 100 million. This is calculated on the basis of the official exchange rates prevailing on the date of the grant of aid, or in the case of aid subject to individual notification, on the date of notification.

⁽⁵⁸⁾ Individually notifiable investment projects will be assessed in accordance with the rules in force at the time of notification.

⁽⁵⁹⁾ Given the wide general scope of these guidelines, the Commission decided that it is not technically feasible to proceed with the establishment of a list of sectors where serious structural difficulties prevail.

⁽⁶⁰⁾ Ad hoc individual aid must always be notified to the Commission. Because of its clear effect on the conditions of trade and competition, the need for a specific justification for the link with regional development applies with greater force to ad hoc individual aid for large individual investment projects.

⁽⁶¹⁾ The starting point for the calculation of the adjusted aid ceiling is always the maximum aid intensity allowed for aid for large enterprises in accordance with section 4.1.2 above. No SME bonuses may be granted to large investment projects.

68. Where the total amount of aid from all sources exceeds 75 % of the maximum amount of aid an investment with eligible expenditure of EUR 100 million could receive, applying the standard aid ceiling in force for large enterprises in the approved regional aid map on the date the aid is to be granted, and where
- (a) the aid beneficiary accounts for more than 25 % of the sales of the product(s) concerned on the market(s) concerned before the investment or will account for more than 25 % after the investment, or
 - (b) the production capacity created by the project is more than 5 % of the market measured using apparent consumption data ⁽⁶²⁾ for the product concerned, unless the average annual growth rate of its apparent consumption over the last five years is above the average annual growth rate of the European Economic Area's GDP,
- the Commission will approve regional investment aid only after a detailed verification, following the opening of the procedure provided for in Article 88(2) of the Treaty, that the aid is necessary to provide an incentive effect for the investment and that the benefits of the aid measure outweigh the resulting distortion of competition and effect on trade between Member States ⁽⁶³⁾.
69. The product concerned is normally the product covered by the investment project ⁽⁶⁴⁾. When the project concerns an intermediate product and a significant part of the output is not sold on the market, the product concerned may be the downstream product. The relevant product market includes the product concerned and its substitutes considered to be such either by the consumer (by reason of the product's characteristics, prices and intended use) or by the producer (through flexibility of the production installations).
70. The burden of proof that the situations to which paragraphs 68(a) and (b) refer do not apply, lies with the Member State ⁽⁶⁵⁾. For the purpose of applying points (a) and (b), sales and apparent consumption will be defined at the appropriate level of the Prodcom classification ⁽⁶⁶⁾, normally in the EEA, or, if such information is not available or relevant, on the basis of any other generally accepted market segmentation for which statistical data are readily available.

4.4. Rules on the cumulation of aid

71. The aid intensity ceilings laid down in sections 4.1 and 4.3 above apply to the total aid:
- where assistance is granted concurrently under several regional schemes or in combination with ad hoc aid;
 - whether the aid comes from local, regional, national or Community sources.
72. Where aid calculated on the basis of material or immaterial investment costs is combined with aid calculated on the basis of wage costs, the intensity ceiling laid down for the region concerned must be respected ⁽⁶⁷⁾.
73. Where the expenditure eligible for regional aid is eligible in whole or in part for aid for other purposes, the common portion will be subject to the most favourable ceiling under the applicable rules.

⁽⁶²⁾ Apparent consumption of the product concerned is production plus imports minus exports.

⁽⁶³⁾ Before the entry into force of these guidelines the Commission will draw up further guidance on the criteria it will take into account during this assessment.

⁽⁶⁴⁾ Where an investment project involves the production of several different products, each of the products needs to be considered.

⁽⁶⁵⁾ If the Member State demonstrates that the aid beneficiary creates a new product market, the tests laid down in paragraph 68 (a) and (b) do not need to be carried out, and the aid will be authorised under the scale in paragraph 67.

⁽⁶⁶⁾ Council Regulation (EEC) No 3924/91 of 19 December 1991 on the establishment of a Community survey of industrial production (OJ L 374, 31.12.1991, p. 1).

⁽⁶⁷⁾ This condition is deemed to be met if the sum of the aid for the initial investment, expressed as a percentage of the investment, and of the job creation aid, expressed as a percentage of wage costs, does not exceed the most favourable amount resulting from application of either the ceiling set for the region in accordance with the criteria indicated at section 4.1 or the ceiling set for the region in accordance with the criteria indicated at section 4.3.

74. Where the Member State lays down that State aid under one scheme may be combined with aid under other schemes, it must specify, in each scheme, the method by which it will ensure compliance with the conditions listed above.
75. Regional investment aid shall not be cumulated with *de minimis* support in respect of the same eligible expenses in order to circumvent the maximum aid intensities laid down in these guidelines.

5. Operating aid ⁽⁶⁸⁾

76. Regional aid aimed at reducing a firm's current expenses (operating aid) is normally prohibited. Exceptionally, however, such aid may be granted in regions eligible under the derogation in Article 87(3)(a) provided that (i) it is justified in terms of its contribution to regional development and its nature and (ii) its level is proportional to the handicaps it seeks to alleviate ⁽⁶⁹⁾. It is for the Member State to demonstrate the existence and importance of any handicaps ⁽⁷⁰⁾. In addition, certain specific forms of operating aid can be accepted in the low population density regions and the least populated areas.
77. Operating aid should in principle only be granted in respect of a predefined set of eligible expenditures or costs ⁽⁷¹⁾ and limited to a certain proportion of those costs.
78. Because of the specific nature of financial and intra-group activities, as defined in Section J (codes 65, 66 and 67) and intra-group activities falling within the scope of Section K (code 74) of the NACE code, operating aid granted for these activities has only a very limited likelihood of promoting regional development but a very high risk of distorting competition, as stated in the Commission notice on the application of the State aid rules to measures relating to direct business taxation ⁽⁷²⁾. The Commission will therefore not approve any operating aid to the financial services sector, or for intra-group activities under these guidelines unless such aid is granted under general schemes which are open to all sectors and which are designed to offset additional transport or employment costs. Operating aid intended to promote exports is likewise excluded.
79. Because it is intended to overcome delays and bottlenecks in regional development, except as provided for in paragraphs 80 and 81, operating aid should always be temporary and reduced over time, and should be phased out when the regions concerned achieve real convergence with the wealthier areas of the EU ⁽⁷³⁾.
80. In derogation from the previous paragraph, operating aid which is not both progressively reduced and limited in time may only be authorised:
- in the outermost regions, in so far as it is intended to offset the additional costs arising in the pursuit of economic activity from the factors identified in Article 299(2) of the Treaty, the permanence and combination of which severely restrain the development of such regions (remoteness, insularity, small size, difficult topography and climate, and economic dependence on a few products) ⁽⁷⁴⁾;

⁽⁶⁸⁾ Like other forms of regional aid, the granting of operating aid is always subject to the specific rules which may apply in particular sectors.

⁽⁶⁹⁾ Operating aid takes the form in particular of tax exemptions or reductions in social security contributions which are not linked to eligible investment costs.

⁽⁷⁰⁾ The Commission is currently studying the feasibility of establishing a methodology for evaluating the additional costs in the outermost regions.

⁽⁷¹⁾ For example, replacement investments, transport costs or labour costs.

⁽⁷²⁾ OJ C 384, 10.12.1998, p. 3.

⁽⁷³⁾ This principle of degressivity must also be respected when new operating aid schemes are notified to replace existing ones. However, flexibility as regards the application of this principle may be permitted in the case of operating aid schemes designed to address the geographical handicaps of particular areas located within Article 87(3)(a) regions.

⁽⁷⁴⁾ In view of the constraints faced by the outermost regions, except in the cases referred to in paragraph 78, the Commission considers that operating aid of up to 10 % of the turnover of the beneficiary may be awarded without the need for specific justification. It is the task of the Member State to demonstrate that any proposed aid above this amount is justified in terms of its contribution to regional development, and that its level is proportional to the additional costs linked to the factors identified in Article 299(2) which it is intended to offset.

- in the least populated regions, in so far as it is intended to prevent or reduce the continuing depopulation of these regions ⁽⁷⁵⁾. The least populated regions represent or belong to regions at NUTS-II level with a population density of 8 inhabitants per km² or less and extend to adjacent and contiguous smaller areas meeting the same population density criterion.
81. In addition, in the outermost regions and low population density regions, aid which is not both progressively reduced and limited in time and which is intended partly to offset additional transport costs may be authorized under the following conditions:
- aid may serve only to compensate for the additional cost of transport, taking into account other schemes of assistance to transport. While the amount of aid may be calculated on a representative basis, systematic overcompensation must be avoided;
 - aid may be given only in respect of the extra cost of transport of goods produced in the outermost regions and low population density regions inside the national borders of the country concerned. It must not be allowed to become export aid. No aid may be given towards the transport or transmission of the products of businesses without an alternative location (products of the extractive industries, hydroelectric power stations, etc.);
 - for the outermost regions only, aid may also cover the cost of transporting primary commodities, raw materials or intermediate products from the place of their production to the place of final processing in the region concerned;
 - the aid must be objectively quantifiable in advance, on the basis of an aid-per-passenger or aid-per-ton/kilometer ratio, and there must be an annual report drawn up which, among other things, shows the operation of the ratio or ratios;
 - the estimate of additional cost must be based on the most economical form of transport and the shortest route between the place of production or processing and commercial outlets using that form of transport; external costs to the environment should also be taken into account.
82. In all cases, the need for and level of operating aid should be regularly re-examined to ensure its long-term relevance to the region concerned. The Commission will therefore only approve operating aid schemes for the duration of these guidelines.
83. In order to verify the effects on trade and competition of operating aid schemes, Member States will be required to provide each year a single report in respect of each NUTS-II region in which operating aid is granted which provides a breakdown of total expenditure, or estimated income forgone, for each operating aid scheme approved in the region concerned and identifies the ten largest beneficiaries of operating aid in the region concerned ⁽⁷⁶⁾, specifying the sector(s) of activity of the beneficiaries and the amount of aid received by each.

6. Aid for newly created small enterprises

84. While newly created small enterprises encounter difficulties throughout the EU, it appears that the economic development of the assisted regions is hindered by relatively low levels of entrepreneurial activity and in particular by even lower than average rates of business start-ups. It therefore appears necessary to introduce a new form of aid, which can be granted in addition to regional investment aid, in order to provide incentives to support business start-ups and the early stage development of small enterprises in the assisted areas.

⁽⁷⁵⁾ It is the task of the Member State to demonstrate that the aid proposed is necessary and appropriate to prevent or reduce continuing depopulation.

⁽⁷⁶⁾ In terms of the amount of aid received.

85. In order to ensure that it is effectively targeted, it appears that this type of aid should be graduated according to the difficulties faced by each category of region. Furthermore, in order to avoid an unacceptable risk of distortions of competition, including the risk of crowding-out existing enterprises, the aid should, for an initial period at least, be strictly limited to small enterprises, limited in amount and degressive.
86. The Commission will accordingly approve aid schemes which provide aid of up to a total of EUR 2 million per enterprise ⁽⁷⁷⁾ for small enterprises with their economic activity in regions eligible for the derogation in Article 87(3)(a), and up to EUR 1 million per enterprise for small enterprises with their economic activity in regions eligible for the derogation in Article 87(3)(c). Annual amounts of aid awarded for newly created small enterprises must not exceed 33 % of the abovementioned total amounts of aid per enterprise.
87. The eligible expenses are legal, advisory, consultancy and administrative costs directly related to the creation of the enterprise, as well as the following costs, insofar as they are actually incurred within the first five years of the creation of the enterprise thereafter: ⁽⁷⁸⁾
- interests on external finance and a dividend on own capital employed not exceeding the reference rate;
 - fees for renting production facilities/equipment;
 - energy, water, heating, taxes (other than VAT and corporate taxes on business income) and administrative charges;
 - depreciation, fees for leasing production facilities/equipment as well as wage costs including compulsory social charges may also be included provided that the underlying investments or job creation and recruitment measures have not benefited from other forms of aid.
88. The aid intensity may not exceed
- in Article 87(3)(a) regions, 35 % of eligible expenses incurred in the first three years after the creation of the enterprise, and 25 % in the two years thereafter;
 - in Article 87(3)(c) regions, 25 % of eligible expenses incurred in the first three years after the creation of the enterprise, and 15 % in the two years thereafter.
89. These intensities are increased by 5 % in Article 87(3)(a) regions with a GDP per capita of less than 60 % of the EU-25 average, in regions with a population density of less than 12.5 inhabitants/km² and in small islands with a population of less than 5 000, and other communities of the same size suffering from similar isolation.
90. The Member State shall put in place the necessary system to ensure that the upper limits for the amount of aid and the relevant aid intensity in relation to the eligible costs concerned are not exceeded. In particular, the aid provided for in this chapter shall not be cumulated with other public support (including *de minimis* support) in order to circumvent the maximum aid intensities or amounts laid down.
91. Granting aid designed exclusively for newly created small enterprises may produce perverse incentives for existing small enterprises to close down and re-open in order to receive this type of aid. Member States should be aware of this risk and should design aid schemes in such a way as to avoid this problem, for example by placing limits on applications from owners of recently closed firms.

⁽⁷⁷⁾ Eligible enterprises are small enterprises within the meaning of Article 2 of Annex I to Commission Regulation (EC) No 364/2004 or any successor regulation, which are autonomous within the meaning of Article 3 of the Annex to Commission Regulation (EC) No 364/2004 and which have been created less than five years ago.

⁽⁷⁸⁾ VAT and direct business profit/income taxes are not included in the eligible expenses.

7. Transitional arrangements

7.1. Reductions of aid intensities for regions remaining within Article 87(3)(a) on 1 January 2007

92. Where the implementation of these guidelines will result in a reduction in maximum aid intensities of more than 15 percentage points, net to gross ⁽⁷⁹⁾, the reduction may be implemented in two stages with the initial reduction of a minimum of 10 percentage points being applied on 1 January 2007, and the balance on 1 January 2011.

7.2. Reductions of aid intensities in the economic development regions

93. Provided the areas concerned are proposed by the Member State as eligible for regional aid under Article 87(3)(c) for the whole period 2007-2013, the reduction of aid intensities for the economic development regions may take place in two stages. A reduction of at least 10 percentage points net to gross shall be applied on 1 January 2007. As necessary to meet the new aid intensities allowed under these guidelines, a final reduction shall be applied at the latest on 1 January 2011 ⁽⁸⁰⁾.

7.3. Phasing-out of operating aid

94. For regions which lose their capacity to grant operating aid as a result of the loss of eligibility under Article 87(3)(a), the Commission can accept a linear phasing out of operating aid schemes over a two-year period from the date of the loss of eligibility to grant such aid.

7.4. Phasing out of Article 87(3)(c) regions

95. Following the entry into force of these guidelines, a number of regions will lose their eligibility for regional investment aid. In order to facilitate the smooth transition of these regions to the reformed horizontal State aid regime which is progressively being put in place through the implementation of the State aid action plan, Member States may exceptionally designate additional regions to be eligible for regional aid under Article 87(3)(c) until 1 January 2009, provided that the following conditions are met:

- the regions concerned were eligible for regional aid under Article 87(3)(c) on 31 December 2006;
- the combined total population of the regions eligible for regional investment aid under Article 87(3)(c) pursuant to the allocation of population coverages referred to in paragraphs 27 and 28 and those designated in accordance with this provision shall not exceed 66 % of the national population eligible for regional aid under Article 87(3)(c) on 31 December 2006 ⁽⁸¹⁾;
- the maximum aid intensity permitted in the additional regions designated in accordance with this provision shall not exceed 10 %.

⁽⁷⁹⁾ I.e. from 50 % net grant equivalent to 30 % gross grant equivalent.

⁽⁸⁰⁾ Since Northern Ireland benefited from a specific provision in the regional aid guidelines for the period 2000-2006, the application of the same transitional arrangement is also justified.

⁽⁸¹⁾ After exclusion of those regions which were eligible for regional aid under Article 87(3)(c) on 31 December 2006 and which qualify for aid under the present guidelines by virtue of other provisions (statistical effect regions, economic development regions, low population density regions). The resulting allocations are set out in Annex V.

8. Regional aid maps and declaration of compatibility

96. The regions of a Member State eligible for regional investment aid under the derogations and the ceilings on the intensity of aid for initial investment⁽⁸²⁾ approved for each region together form a Member State's regional aid map. The regional aid map also defines the regions eligible to grant enterprise aid. Operating aid schemes are not covered by the regional aid maps, and are assessed on a case by case basis on the basis of a notification by the Member State concerned pursuant to Article 88(3) of the Treaty.
97. The Court of Justice has ruled that the 'decisions' by which the Commission adopts the regional aid maps for each Member State should be construed as forming an integral part of the guidelines on regional aid and as having binding force only on condition that they have been accepted by Member States.⁽⁸³⁾
98. Furthermore, it should be recalled that the regional aid maps also define the scope of any group exemption exempting regional aid from the notification obligation under Article 88(3) of the Treaty, whether such aid is granted on the basis of Regulation (EC) No 70/2001⁽⁸⁴⁾, or on the basis of a possible future exemption regulation for other forms of regional aid. Article 1(1)(b) of Regulation (EC) No 994/98⁽⁸⁵⁾ provides only for the exemption of 'aid that complies with the map approved by the Commission for each Member State for the grant of regional aid'.
99. Under these guidelines, depending on the socio-economic situation of the Member States, the regional aid map will include:
- (1) regions which can be identified on the basis of the criteria set out in these guidelines and in respect of which maximum aid intensities are defined by these guidelines. These are the regions eligible for the derogation under Article 87(3)(a) and the statistical effect regions.
 - (2) regions which are to be designated by Member States for eligibility for regional aid in accordance with Article 87(3)(c) up to the limit for population coverage determined in accordance with section 3.4.1.
100. Of course, provided they respect the conditions set out in these guidelines, it is the responsibility of the Member States themselves to decide whether they wish to grant regional investment aid and up to what level. As soon as possible after the publication of these guidelines, each Member State should accordingly notify to the Commission, in accordance with Article 88(3) of the Treaty, a single regional aid map covering its entire national territory.
101. The Commission will examine the notifications in accordance with the procedure set out in Article 88(3) of the Treaty. At the conclusion of its examination, it will publish the approved regional aid maps in the *Official Journal of the European Union*. These maps will take effect on 1 January 2007, or their date of publication if later, and will be considered an integral part of the present guidelines.
102. The notification should clearly identify the regions proposed for eligibility under Article 87(3)(a) or (c), and the aid intensities envisaged for large companies, taking account of adjustments in the regional aid ceiling for large investment projects. Where for certain regions, transitional rules will apply, or where a change of aid intensity is anticipated, the relevant periods and aid intensities should be detailed.

⁽⁸²⁾ As adjusted in accordance with paragraph 67 in the case of individually notifiable aid for large investment projects.

⁽⁸³⁾ Judgment of 18 June 2002 in Case C-242/00 Germany v. Commission.

⁽⁸⁴⁾ Commission Regulation (EC) No 70/2001 of 12 January 2001 on the application of Articles 87 and 88 of the EC Treaty to State aid to small and medium-sized enterprises (OJ L 10, 13.1.2001, p. 33), as amended by Commission Regulation (EC) No 364/2004 of 25 February 2004 amending Regulation (EC) No 70/2001 as regards the extension of its scope to include aid for research and development (OJ L 63, 28.2.2004, p. 22).

⁽⁸⁵⁾ Council Regulation (EC) No 994/98 of 7 May 1998 on the application of Articles 92 and 93 of the Treaty establishing the European Community to certain categories of horizontal State aid OJ L 142, 14.5.1998, p. 1.

103. Given that the regions eligible for support under Article 87(3)(a) and the statistical effect regions are determined exogenously at the NUTS-II level, it will not normally be necessary to provide detailed supporting socio-economic data. On the other hand detailed supporting information should be given to explain the designation of the Article 87(3)(c) regions, other than the economic development, the low population density and the border regions, including the detailed identification of the regions concerned, population data, information on GDP and unemployment levels in the regions concerned, and any other relevant information.
104. In order to ensure continuity, which is essential for long-term regional development, the list of regions notified by Member States should in principle apply throughout the period 2007-2013. It may, however, be subject to a mid-term review in 2010. Any Member State wishing to amend the list of regions eligible for aid under Article 87(3)(c) or the applicable aid intensities must submit a notification to the Commission before 1 April 2010 at the latest. Any changes of region in this context may not exceed 50 % of the total coverage allowed for the Member State under Article 87(3)(c). With the exception of the statistical effect regions, regions which lose their eligibility for regional aid coverage as a result of this mid-term review will not be eligible for any transitional support. Moreover, Member States may at any time notify to the Commission a request to add further regions to the list until such time as the relevant population coverage is reached.

9. Entry into force, implementation, transparency and review

105. The Commission intends to apply these guidelines to all regional aid to be granted after 31 December 2006. Regional aid awarded or to be granted before 2007 will be assessed in accordance with the 1998 guidelines on national regional aid.
106. Since they must be coherent with the regional aid map, notifications of regional aid schemes, or ad hoc aid to be granted after 31 December 2006, cannot normally be considered complete until the regional aid map has been adopted for the Member State concerned in accordance with the arrangements described in section 8. Accordingly, the Commission will not normally examine notifications of regional aid schemes which are to apply after 31 December 2006, or ad hoc aid to be granted after that date, until the adoption of the regional aid map for the Member State concerned⁽⁸⁶⁾. The same applies to aid schemes for newly created small enterprises covered by section 6 of these guidelines.
107. The Commission considers that the implementation of these guidelines will lead to substantial changes in the rules applicable to regional aid throughout the Community. Furthermore, in the light of the changed economic and social conditions prevailing in the EU, it appears necessary to review the continuing justification for and effectiveness of all regional aid schemes, including both investment aid and operating aid schemes. For these reasons, the Commission will propose the following appropriate measures to Member States pursuant to Article 88(1) of the Treaty:
- without prejudice to Article 10(2) of Regulation (EC) No 70/2001⁽⁸⁷⁾ on the application of Articles 87 and 88 of the Treaty to State aid for small and medium-sized enterprises, as amended by Regulation (EC) No 364/2004⁽⁸⁸⁾ and to Article 11(2) of Regulation (EC) No 2204/2002 on the application of Articles 87 and 88 of the EC Treaty to State aid for employment⁽⁸⁹⁾, Member States shall limit the application in time of all existing regional aid schemes to aid to be granted on or before 31 December 2006;

⁽⁸⁶⁾ The Commission informs the Member States that in order to reduce that burden of the obligation of notification to the maximum extent possible, it intends to make use of the powers conferred on it by Regulation (EC) No 994/98 to exempt from notification under Article 88(3) of the Treaty all transparent regional investment aid schemes which comply with the national regional aid map approved for the Member State concerned. Ad hoc individual aid and operating aid schemes will not be exempt from notification. Moreover, the information and individual notification requirements for large individual aid projects set out in section 4.3 of these guidelines will continue to apply, including in the case of aid which is granted under exempted schemes.

⁽⁸⁷⁾ OJ L 10, 13.1.2001, p. 33.

⁽⁸⁸⁾ OJ L 63, 28.2.2004, p. 22.

⁽⁸⁹⁾ OJ L 337, 13.12.2002, p. 3.

- where environment aid schemes allow regional investment aid to be granted for environmental investments pursuant to footnote 29 of the Community guidelines on State aid for environmental protection ⁽⁹⁰⁾, Member States shall amend the relevant schemes in order to ensure that aid may only be granted after 31 December 2006 if it complies with the regional aid map in force on the date the aid is granted;
- Member States shall as necessary amend other existing aid schemes in order to ensure that any regional bonuses such as those allowed for training aid, aid for research and development or environment aid may only be granted after 31 December 2006 in areas which are eligible for support under Article 87(3)(a) or (c) in accordance with the regional aid map adopted by the Commission in force on the date the aid is granted.

The Commission will invite Member States to confirm their acceptance of these proposals within one month.

108. In addition, the Commission considers that further measures are necessary to improve the transparency of regional aid in an enlarged union. In particular, it appears necessary to ensure that the Member States, economic operators, interested parties and indeed the Commission itself should have easy access to the full text of all applicable regional aid schemes in the EU. The Commission considers that this can easily be achieved through the establishment of linked internet sites. For this reason, when examining regional aid schemes, the Commission will systematically seek an undertaking from the Member State that the full text of the final aid scheme will be published on the internet and that the internet address of the publication will be communicated to the Commission. Projects for which expenses were incurred before the date of publication of the scheme will not be eligible for regional aid.
109. The Commission may decide to review or amend these guidelines at any time if this should be necessary for reasons associated with competition policy or in order to take account of other Community policies and international commitments.

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⁽⁹⁰⁾ OJ C 37, 3.2.2001, p. 3.

ANNEX I

Definition of the steel industry

The steel industry, for the purposes of these guidelines consists of the undertakings engaged in the production of the steel products listed below:

Product	Combined Nomenclature Code (1)
Pig iron	7201
Ferro-alloys	7202 11 20, 7202 11 80, 7202 99 11
Ferrous products obtained by direct reduction of iron ore and other spongy ferrous products	7203
Iron and non-alloy steel	7206
Semi-finished products of iron or non-alloy steel	7207 11 11, 7207 11 14, 7207 11 16, 7207 12 10, 7207 19 11, 7207 19 14, 7207 19 16, 7207 19 31, 7207 20 11, 7207 20 15, 7207 20 17, 7207 20 32, 7207 20 51, 7207 20 55, 7207 20 57, 7207 20 71
Flat rolled products of iron and non-alloy steel	7208 10 00, 7208 25 00, 7208 26 00, 7208 27 00, 7208 36 00, 7208 37, 7208 38, 7208 39, 7208 40, 7208 51, 7208 52, 7208 53, 7208 54, 7208 90 10, 7209 15 00, 7209 16, 7209 17, 7209 18, 7209 25 00, 7209 26, 7209 27, 7209 28, 7209 90 10, 7210 11 10, 7210 12 11, 7210 12 19, 7210 20 10, 7210 30 10, 7210 41 10, 7210 49 10, 7210 50 10, 7210 61 10, 7210 69 10, 7210 70 31, 7210 70 39, 7210 90 31, 7210 90 33, 7210 90 38, 7211 13 00, 7211 14, 7211 19, 7211 23 10, 7211 23 51, 7211 29 20, 7211 90 11, 7212 10 10, 7212 10 91, 7212 20 11, 7212 30 11, 7212 40 10, 7212 40 91, 7212 50 31, 7212 50 51, 7212 60 11, 7212 60 91
Bars and rods, hot rolled, in irregularly wound coils, of iron or non alloy steel	7213 10 00, 7213 20 00, 7213 91, 7213 99
Other bars and rods of iron and non-alloy steel	7214 20 00, 7214 30 00, 7214 91, 7214 99, 7215 90 10
Angles, shapes and sections of iron or non-alloy steel	7216 10 00, 7216 21 00, 7216 22 00, 7216 31, 7216 32, 7216 33, 7216 40, 7216 50, 7216 99 10
Stainless steel	7218 10 00, 7218 91 11, 7218 91 19, 7218 99 11, 7218 99 20
Flat-rolled products of stainless steel	7219 11 00, 7219 12, 7219 13, 7219 14, 7219 21, 7219 22, 7219 23 00, 7219 24 00, 7219 31 00, 7219 32, 7219 33, 7219 34, 7219 35, 7219 90 10, 7220 11 00, 7220 12 00, 7220 20 10, 7220 90 11, 7220 90 31
Bars and rods of stainless steel	7221 00, 7222 11, 7222 19, 7222 30 10, 7222 40 10, 7222 40 30
Flat rolled products of other alloy steel	7225 11 00, 7225 19, 7225 20 20, 7225 30 00, 7225 40, 7225 50 00, 7225 91 10, 7225 92 10, 7225 99 10, 7226 11 10, 7226 19 10, 7226 19 30, 7226 20 20, 7226 91, 7226 92 10, 7226 93 20, 7226 94 20, 7226 99 20

Product	Combined Nomenclature Code ⁽¹⁾
<i>Bars and rods of other alloys steels</i>	7224 10 00, 7224 90 01, 7224 90 05, 7224 90 08, 7224 90 15, 7224 90 31, 7224 90 39, 7227 10 00, 7227 20 00, 7227 90, 7228 10 10, 7228 10 30, 7228 20 11, 7228 20 19, 7228 20 30, 7228 30 20, 7228 30 41, 7228 30 49, 7228 30 61, 7228 30 69, 7228 30 70, 7228 30 89, 7228 60 10, 7228 70 10, 7228 70 31, 7228 80
<i>Sheet piling</i>	7301 10 00
<i>Rails and cross ties</i>	7302 10 31, 7302 10 39, 7302 10 90, 7302 20 00, 7302 40 10, 7302 10 20
<i>Seamless tubes, pipes and hollow profiles</i>	7303, 7304
<i>Welded iron or steel tubes and pipes, the external diameter of which exceeds 406,4 mm</i>	7305

⁽¹⁾ OJ L 279, 23.10.2001, p. 1.

ANNEX II

Definition of the synthetic fibres industry

The synthetic fibres industry is defined, for the purposes of these guidelines, as:

- extrusion/texturisation of all generic types of fibre and yarn based on polyester, polyamide, acrylic or polypropylene, irrespective of their end-uses, or
- polymerisation (including polycondensation) where it is integrated with extrusion in terms of the machinery used, or
- any ancillary process linked to the contemporaneous installation of extrusion/texturisation capacity by the prospective beneficiary or by another company in the group to which it belongs and which, in the specific business activity concerned, is normally integrated with such capacity in terms of the machinery used.

ANNEX III

Form for the provision of summary information for aid for large investment projects requested in paragraph 65

- (1) Aid in favour of (name of the company/companies receiving the aid):
- (2) Aid scheme reference (Commission reference of the existing scheme or schemes under which the aid is awarded):
- (3) Public entity/entities providing the assistance (name and co-ordinates of the granting authority or authorities):
- (4) Member State where the investment takes place:
- (5) Region (NUTS-III level) where the investment takes place:
- (6) Municipality (previously NUTS-V level, now LAU 2) where the investment takes place:
- (7) Type of project (setting-up of a new establishment, extension of existing establishment, diversification of output of existing establishment into new, additional products, fundamental change in the overall production process of an existing establishment):
- (8) Products manufactured or services provided on the basis of the investment project (with PRODCOM/NACE nomenclature or CPA nomenclature for projects in the service sectors):
- (9) Short description of investment project:
- (10) Discounted eligible cost of investment project (in EUR):
- (11) Discounted aid amount (gross) in EUR:
- (12) Aid intensity (% in GGE):
- (13) Conditions attached to the payment of the proposed assistance (if any):
- (14) Planned start and end date of the project:
- (15) Date of award of the aid:

ANNEX IV

Method for allocation of population shares in assisted Article 87(3)(c) areas across Member States

The guiding principle behind the allocation of eligible population figures is to attribute them according to the observed **degree of regional disparities** within and between different Member States.

These disparities are captured through two indicators the Gross Domestic Product per capita in Purchasing Power Standard (**GDP per capita in PPS**) and the **unemployment** level. The method calculates the disparities leaving aside all assisted Article 87(3)(a) regions and the 'statistical effect' as well as the economic development regions and the low population density regions. The data employed in the calculation is the average for the last three years for which data is available, 2000-2002 for GDP per capita and 2001-2003 for unemployment at national and EU-25 level.

The methodology is applied in three sequential steps:

Step I

In order to verify the referred disparity two **thresholds are used**. Regions at the NUTS-III level definition must have a GDP per capita below 85 % or an unemployment level of more than 115 % of the national average (MS = 100). As far as the unemployment level is concerned, it is considered that sufficient disparity is attained if the region in question has an unemployment figure that is 50 % higher than the national average.

Step II

To take into account the relative position of the Member State with respect to the EU-25 average the thresholds of 85 for GDP per capita and 115 for unemployment are modified according to the following formulas:

$$\text{Adjusted GDP threshold } GDP = 85 \times \left(\frac{1 + \frac{100}{RMS}}{2} \right)$$

$$\text{Adjusted unemployment threshold } Unemployment = MIN \left[150; 115 \times \left(\frac{1 + \frac{100}{RMS}}{2} \right) \right]$$

where RMS is the relative position of the MS to the EU 25 average in %.

The introduction of these corrections implies that regions in richer Member States should show a lower GDP per capita in comparison with the national average in order to qualify for the criteria of sufficient disparity. Regions in Member States with a low unemployment should have to show a higher level of unemployment although capped at the 150 % unemployment level. On the contrary, regions in poorer Member States can have a higher GDP per capita than 85 and regions in Member States with a high unemployment can prove sufficient disparity with an unemployment level below 115.

Examples of application of correction formulas

Relative position of the Netherlands (EU-25 =100): GDP per capita 122,5, Unemployment 32,9.

After application of the mentioned correction formulas the thresholds for the Netherlands shift from 85 to 77,2 for GDP per capita and from 115 to 150 for unemployment.

Relative position of Greece (EU-25 =100): GDP per capita 74,5, Unemployment 111,7

After application of the mentioned correction formulas the thresholds employed for Greece shift from 85 to 99,5 for GDP per capita and from 115 to 109,0 for unemployment.

Step III

The next step is to verify which areas not eligible for regional aid pursuant to Article 87(3)(a) or not specifically allocated as areas eligible for Article 87(3)(c) qualify for the sufficient disparity criteria. The population for all the NUTS-III areas that verify these criteria are added together for each Member State. Then the total population figure of all areas fulfilling these criteria for the EU-25 is calculated as well as the percentage that each Member State represents in this total. These respective percentages are then considered to be the **Repatriation Key** for shares of population coverage allowed.

If the decision of the Commission is to allow coverage of 42 % of the EU-25 population to live in assisted areas, the population of all assisted Article 87(3)(a) and earmarked Article 87(3)(c) areas are deducted from this figure. The remaining quantity is distributed among the Member States according to the **Repartition Key**.

In addition and also since it is not feasible to prove any internal disparity for Member States with no NUTS-III regional breakdown (Luxemburg and Cyprus) a safety net is applied to guarantee that no Member State can have its assisted areas coverage reduced by more than 50 % Article (87(3)(a) and (c) areas taken together) than that under the 1998 Regional Aid Guidelines. The aim is to ensure that all Member States are allocated a margin providing sufficient flexibility for an effective regional development policy.

ANNEX V

Regional aid coverage, 2007-2013

Belgium	Regions	GDP/CAP ⁽¹⁾	Population covered
Article 87(3)(a)	...		
Statistical effect	Hainaut	75,45	
			12,4 %
Article 87(3)(c)			13,5 %
Total population coverage 2007-2013			25,9 %
⁽¹⁾ GDP per capita 2000-2002, PPS, EU-25 = 100 (Eurostat news release 47/2005 of 7.4.2005).			
Czech Republic	Regions	GDP/CAP	Population covered
Article 87(3)(a)	Střední Morava	52,03	
	Severozápad	53,29	
	Střední Čechy	54,35	
	Moravskoslezsko	55,29	
	Severovýchod	55,59	
	Jihovýchod	58,17	
	Jihozápad	60,41	
			88,6 %
Statistical effect			
Article 87(3)(c)			
Total population coverage 2007-2013			88,6 %
Transitional additional coverage 2007-2008 under Article 87(3)(c)			7,7 %
Denmark			Population covered
Article 87(3)(a) ...			
Statistical effect ...			
Article 87(3)(c)			8,6 %
Total population coverage 2007-2013			8,6 %
Transitional additional coverage 2007-2008 under Article 87(3)(c)			2,7 %

Germany	Regions	GDP/CAP	Population covered
Article 87(3)(a)	Dessau	65,99	
	Chemnitz	69,63	
	Brandenburg-Nordost	70,64	
	Magdeburg	72,27	
	Mecklenburg-Vorpommern	72,56	
	Thüringen	73,10	
	Dresden	74,95	
			12,5 %
Statistical effect	Halle	75,07	
	Leipzig	77,12	
	Brandenburg-Südwest	77,45	
	Lüneburg	81,80	
			6,1 %
Article 87(3)(c)			11,0 %
Total population coverage 2007-2013			29,6 %
Estonia	Regions	GDP/CAP	Population covered
Article 87(3)(a)	Estonia	44,94	100 %
Greece	Regions	GDP/CAP	Population covered
Article 87(3)(a)	Dytiki Ellada	56,30	
	Anatoliki Makedonia, Thraki	57,40	
	Ipeiros	59,30	
	Thessalia	62,90	
	Ionia Nisia	65,53	
	Kriti	72,27	
	Peloponnisos	73,71	
	Voreio Aigaio	74,29	
			36,6 %
Statistical effect	Kentriki Makedonia	75,89	
	Dytiki Makedonia	76,77	
	Attiki	78,98	
			55,5 %
Article 87(3)(c)			7,9 %
Total population coverage 2007-2013			100,0 %

Spain	Regions	GDP/CAP	Population covered
Article 87(3)(a)	Extremadura	59,89	
	Andalucia	69,29	
	Galicia	73,36	
	Castilla-La Mancha	74,75	
	Canarias	87,79	
			36,2 %
Statistical effect	Asturias	79,33	
	Murcia	79,37	
	Ceuta	79,64	
	Melilla	79,72	
			5,8 %
Article 87(3)(c)			17,7 %
Total population coverage 2007-2013			59,6 %
Transitional additional coverage 2007-2008 under Article 87(3)(c)			12,4 %
France	Regions	GDP/CAP	Population covered
Article 87(3)(a)	Guyane	56,76	
	Réunion	60,63	
	Guadeloupe	67,32	
	Martinique	74,88	
			2,9 %
Statistical effect ...			
Article 87(3)(c)			15,5 %
Total population coverage 2007-2013			18,4 %
Transitional additional coverage 2007-2008 under Article 87(3)(c)			6,9 %
Ireland			Population covered
Article 87(3)(a) ...			
Statistical effect ...			
Article 87(3)(c)			50,0 %
Total population coverage 2007-2013			50,0 %
Transitional additional coverage 2007-2008 under Article 87(3)(c)			25,0 %

Italy	Regions	GDP/CAP	Population covered
Article 87(3)(a)	Calabria	67,93	
	Campania	71,78	
	Sicilia	71,98	
	Puglia	72,49	
			29,2 %
Statistical effect	Basilicata	77,54	
			1,0 %
Article 87(3)(c)			3,9 %
Total population coverage 2007-2013			34,1 %
Transitional additional coverage 2007-2008 under Article 87(3)(c)			5,6 %
Cyprus			Population covered
Article 87(3)(a) ...			
Statistical effect ...			
Article 87(3)(c)			50,0 %
Total population coverage 2007-2013			50,0 %
Transitional additional coverage 2007-2008 under Article 87(3)(c)			16,0 %
Latvia	Regions	GDP/CAP	Population covered
Article 87(3)(a)	Latvia	37,28	100 %
Lithuania	Regions	GDP/CAP	Population covered
Article 87(3)(a)	Lithuania	40,57	100 %
Luxembourg			Population covered
Article 87(3)(a) ...			
Statistical effect ...			
Article 87(3)(c)			16,0 %
Total population coverage 2007-2013			16,0 %
Transitional additional coverage 2007-2008 under Article 87(3)(c)			5,1 %

Hungary			
	Regions	GDP/CAP	Population covered
Article 87(3)(a)	Észak Magyarország	36,10	
	Észak Alföld	36,31	
	Dél Alföld	39,44	
	Dél Dunántúl	41,36	
	Közép Dunántúl	52,28	
	Nyugat Dunántúl	60,37	
			72,2 %
Statistical effect ...			
Article 87(3)(c) ...			27,8 %
Total population coverage 2007-2013			100,0 %
Malta			
	Regions	GDP/CAP	Population covered
Article 87(3)(a)	Malta	74,75	100 %
Netherlands			Population covered
Article 87(3)(a) ...			
Statistical effect ...			
Article 87(3)(c)			7,5 %
Total population coverage 2007-2013			7,5 %
Transitional additional coverage 2007-2008 under Article 87(3)(c)			2,4 %
Austria			Population covered
Article 87(3)(a) ...			
Statistical effect	Burgenland	81,50	3,4 %
Article 87(3)(c)			19,1 %
Total population coverage 2007-2013			22,5 %

Poland	Regions	GDP/CAP	Population covered
Article 87(3)(a)	Lubelskie	32,23	
	Podkarpackie	32,80	
	Warminsko-Mazurskie	34,70	
	Podlaskie	35,05	
	Swietokrzyskie	35,82	
	Opolskie	38,28	
	Malopolskie	39,81	
	Lubuskie	41,09	
	Lódzkie	41,45	
	Kujawsko-Pomorskie	41,80	
	Pomorskie	45,75	
	Zachodniopomorskie	46,29	
	Dolnoslaskie	47,52	
	Wielkopolskie	48,18	
	Slaskie	50,62	
Mazowieckie	68,77		
			100 %
Portugal			
	Regions	GDP/CAP	Population covered
Article 87(3)(a)	Norte	61,94	
	Centro (PT)	63,08	
	Alentejo	65,72	
	Açores	61,61	
	Madeira	87,84	
			70,1
Statistical effect	Algarve	80,05	3,8 %
Article 87(3)(c) ...			2,8 %
Total population coverage 2007-2013			76,7 %
Transitional additional coverage 2007-2008 under Article 87(3)(c)			19,2 %
Slovenia			
	Regions	GDP/CAP	Population covered
Article 87(3)(a)	Slovenia	74,40	100 %

Slovakia	Regions	GDP/CAP	Population covered
Article 87(3)(a)	Východné Slovensko	37,21	
	Stredné Slovensko	40,72	
	Západné Slovensko	45,42	
			88,9 %
Statistical effect ...			
Article 87(3)(c) ...			
Total population coverage 2007-2013			88,9 %
Transitional additional coverage 2007-2008 under Article 87(3)(c)			7,5 %
Finland			Population covered
Article 87(3)(a) ...			
Statistical effect ...			
Article 87(3)(c)			33,0 %
Total population coverage 2007-2013			33,0 %
Sweden			Population covered
Article 87(3)(a) ...			
Statistical effect ...			
Article 87(3)(c)			15,3 %
Total population coverage 2007-2013			15,3 %
United Kingdom	Regions	GDP/CAP	Population covered
Article 87(3)(a)	Cornwall & Isles of Scilly	70,16	
	West Wales and the Valleys	73,98	
			4,0 %
Statistical effect	Highlands and Islands	77,71	0,6 %
Article 87(3)(c)			19,3 %
Total population coverage 2007-2013			23,9 %

III

(Notices)

COMMISSION

UK-Lerwick: operation of scheduled air services

Invitation to tender issued by the United Kingdom under Article 4(1)(d) of Council Regulation (EEC) No 2408/92 in respect of the operation of scheduled air services between the Shetland Mainland (Tingwall/Sumburgh) and the islands of Foula, Fair Isle, Out Skerries and Papa Stour

(2006/C 54/09)

(Text with EEA relevance)

1. **Introduction::** In pursuance of Article 4(1)(a) of Regulation (EEC) No 2408/92 of 23 July 1992 on access for Community air carriers to intra-Community air routes, the United Kingdom has imposed public service obligations (PSOs) in respect of scheduled air services operated between the Shetland Mainland and the islands of Foula (from Tingwall), Fair Isle (from Tingwall/Sumburgh), Out Skerries (from Tingwall) and Papa Stour (from Tingwall). The standards required by the public service obligations were published in the *Official Journal of the European Communities* C 394/05 of 30.12.1997, as modified in the *Official Journal of the European Union/Communities* C 356/3 of 12.12.2000, C 358/07 of 15.12.2001, C 306/24 of 10.12.2004, C 223/08 of 10.9.2005 and C 53/06 of 3.3.2006.

Insofar as by 1 July 2006 no air carrier has commenced or is about to commence scheduled air services between the Shetland Mainland and the islands of Foula (from Tingwall), Fair Isle (from Tingwall/Sumburgh), Out Skerries (from Tingwall) and Papa Stour (from Tingwall) in accordance with the PSOs imposed and without requesting compensation, the United Kingdom has decided, in accordance with the procedure laid down in Article 4(1)(d) of the above-mentioned Regulation, to continue to limit access to the routes to a single air carrier and to offer the right to operate such services from 1 August 2006 by public tender.

The contract shall be awarded by Shetland Islands Council, hereinafter referred to as the 'Awarding Authority' which shall provide one Britten Norman Islander aircraft for use on the above-mentioned routes.

2. **Object of invitation to tender::** Operation from 1.8.2006 of scheduled air services between the Shetland Mainland and the islands of Foula (from Tingwall), Fair

Isle (from Tingwall/Sumburgh), Out Skerries (from Tingwall) and Papa Stour (from Tingwall) in accordance with the public service obligations imposed on the routes and published in the *Official Journal of the European Communities* C 394/05 of 30.12.1997, as modified in the *Official Journal of the European Union/Communities* C 356/3 of 12.12.2000, C 358/07 of 15.12.2001, C 306/24 of 10.12.2004, C 223/08 of 10.9.2005 and C 53/06 of 3.3.2006. In operation of the scheduled air services the carrier will be expected to use an aircraft which will be provided by the Awarding Authority to the air carrier at no cost (but subject to the conditions contained in tender documentation).

3. **Participation::** Participation is open to all air carriers holding a valid operating licence issued by a Member State in accordance with Council Regulation (EEC) No 2407/92 on 23 July 1992 on licensing of air carriers. The services will operate under the Civil Aviation Authority (CAA) regulatory regime.

4. **Tender Procedure::** This invitation to tender is subject to the provisions of Article 4(1)(d), (e), (f), (g), (h), and (i) of Regulation (EEC) No 2408/92.

5. **Tender dossier/qualifications etc.::** The complete tender documentation, including form of tender, specification, conditions of contract/schedule to the conditions of contract, as well as the text of the original public service obligations published in the *Official Journal of the European Communities* C 394/05 of 30.12.1997, as modified in the *Official Journal of the European Union/Communities* C 356/3 of 12.12.2000, C 358/07 of 15.12.2001, C 306/24 of 10.12.2004, C 223/08 of 10.9.2005 and C 53/06 of 3.3.2006 may be obtained free of charge from the Awarding Authority as follows:

Shetland Islands Council, Infrastructure Services Department, Transport Services, Grantfield, Lerwick ZE1 0NT, Shetland. Tel. (44) 15 95 74 48 00. Fax (44) 15 95 74 48 69 (Contact: Ian Bruce, Service Manager — Transport Operations).

Airlines will be required to include in their tender documents evidence of their financial standing (a bank reference to cover the contract value together with an annual report and audited accounts for the past 3 years must be provided and must include turnover and pre-tax profit for the past 3 years), previous experience and technical capability to provide the services described. The Awarding Authority reserves the right to solicit further information about any applicant's financial and technical resources and abilities.

Tenders should be priced in Pounds Sterling and all supporting documents must be in English. The contract will be considered as a contract made under Scots Law and subject to the exclusive jurisdiction of the Scottish Courts.

6. **Financial compensation::** The tenders submitted should indicate the amount required by way of grant for operating the services for 3 years from the scheduled starting date. The grant should be calculated in accordance with the specification. The maximum limit finally granted may be revised only in the event of an unforeseen change in the operating conditions.

The contract will be awarded by Shetland Islands Council. All payments under the contract will be in Pounds Sterling.

7. **Period of validity, amendment and termination of the contract::** A 3-year contract for the 4 routes will commence on 1 August 2006 and will terminate on 31 July 2009. Any amendment or termination of the contract will be in accordance with the conditions of contract. Variations in the services will be permitted only with the agreement of the awarding authority.
8. **Penalties in the event of the carrier failing to comply with the contract::** In the event of the carrier failing to operate a flight for any reason, then subject as aftermen-

tioned, the Awarding Authority may reduce the grant on a pro rata basis for each occasion on which a flight is not operated provided that the Awarding Authority shall not make any such reduction in the grant where the failure to operate the flight is as a consequence of any of the following, and the appropriate occurrence has not arisen as a consequence of the acts or omissions of the carrier:

- weather,
- closure of the airports,
- security reasons,
- strikes,
- reasons of safety.

An explanation from the carrier for such non-operation is also required in accordance with the conditions of contract.

9. **Deadline for submission of bids::** One month after the date of publication of this notice.
10. **Application procedure::** Tenders must be sent to the following address:

Head of Legal and Administration, Shetland Islands Council, 4 Market Street, Lerwick ZE1 0JN, Shetland, United Kingdom.

Persons admitted to open tenders are designated staff and elected members from the Awarding Authority. Tenders should not be delivered to the address stated in paragraph 5.

11. **Validity of invitation to tender::** In accordance with Article 4(1)(d) of Regulation (EEC) No 2408/92, the validity of this invitation to tender is subject to the condition that no Community air carrier presents, by 1 July 2006, a programme for operating the routes in question from 1 August 2006 or before that date, in accordance with the PSOs imposed, as amended, without receiving any subsidy. The Awarding Authority reserves the discretion to refuse to accept any tender if, on appropriate grounds, none is considered suitable for acceptance.

Amendment to the notice of invitation to tender for the reduction in the import duty on maize imported from non-member countries

(Official Journal of the European Union C 325 of 22 December 2005)

(2006/C 54/10)

On page 40, the text of point 2 under heading I 'Subject' is amended as follows:

- '2. The total quantity in respect of which the reduction in the import duty may be fixed is 483 154 tonnes.'
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