



EFTA SURVEILLANCE AUTHORITY

Doc. No. 96-3725-I
Dec. No. 103/96/COL
Ref. No. SAM030.96.001

EFTA SURVEILLANCE AUTHORITY DECISION

OF 28 AUGUST 1996

ON THE MAP OF ASSISTED AREAS AND MAXIMUM AID CEILINGS THEREOF (ICELAND)

THE EFTA SURVEILLANCE AUTHORITY,

Having regard to the Agreement on the European Economic Area¹, in particular to Protocol 26 and to Articles 61 to 63 of the Agreement,

Having regard to the Agreement between the EFTA States on the establishment of a Surveillance Authority and a Court of Justice², in particular to Article 24 and Article 1 of Protocol 3 thereof,

WHEREAS:

I. FACTS

1. Information submitted

By letter from the Prime Minister's Office dated 25 January 1996, received and registered by the Authority on 31 January 1996 (Doc. no. 96-565-A), the Icelandic Government notified, pursuant to Article 1(3) of Protocol 3 to the Surveillance and Court Agreement, its proposal for designation of areas eligible for regional aid in Iceland and maximum aid ceilings which may be applied.

By letter of 9 February 1996 (Doc. no. 96-758-D) the EFTA Surveillance Authority requested certain additional information, to which the Icelandic authorities responded first by letters of 28 March 1996, received and registered on 2 April 1996 (Doc. no. 96-1762-A), and 22 May 1996, received and registered on 29 May 1996 (Doc. no. 96-2767-A). Further information was submitted by letter of 1 August 1996, received and registered on 5 August 1996 (Doc. no. 96-4296-A).

¹ Hereinafter referred to as the EEA Agreement.

² Hereinafter referred to as the Surveillance and Court Agreement.

In addition to the above notification the following correspondence, with relevance to the geographical coverage and aid intensity of regional aid in Iceland, has previously taken place.

In response to the Surveillance Authority's letter of 4 January 1994 (1994/ 468D) the Icelandic authorities submitted, by letter from the Icelandic Mission to the EU of 3 May 1994 (Doc. no. 94-6926-A) information on existing aid schemes administered by the Institute of Regional Development.

Following a request by the Authority by letter dated 10 January 1994 (1994/672D), the Icelandic authorities provided, by letter from the Icelandic Mission to the EU dated 16 March 1994 and by telefax from the Institute of Regional Development of 5 April 1994, certain statistical indicators and other socio-economic information necessary for the application of the rules on regional aid.

By letter of 26 October 1994 (Doc. No. 94-15880-D) the Authority has clarified certain points concerning a possible decision to establish a map of areas eligible for regional aid in Iceland.

The above mentioned correspondence together provides a complete notification of the planned geographical coverage and maximum intensities of regional aid, i.e. a proposal for a map of assisted areas in Iceland.

The system of regional aid in Iceland has furthermore been the subject of discussion at meetings between the Icelandic authorities and officials of the Surveillance Authority, most notably at meetings in Reykjavík on 2 March 1995 and 26 February 1996. Documents providing supplementary information have been handed over to the Authority's representatives in these meetings.

2. The contents of the proposed map

The notification is based on letters from the Prime Minister's Office signed on behalf of the Prime Minister. The implementation of the proposals contained in these letters will be considered below.

The Icelandic Government proposes that the area consisting of the following electoral constituencies shall be eligible for regional aid: *Vesturland*, *Vestfirðir*, *Norðurland vestra*, *Norðurland eystra*, *Austurland* and *Suðurland*, as well as the region referred to as *Suðurnes*, which consists of those municipalities belonging to the *Reykjanes* constituency, which are outside the capital region, as defined below. According to population statistics for 1995, 40.8% of Iceland's population lives in the proposed assisted area.

The proposal implies that enterprises located in the capital region will not be eligible for regional aid. The capital region is defined as *Reykjavík* and the adjoining municipalities of *Kópavogur*, *Garðabær*, *Bessastaðahreppur*, *Hafnarfjörður*, *Seltjarnarnes*, *Mosfellsbær*, *Kjalarneshreppur* and *Kjósarhreppur*. The capital region

had a population of 158.597 in 1995, which corresponds to 59,2% of Iceland's total population.

The proposed division is based on socio-economic parameters. In addition to statistical indicators on income, unemployment and population density, which will be considered below, the Icelandic authorities firstly refer to that the capital area has not been eligible for regional aid and it has not been part or subject of State aid schemes managed by the Institute of Regional Development. Secondly, the Icelandic authorities consider that there is a marked difference between the capital region and the proposed assisted area in terms of economic activity, as the latter area is heavily dependent on fisheries and agriculture, and in terms of population density and trends in population development.

As for aid intensity, it is proposed that the general ceiling in the assisted area be 17% of eligible costs, expressed in net terms, and that firms qualifying as small and medium-sized enterprises (SMEs) be eligible for a top-up of 10% gross.

According to regional statistics submitted in 1994, for the purpose of assessing eligibility for regional aid, it was suggested that Iceland be divided into the above two regions (i.e. 'Capital region' and 'Other areas'), which would correspond to NUTS II regions³. For NUTS III regions it was suggested that the delimitations would follow the division of the country into electoral constituencies, with the exception that the capital region was to be considered as one, consisting of *Reykjavík*, which forms a separate constituency, and the adjoining municipalities enumerated above, which belong to the constituency of *Reykjanes*. Consequently, that part of the *Reykjanes* constituency which is outside the capital area and is referred to as *Suðurnes* was to be considered as a separate NUTS III region. The statistical indicators for this more detailed regional breakdown will also be considered below.

3. Implementation and application of the map of assisted areas

The Icelandic Government undertakes that the system of regional aid embodied in the map of assisted areas as notified and described above, i.e. the designation of certain areas to be eligible for regional aid and the ceiling on aid intensity, will be implemented by alteration of the existing legislation on the Institute of Regional Development. Other relevant conditions for granting regional aid, e.g. eligible costs, forms of aid and possible aid recipients, belong to the individual aid schemes and are not the subject of the current decision. They will be reviewed to ensure their compatibility with the regional aid rules, and if relevant, amendments will be notified to the EFTA Surveillance Authority.

The proposed map of assisted areas refers to the following aid schemes administered by the Institute of Regional Development, of which the EFTA Surveillance Authority has been informed as schemes in operation at the entry into force of the EEA

³The term NUTS is an abbreviation for the Nomenclature of Statistical Territorial Units in the European Communities.

Agreement: Assistance to economic development projects (Aid No. 93-233) and Assistance to local economic development and counselling (Aid No. 93-234).

The map of assisted areas is proposed to be applicable for 5 years as from the time of its approval by the EFTA Surveillance Authority.

II. APPRECIATION

1. General remarks to the concept of the map

The regions of an EFTA State eligible for State aid under the derogations in Article 61(3) EEA and the concomitant aid intensity ceilings for initial investment for each region together form an EFTA State's map of assisted areas.

The proposed map of assisted areas establishes the general framework for regional aid in Iceland. No budget is allocated to the map of assisted areas and no individual awards of aid are possible solely on the basis of the map. Therefore, the map itself does not constitute aid in the meaning of Article 61(1) of the EEA Agreement. Nevertheless, it serves, supported by the submitted statistical data, as a justification for Icelandic regional aid schemes aimed at promoting or facilitating the development of certain economic areas.

In order to define the scope of application of the map in a clear-cut manner, the map is linked to the aid schemes listed above. Due to this link, the authorisation of the map will endorse the granting of aid under the listed schemes. The proposed maximum aid ceilings shall apply to these schemes. Therefore, it is established that the "second layer" of the notified map, i.e. the schemes referred to above, constitutes State aid in the meaning of Article 61 (1) of the EEA Agreement.

Consequently, it has to be assessed whether the areas, which are proposed to be eligible for regional aid, qualify for exemption from the general prohibition of aid under Article 61(1), by virtue of Article 61(3) of the EEA Agreement. The necessary assessment is described under sections II.2. and II.3 below.

2. Assessment of the proposed delimitation

2.1. General remarks to the chosen NUTS-breakdown

The notification of 25 January 1996 implies that the Icelandic authorities propose that Iceland be divided into two NUTS III regions, the capital region, whose total population in 1995 was 158.597, and all other areas, with a total population of 109.212. The earlier tentative proposal was for the country to be divided into 8 NUTS III regions, broadly along the borders of electoral constituencies, whose population ranged from approx. 9.600 to approx. 154.300 (average approx. 33.100).

Within the European Union the territory of the Member States is broken down into 64 regions on NUTS level I, 167 on NUTS level II with an average population of approximately 2 million and 824 on NUTS level III with an average population of 400,000.⁴ Belgium has the most detailed breakdown on NUTS III level within the European Union. It consists of 43 NUTS level III areas with an average population of approximately 229.500 inhabitants. It has to be noted that the variations are very high though. As an example, on NUTS level II, the population varies between 0,1 and 10,1 million inhabitants. This broad spectrum results from the fact that the statistical breakdown agreed between EUROSTAT and the EU States is as a general rule based on the existing administrative borders of the State concerned.

In 1994 the EFTA Surveillance Authority decided on the maps of assisted areas for Austria and three Nordic countries, Norway, Finland and Sweden. The NUTS III breakdown chosen was rather similar for the three Nordic countries; it was based on the administrative units of counties (*fylke* or *län*) or provinces. The average population in the NUTS III regions was 219.295 in Norway, 267.259 in Finland and 357.000 in Sweden.

The total population in Iceland in 1995 was 267.809, which is close to the lower end of average populations in NUTS III regions in the EEA countries. It follows that a breakdown of Iceland into eight NUTS III regions, although in geographical terms more than wide enough to correspond to travel-to-work areas, must, owing to the low population, be considered to imply too small units. Instead, the proposal by the Icelandic authorities to divide the country into two NUTS III regions is in principle considered acceptable as the primary basis for assessment of eligibility for regional aid under Article 61(3)(c).

2.2 Areas eligible for regional aid

It shall be noted that the Icelandic authorities have not claimed that Iceland has any area which is eligible for regional aid under Article 61(3)(a) of the EEA Agreement. It is recalled that according to Chapter 28 of the State Aid Guidelines, the socio-economic situation of Article 61(3)(a) regions is assessed primarily by reference to per capita GDP/PPS (Gross domestic product in purchasing power standards) for the regions compared to the EEA average. The geographical units chosen for this purpose shall correspond to the NUTS level II regions in the European Union. In order to qualify, the region concerned must have an index of 75 or below, thus indicating an abnormally low standard of living compared to the EEA average. As stated above, regional GDP statistics for Iceland are not available. Other statistics provided by the Icelandic authorities do not support eligibility under Article 61(3)(a).

In accordance with Chapter 28 of the State Aid Guidelines, eligibility for regional aid under Article 61(3)(c) of the EEA Agreement is assessed in two stages and by reference to geographical units corresponding to NUTS level III in the European Community.

⁴ The figures are based on data prior to the unification of Germany.

In the first stage of analysis the socio-economic situation of a region is assessed on the basis of three alternative criteria. The minimum requirement for eligibility of a region for regional aid under Article 61(3)(c) is to fulfil any one of the following three alternative criteria: (1) an income level, measured by per capita regional GDP/GVA of at least 15% below the average of the EFTA State concerned (i.e. less than or equal to 85% of the national average); (2) structural unemployment of at least 10% above the average of the EFTA State concerned (i.e. an index of at least 110); or (3) a population density of less than 12,5 inhabitants per square kilometre.

For countries with a more favourable level of development compared to the EEA average, with regard to the first two criteria, the required minimum regional disparity in a national context is adjusted according to the formula stipulated in section 28.2.2. of the State Aid Guidelines. The applicable modified thresholds for Iceland are a GDP index of 73 and a structural unemployment index of 145.⁵

The Icelandic authorities propose to designate as an assisted area all regions in Iceland outside the capital region. The following table summarises the basic statistical indicators for the two regions constructed on the basis of statistics from the Icelandic authorities:

Region	Unemployment, index 1995	Average personal income, index 1993	Area sq. km	Population in 1995	Population density inhab. per km ²	Percentage of total population
Capital region	101,0	102	1.040	158.597	148,3	59,2
Other areas	98,6	97	102.085	109.212	1,1	40,8
Iceland	100,0	100	103.125	267.809	2,6	100,0

It shall be noted that data for regional GDP/GVA in Iceland is not available. Instead, the Icelandic authorities have submitted figures on the deviation of average personal income from the national average, on the basis of which the above index has been constructed. Although the best available alternative, it cannot be assumed that this indicator is a close proxy to regional GDP/GVA. The above index for unemployment is based on statistics on registered unemployment, as data from sample surveys on regional unemployment is not available .

The proposed assisted area has a population density of 1,1 inhabitant per km². It therefore evidently meets the criterion of population density of less than 12,5 inhabitants per km². The available information does not suggest that this area fulfils the other two criteria.

⁵ EFTA Surveillance Authority Decision No. 35/94/COL of 4 May 1994 on thresholds related to the method of application of Article 61(3)(c) of the EEA Agreement to regional aid.

For the sake of completeness the Competition and State Aid Directorate has also carried out the same examination using as a basis statistics for the more detailed NUTS III breakdown into 8 regions corresponding broadly to the electoral constituencies. The basic statistics for these regions are summarised in the following table:

Region	Unemployment index 1991-93	Average personal income, index 1988-90	Population density, inhab. per km ² 1993	Population 1993	Percentage of total population
Capital region	87,5	102,7	148,3	154.268	58,2
Suðurnes	152,3	107,7	18,7	15.551	5,9
Vesturland	97,7	92,7	1,5	14.503	5,5
Vestfirðir	39,8	100,7	1,0	9.606	3,6
Norðurland vestra	123,9	87,3	0,8	10.442	3,9
Norðurland eystra	142,0	97,7	1,2	26.751	10,1
Austurland	123,9	98,0	0,6	13.023	4,9
Suðurland	113,6	91,3	0,9	20.778	7,9
Iceland	100,0	100,0	2,6	264.922	100,0

As can be seen all the areas, except for the Capital region and *Suðurnes* (*Reykjanes* peninsula, outside the Capital region), meet the sparse population criterion (0,6 - 1,5 inhabitants per sq. km). However, *Suðurnes* would meet the unemployment criterion (index of 152,3 for 1991-93). Consequently, according to this more detailed regional breakdown, all seven areas outside the Capital region would qualify in the first stage of analysis.

On the basis of the above examination it may be concluded that the proposed assisted area qualifies for regional aid under Article 61(3)(c) of the EEA Agreement, with reference to the low population density criterion. If the socio-economic situation of the regions is assessed on the basis of the more detailed NUTS III breakdown, the result is the same, also primarily by virtue of sparse population, but regional disparities in unemployment also become more marked for several areas and would imply that *Suðurnes*, whose population density is slightly above the threshold of 12,5, would still qualify.

The first stage of analysis is a basic examination of the socio-economic situation, taking only account of the three criteria considered above. The regional aid rules foresee that this be complemented by a second stage of analysis, which allows taking into account other relevant indicators. In terms of quantifiable parameters, the Icelandic authorities have in particular referred to population trends in the regions as well as to their industrial structure, in particular the share of agriculture and fisheries in total employment. The tables below show these indicators for the two different statistical units.

	Employment in 1993 as a percentage of total work force
--	---

Region	Population change 1985/1995	Agriculture	Fisheries	Manufact.
Capital region	19,9%	0,6%	3,2%	13,3%
Other areas	- 0,2%	10,6%	22,4%	11,2%
Iceland	10,8%	4,8%	11,3%	12,4%

		Employment in 1993 as a percentage of total work force		
Region	Population change 1983/93	Agriculture	Fisheries	Manufact.
Capital region	20,1%	0,6%	3,2%	13,3%
Suðurnes	10,1%	0,5%	24,6%	7,4%
Vesturland	- 4,0%	11,3%	20,9%	13,6%
Vestfirðir	- 7,9%	8,4%	35,5%	8,4%
Norðurland vestra	- 2,5%	16,0%	19,9%	11,7%
Norðurland eystra	2,1%	9,2%	19,6%	14,2%
Austurland	- 0,5%	9,9%	29,3%	7,2%
Suðurland	3,5%	17,9%	16,1%	11,9%
Iceland	11,2%	4,8%	11,3%	12,4%

These indicators clearly illustrate a very distinct difference between on the one hand the capital region, which during the last decade has absorbed the whole of the population growth in Iceland and has a diversified economic structure, and on the other hand other regions of the country, whose population has either been decreasing or stagnant, due to considerable net migration from the regions, and which are heavily dependent on the primary sectors, agriculture and fisheries.⁶ These indicators therefore support the above conclusion, based on the population density criterion, that the proposed assisted area qualifies for regional aid under Article 61(3)(c) EEA.

In the *Suðurnes* region, which qualifies for regional aid according to the unemployment criterion, population growth almost reaches the country average, although only half of that of the capital region. However, the share of the primary sectors (esp. fisheries) in employment is still rather high. In general the socio-economic situation in this area would appear to be somewhat different and in the long run less adverse than in other areas outside the capital region, e.g. in view of its proximity to the capital region and the presence of the international airport in *Keflavík*. In view of this, the socio-economic situation of this region has been examined also in the light of specific information submitted by the Icelandic authorities.

⁶It is noteworthy that the *Vestfirðir* region, which has a relatively favourable status in terms of average income, has experienced the most unfavourable population development.

Employment in the *Suðurnes* region is concentrated in two main areas: fishing and fish processing (25%) and direct services to the NATO base (18%). The NATO base, in addition, provides important employment to building contractors and various local service industries. The general employment situation in the last two decades is characterised by rapid growth until 1988, and thereafter stagnation or decline in most industries. This has led to increasing unemployment.

Estimates based on projected population growth indicate that new jobs must be created at the rate of 120-150 man-years per annum to prevent increased unemployment and emigration from the area. Future prospects of traditional industries in the region are, however, not bright in terms of employment growth. No additional jobs are likely to be created in the fishing industry. There are also signs of contraction in services based on the defence force, e.g. in construction activity.

It is clear that the *Suðurnes* region must be prepared for a reduction of NATO base activities and stagnation of employment growth in the fishing industry. Therefore new industries must be developed. The only known natural resource in the area is geothermal steam which can be used for electrical power generation, provision of hot water or otherwise in energy-intensive industrial processes. The development of this resource is bound with high risks and novel technology. No private enterprises can be expected to undertake major investment in this area without risk sharing and active participation from public development institutions such as the Institute of Regional Development. For these reasons the Icelandic authorities consider that the area needs to be classified as a nationally assisted area for the time being.

A brief remark is also warranted concerning the region *Norðurland eystra*, which has the biggest urban population outside the capital region (incl. the town of Akureyri, popul. approx. 15.000), and whose economic structure is somewhat more balanced than that of other regions in the proposed assisted area. However, the traditional manufacturing industry in Akureyri, esp. textiles and shipbuilding, has been on the decline and experiencing structural difficulties, which i.a. have been reflected in relatively high unemployment rates (cf. table above). Consequently, also this region seems set to continue to be heavily dependent on agriculture and fisheries, with the role of manufacturing possibly diminishing.

With reference to the above considerations, and given that the EFTA Surveillance Authority acknowledges the fact that the EFTA States themselves have the best knowledge at the national level of all the significant facts required to assess the needs of their regions, it is concluded that the proposed assisted area, as defined in point I.2, qualifies for regional aid under Article 61(3)(c) of the EEA Agreement.

3. Assessment of the proposed maximum aid intensities

The proposed maximum aid intensity is 17% NGE, with a top-up of 10% gross for SMEs. It is noted that these aid levels come within the 30% absolute maximum ceilings which according to section 28.2.5 of the Authority's State Aid Guidelines may

be authorized for areas qualifying for regional aid under Article 61(3)(c) of the EEA Agreement. However, the Guidelines also provide that ceilings of aid intensity are to be adapted according to the gravity of problems in the regions concerned.

It may be recalled that while amending the State Aid Guidelines by means of inserting the new section 28.2.3 on the first stage of analysis with regard to regions with a very low population density,⁷ the Authority acknowledged that the method⁸ laid down in section 28.2.2 does not properly reflect the regional problems specific to certain Contracting Parties, particularly the Nordic countries (Norway, Sweden, Finland and Iceland). For this reason the population density threshold of 12,5 inhabitants per km² was introduced for regions at the NUTS III level to qualify for regional aid under Article 61(3)(c). Therefore, although account must be taken of the observed values of GDP/GVA per capita and structural unemployment at the NUTS III level, the proposed aid intensities must also be examined with reference to population density, as well as to other relevant indicators of the socio-economic situation of the regions concerned.

The Competition and State Aid Directorate has examined the proposed aid intensity with reference to the available information on the three statistical indicators to be considered in the first stage of analysis. In addition, demographic and geographical factors such as remote location which impede indigenous economic development have been taken into account. However, the relatively favourable values observed for two of the three primary criteria (i.e. the indices for average personal income and regional unemployment) and the variety of other factors to be taken into consideration introduce a wide margin of judgement for determination of the appropriate maximum ceilings for regional aid.

It is recalled that the proposed assisted area qualifies for regional aid under the first stage of analysis, by virtue of the exceptionally low population density in the whole of Iceland outside the capital region (population density in this area is 1,1 inhabitants per km², as compared to the threshold of 12,5).

Some importance should also be attributed to the fact that the regional aid rules foresee that the first basic stage of analysis be complemented by a second stage, allowing for other relevant facts to be taken into account. It must be acknowledged that the proposed assisted area is hampered by serious and permanent regional development handicaps due to a variety of factors, most of which are not caught by the three basic indicators to be considered in the first stage of analysis. The following can be cited as examples of these:

- long distances within the country;
- the country's remote location and long distance from European markets;
- particularly harsh climate;
- vulnerable and undiversified economic base with high dependence on agriculture and fisheries;

⁷ EFTA Surveillance Authority Decision of 20 July 1994 (Dec. No. 88/94/COL).

⁸ Based on the GDP/GVA per capita index or the structural unemployment index at the NUTS III level compared to the national average.

- virtual non-existence, in most areas outside the capital region, of manufacturing industry of any significance or other sectors active in intra-EEA trade and covered by Article 61 of the EEA Agreement;
- undiversified supply of transport (e.g. no railways) and service activities;
- no subsidies are provided to compensate for additional transport costs.

Most of the regions concerned have for decades been characterised by constant depopulation and other demographic imbalances, and in some cases also by unemployment rates above the national average. The difficulties in attracting new investments to these regions and creating new employment must in general be recognised.

On the basis of the above considerations and the fact that the area qualifies for regional aid under Article 61(3)(c) in the first stage of analysis, it is concluded that the maximum aid intensity for regional investment aid, as proposed by the Icelandic Government, does not adversely affect trading conditions to an extent contrary to the common interest and consequently can be accepted under the exemption clause of Article 61(3)(c).

The proposed top-up on the aid ceiling for SMEs of 10% gross, is admissible, according to Chapter 10 of the State Aid Guidelines, but it must be ensured that reference to a definition of SMEs consistent with the one stipulated in section 10.2 of the State Aid Guidelines is laid down in the relevant national legal provisions.

The maximum aid intensities of the regional aid map are cumulative aid ceilings. This means that when a given investment project is to be awarded aid under more than one aid scheme, the cumulated intensity of aid granted to the project under different aid schemes must not exceed the relevant aid ceiling of the map of assisted areas.

4. The scope of application of the map

Regarding the scope of application of the map of assisted areas in Iceland, it should firstly be pointed out that any new plans to grant or alter aid with regional objectives, which respect the geographical delimitation and maximum aid intensities of the map, will need no further justification regarding their regional aspects. This, however, does not relieve the Icelandic authorities from their obligation to notify such plans in accordance with Article 1(3) of Protocol 3 to the Surveillance and Court Agreement.

Secondly, the map will apply to aid awards under the two existing aid schemes of the Institute of Regional Development referred to above.

All specific notification obligations with regard to certain sensitive sectors (currently shipbuilding, steel, synthetic fibres and motor vehicles) remain applicable.

The map of assisted areas shall not be redrawn, save by way of exception, until after a period of five years from the date of this decision. During that period and subject to prior notification to and approval by the EFTA Surveillance Authority the possibility of adjusting the map to reflect a change in circumstances is, however, not ruled out.

This decision does not, however, restrict the powers of the EFTA Surveillance Authority to review the map, in accordance with Article 1(1) of Protocol 3 to the Surveillance and Court Agreement, if necessary before the end of the five year period referred to above.

HAS ADOPTED THIS DECISION:

1. The EFTA Surveillance Authority has decided not to raise objections to the proposed map of assisted areas for Iceland, laying down geographical delimitations for aid schemes with regional objectives and aid intensities of regional investment aid, as notified by letters from the Prime Minister's Office of 25 January 1996, 28 March 1996, 22 May 1996 and 1 August 1996.
2. Without prejudice to Article 1(1) of Protocol 3 to the Surveillance and Court Agreement, the map of assisted areas shall be applicable for five years as from the date of this decision.

Done at Brussels, 28 August 1996

For the EFTA Surveillance Authority

Knut Almestad
President

Björn Friðfinnsson
College Member