


EFTA SURVEILLANCE AUTHORITY

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Dec.No. 129/00/COL
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EFTA SURVEILLANCE AUTHORITY DECISION

OF 5 JULY 2000

ON AMENDMENTS TO THE "PROJECT DEVELOPMENT GRANT" SCHEME
(*"PROSJEKTUTVIKLINGSTILSKUDD"*)
(AID NO. 00-005, FORMERLY AID NO. 99-007)

(NORWAY)

THE EFTA SURVEILLANCE AUTHORITY,

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

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,

Having regard to the Authority's Guidelines³ on the application and interpretation of Articles 61 and 62 of the EEA Agreement,

Recalling the Authority's Decision No 268/99/COL of 10 November 1999 approving the "Project Development Grant" scheme,

WHEREAS:

¹ Hereinafter referred to as the EEA Agreement.

² Hereinafter referred to as the Surveillance and Court Agreement.

³ Procedural and Substantive Rules in the Field of State Aid (State Aid Guidelines), adopted and issued by the EFTA Surveillance Authority on 19 January 1994. Published in Official Journal L 231, 03.09.1994, p.1, and EEA Supplement to the OJ No 32, 03.09.1994, p.1. The Guidelines were last amended 12 April 2000, not yet published.

I. FACTS

1. The notification

By letter of 6 April 2000 from the Mission of Norway to the European Union, received and registered on 7 April 2000 (Doc. No: 00-2834 A), the Norwegian authorities notified, pursuant to Article 1(3) of Protocol 3 to the Surveillance and Court Agreement, amendments to the existing aid scheme: "Project Development Grant" ("*Prosjektutviklingstilskudd*") (hereinafter referred to as PDG).

By letter dated 19 May 2000 (Doc. No: 00-3868 D), the EFTA Surveillance Authority acknowledged the receipt of the letter dated 6 April 2000.

2. The contents of the proposed amendments

2.1. Introduction

The Norwegian Authorities have decided to amend PDG for the purpose of applying it to aid for training and to shipbuilding as well. The objectives of the scheme remain unchanged (Primary objective is aid to R&D, secondary objective is aid to SMEs). The amendments do not have any budgetary or administrative consequences. The aid intensities remain unchanged.

2.2. Training aid

The objective of the first amendment is to use PDG also for training aid in accordance with the criteria in Chapter 18A of the Authority's Guidelines. According to the Norwegian authorities, PDG's draft guidelines introduce new rules for training aid, which are a direct application of the criteria in Chapter 18A of the Guidelines.

PDG may be used for both general and specific training for Small and Medium-sized Enterprises (SMEs). Operating aid is prohibited. Application of the scheme is limited to projects where there is an apparent incentive effect with regard to enterprises taking on training measures that are not part of their normal costs.

Eligible costs on which the aid is calculated are:

1. trainers' personnel costs;
2. trainers' and trainees' travel expenses;
3. other current expenses (materials, supplies, etc.);
4. depreciation of tools and equipment, to the extent that they are used exclusively for the training scheme in question;
5. cost of guidance and counselling services with regard to the training project;
6. trainees' personell costs up to the total of the other eligible costs referred to in (1) and (5).

The proposed aid intensity for training aid to SMEs depend upon whether the aid is for general or specific training. For general training aid the proposed intensity is 70% and for specific training it is 35%.

2.3. Shipbuilding aid

The objective of the second amendment is, according to the Norwegian authorities, to use PDG in accordance with the criteria in Council Regulation (EC) No 1540/98 of 29 June 1998 establishing new rules on aid to shipbuilding⁴. The Regulation was implemented into Norwegian legislation by Royal Decree of 19 March 1999⁵.

According to the new draft guidelines for PDG, the scheme may be used for aid to Research and development (R&D) to shipbuilding in accordance with Article 8 of Regulation 1540/98. Article 8 states that:

“Article 8

Research and development

Aid granted to defray expenditure by shipbuilding, ship repair or ship conversion undertakings on research and development projects may be considered compatible with the common market if it is in compliance with the rules laid down in the Community framework for State aid for research and development and the EFTA Surveillance Authority’s Procedural and Substantive rules in the field of State aid, chapter 14 on aid for research and development, or any successor arrangements.”

II. APPRECIATION

1. The presence of State aid and notification formalities

The notified aid no. 00-005, formerly aid no 99-007, is being funded by State resources and will favour certain undertakings in the meaning of Article 61(1) of the EEA Agreement. The benefiting enterprises are actually or potentially in competition with similar undertakings in Norway and other EEA states. As the proposed aid distorts or threatens to distort competition and to affect trade within the EEA, the scheme therefore constitutes State aid in the meaning of Article 61(1) of the EEA Agreement.

The Norwegian authorities have, by notification dated 6 April 2000 (Doc. No: 00-2834 A), fulfilled their obligation under Article 1(3) of Protocol 3 to the Surveillance and Court Agreement to notify any plans to grant or alter aid.

However, the Authority will also draw the Norwegian authorities’ attention to the fact that the special notification rules provided for in Article 10.2.(b) of the Shipbuilding Regulation should have been referred to.

2. Application of the relevant State aid rules

⁴ OJ L 202, 18.07.1998.

⁵ Ref. EEA Agreement, Annex XV, 1b.

2.1. Training aid

The Authority finds that the objectives, eligible costs and aid intensities (see point I 2.2. above) for the use of PDG to training aid are in accordance with Chapter 18A of the State aid Guidelines.

2.2. Shipbuilding aid

In the preamble of the Shipbuilding Regulation it is stated i.a. that: “*whereas aid for research and development and aid for environmental protection should also be permitted so that the shipbuilding industry is not deprived of these aid possibilities that are available to all other industrial sectors;*”. This is reflected in Article 8 of the Regulation which is cited in point I 2.3 above.

The Authority found that the draft regulation for PDG were in compliance with the Guidelines, Chapter 14 on aid for research and development, when the Authority approved the now existing PDG scheme⁶. The regulation for PDG has not been changed on this point.

The shipbuilding sector is subject to specific notification requirements. Any individual application of aid schemes, when specifically provided for by the Authority, shall be notified in advance by the EFTA States and authorised by the Authority before they are put into effect⁷. The Authority finds that, in accordance with established practice, any individual application of PDG in the shipbuilding sector must be notified to the Authority and approved before they are put into effect.

3. Conclusion

The amendments to PDG reflect the requirements set out in the the State Aid Guidelines, Chapter 18A, Training Aid, for aid under Article 61(3)(c) of the EEA Agreement and Council Regulation (EC) No 1540/98, of 29 June 1998, establishing new rules on aid to shipbuilding, for aid under Article 63 of the EEA Agreement.

Aid awards from PDG to the shipbuilding sector are subject to individual notification requirements.

⁶ Decision No 268/99/COL of 10 November 1999.

⁷ Ref. Art 10(c)(ii) of Council Regulation (EC) No 1540/98 of 29 June 1998.

HAS ADOPTED THIS DECISION:

1. The EFTA Surveillance Authority has decided not to raise objections to the amendments to the "Project Development Grant", (*"Prosjektutviklingstilskudd"*) scheme, as notified by the Norwegian authorities by letter dated 6 April 2000 (Doc. No: 00-2834 A).
2. Any aid awards from the "Project Development Grant", (*"Prosjektutviklingstilskudd"*) scheme to the shipbuilding sector shall be notified to the Authority in advance by the Norwegian authorities and authorised by the Authority before they are put into effect.

Done at Brussels, 5 July 2000

For the EFTA Surveillance Authority

Knut Almestad
President

Hannes Hafstein
College Member