

Case No: 75228  
Event No: 703511  
Dec. No: 170/14/COL

EFTA SURVEILLANCE AUTHORITY DECISION  
of 24 April 2014  
on the Icelandic regional aid map 2014-2020  
(Iceland)

The EFTA Surveillance Authority (“the Authority”)

HAVING REGARD to:

The Agreement on the European Economic Area (“the EEA Agreement”), in particular to Articles 61 to 63 and Protocol 26 thereof,

The Agreement between the EFTA States on the Establishment of a Surveillance Authority and a Court of Justice (“the Surveillance and Court Agreement”), in particular to Article 24 thereof,

Whereas:

## 1. Procedure

- (1) By letter of 4 April 2014 the Icelandic authorities notified their regional aid map applicable from 1 July 2014 to 31 December 2020 (“the regional aid map”) pursuant to paragraph 156 of the Authority’s Guidelines on regional state aid for 2014-2020 (“the RAG”).<sup>1</sup> These guidelines require the EFTA States that intend to grant regional aid to notify regional aid maps.
- (2) This decision represents the Authority’s assessment of the compatibility of the notified map with the RAG in accordance with paragraph 157 of those guidelines. The map itself does not involve any state aid within the meaning of Article 61 of the EEA Agreement. The Authority’s approval of the map does not constitute an authorisation to grant any aid. The authorisation of the map establishes, together with the RAG, the framework for granting regional investment aid. In that respect the map constitutes an integral part of the RAG.<sup>2</sup>

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<sup>1</sup> Adopted by Decision No 407/13/COL of 23.10.2013.

<sup>2</sup> RAG paragraph 157.

## 2. Regions eligible under the population density test

### 2.1 National population coverage and Statistical regions in Iceland

- (3) A national population coverage of assisted regions in the EFTA States has been established in the RAG. The national population coverage for Iceland for 2014-2020 is 36.5%.<sup>3</sup>
- (4) Iceland is divided into two Statistical regions<sup>4</sup> at level 3:
- the Capital region (*Höfuðborgarsvæðið*), and
  - Iceland outside the Capital region (*Landsbyggð*).

### 2.2 The notified map

- (5) Due to the relatively high GDP per capita, no Icelandic region qualifies for the derogation under Article 61(3)(a) of the EEA Agreement.<sup>5</sup>
- (6) The Icelandic authorities have notified Iceland outside the Capital region qualifying for the derogation under Article 61(3)(c) of the EEA Agreement, based on low population density.<sup>6</sup>
- (7) The Icelandic authorities have submitted a map setting out the designated areas (set out as Annex I to this Decision). The designated area, Iceland outside the Capital region, covers a land area of 99 258 km<sup>2</sup>.
- (8) Iceland outside the Capital region is a Statistical region at level 3 with less than 12.5 inhabitants per km<sup>2</sup>. Therefore, the designated area qualifies as a sparsely populated area.<sup>7</sup>
- (9) The total population of Iceland on 1 January 2014 amounted to 325 671 inhabitants and the total population of the area covered by the notified regional aid map is, according to most recent data published by the national statistical office, 116 919 inhabitants.<sup>8</sup> Consequently, the population covered by the notified regional aid map is 35.9% of the Icelandic population. This is below the national population coverage established for Iceland in the RAG (36.5%).<sup>9</sup>

### 2.3 Overview of municipalities covered by the regional aid map as notified

- (10) The number of municipalities covered by the notified regional aid map is 67.

<sup>3</sup> RAG paragraph 142. In keeping with paragraph 140 of the RAG, the population of the assisted area is lower than that of the unassisted areas.

<sup>4</sup> RAG paragraph 142.

<sup>5</sup> RAG paragraph 142(a) and 143-144.

<sup>6</sup> RAG paragraphs 148 and 149.

<sup>7</sup> RAG paragraph 149.

<sup>8</sup> Information submitted by the Icelandic authorities, available at <http://www.hagstofa.is/?PageID=2593&src=https://rannsokn.hagstofa.is/pxis/Dialog/varval.asp?ma=MAN02005%26ti=Mannfj%F6ldi+eftir+kyni%2C+aldri+og+sveitarf%E91%F6gum+1998%2D2013+%2D+Sveitarf%E91agaskipan+1%2E+jan%FAar+2014%26path=../Database/mannfjoldi/sveitarfelog/%26lang=3%26units=Fjoldi>

<sup>9</sup> RAG paragraph 142.

- (11) The table below provides an overview of all the municipalities, together with municipality codes,<sup>10</sup> included in the regional aid map.

Municipalities	Municipality code
Reykjanesbær	2000
Grindavíkurbær	2300
Sandgerðisbær	2503
Sveitarfélagið Garður	2504
Sveitarfélagið Vogar	2506
Akraneskaupstaður	3000
Skorradalshreppur	3506
Hvalfjarðarsveit	3511
Borgarbyggð	3609
Grundarfjarðarbær	3709
Helgafellssveit	3710
Stykkishólmsbær	3711
Eyja- og Miklaholtshreppur	3713
Snæfellsbær	3714
Dalabyggð	3811
Bolungarvíkurkaupstaður	4100
Ísafjarðarbær	4200
Reykholahreppur	4502
Tálknafjarðarhreppur	4604
Vesturbyggð	4607
Súðavíkurhreppur	4803
Árneshreppur	4901
Kaldrananeshreppur	4902
Strandabyggð	4911
Sveitarfélagið Skagafjörður	5200
Húnaþing vestra	5508
Blönduósbær	5604
Sveitarfélagið Skagaströnd	5609
Skagabyggð	5611
Húnavatnshreppur	5612
Akrahreppur	5706
Akureyrarkaupstaður	6000
Norðurþing	6100

Fjallabyggð	6250
Dalvíkurbyggð	6400
Eyjafjarðarsveit	6513
Hörgársveit	6515
Svalbarðsstrandarhreppur	6601
Grýtubakkahreppur	6602
Skútustaðahreppur	6607
Tjörneshreppur	6611
Þingeyjarsveit	6612
Svalbarðshreppur	6706
Langanesbyggð	6709
Seyðisfjarðarkaupstaður	7000
Fjarðabyggð	7300
Vopnafjarðarhreppur	7502
Fljótsdalshreppur	7505
Borgarfjarðarhreppur	7509
Breiðdalshreppur	7613
Djúpavogshreppur	7617
Fljótsdalshérað	7620
Sveitarfélagið Hornafjörður	7708
Vestmannaeyjabær	8000
Sveitarfélagið Árborg	8200
Mýrdalshreppur	8508
Skaftárhreppur	8509
Ásahreppur	8610
Rangárþing eystra	8613
Rangárþing ytra	8614
Hrunamannahreppur	8710
Hveragerðisbær	8716
Sveitarfélagið Ölfus	8717
Grímsnes- og Grafningshreppur	8719
Skeiða- og Gnúpverjahreppur	8720
Bláskógabyggð	8721
Flóahreppur	8722

### 3. Aid intensities

- (12) The eligible area will have a general aid ceiling of 15% gross grant equivalent (GGE). This will be supplemented by an increase of 20% for small enterprises or 10% for medium-sized enterprises. These aid intensities comply with the thresholds set out in paragraphs 154 and 155 of the RAG.

<sup>10</sup> See map in Annex I to this Decision.

#### **4. Duration and review**

- (13) In compliance with paragraph 156 of the RAG, the notified map will be in force from 1 July 2014 to 31 December 2020. If necessary, as provided for in paragraph 161 of the RAG, the notified map may be subject to a mid-term review in June 2016 to identify possible areas that may be eligible for regional aid under Article 61(1)(a) of the EEA Agreement and the level of the aid intensity corresponding to their GDP per capita.
- (14) In addition, this decision does not restrict the powers of the Authority to review the map in accordance with Article 1(1) in Part I of Protocol 3 to the Surveillance and Court Agreement, if necessary, before the end of the period referred to above.

#### **5. Conclusion – the regional aid map is compatible with the RAG**

- (15) On the basis of the foregoing assessment, the Authority considers that the Icelandic regional aid map for 2014-2020 is compatible with the principles set out in the RAG as the area covered does not exceed the eligible population coverage as set out by paragraph 142 of the RAG.

HAS ADOPTED THIS DECISION:

##### *Article 1*

The Icelandic regional aid map 2014-2020 is compatible with the principles set out in the RAG. The map, set out in Annex I to this Decision, hereby constitutes an integral part of the RAG.

##### *Article 2*

This Decision is addressed to Iceland.

##### *Article 3*

Only the English language version of this decision is authentic.

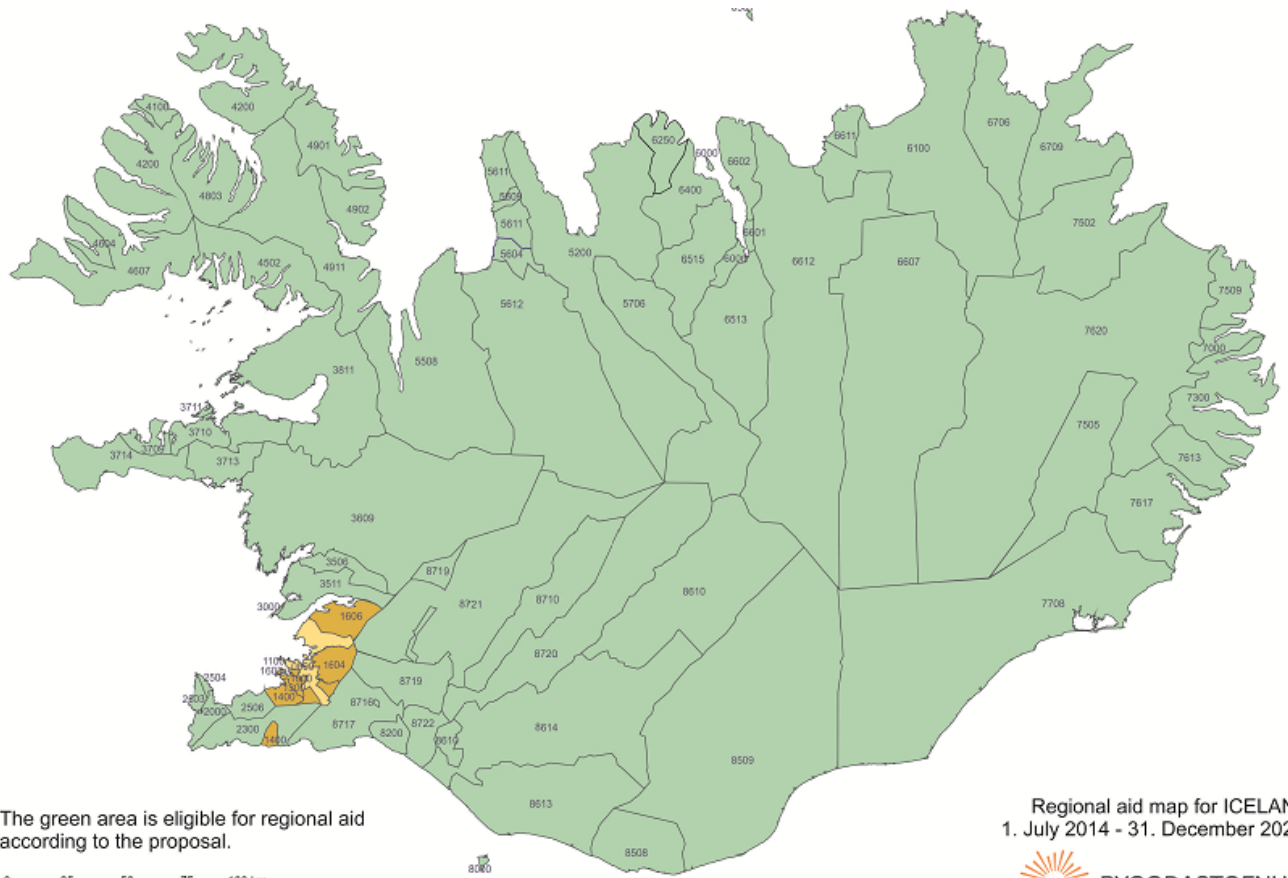
Done at Brussels, 24 April 2014

*For the EFTA Surveillance Authority*

Oda Helen Sletnes  
*President*

Frank Büchel  
*College member*

Annex I



The green area is eligible for regional aid according to the proposal.

Regional aid map for ICELAND  
1. July 2014 - 31. December 2020.

