Case No: 79767
Document No: 811269
Decision No: 208/16/COL

EFTA SURVEILLANCE AUTHORITY DECISION

of 21 November 2016

not to raise objections to an aid scheme for short sea shipping

(Norway)

The EFTA Surveillance Authority ("the Authority"),

HAVING REGARD to:

the Agreement on the European Economic Area ("the EEA Agreement"), in particular to Article 61,

Protocol 26 to the EEA Agreement,

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,

Protocol 3 to the Surveillance and Court Agreement ("Protocol 3"), in particular to Article 1(3) in Part I and Article 4(3) in Part II,

Whereas:

I. FACTS

1. Procedure

(1) The Norwegian authorities notified an aid scheme for short sea shipping, pursuant to Article 1(3) in Part I of Protocol 3, by letter dated 14 October 2016.[1]

2. The notified measure

(2) The objective of the notified measure is to encourage a modal shift of freight from road to water. Aid will be granted to new, or, in exceptional circumstances, existing coastal or short sea services, provided that they avoid lorry journeys on Norwegian roads and generate environmental and wider social benefits within Norway.

(3) The Norwegian authorities have submitted that maritime transport services are of vital importance to the European Economic Area ("the EEA") and that in the Authority's

[1] Document Nos 822624 and 822626 to 822628.

Guidelines on aid to maritime transport[2] ("the Maritime Guidelines"), the Authority recognises that launching short sea shipping services may be accompanied by substantial financial difficulties that the EEA EFTA States may wish to attenuate, in order to ensure the promotion of such services.

(4) The scheme is set up to give aid directly to shipowners who can, based on a detailed business plan concerning a new route or the upgrading of services on an existing one, document that the aid will lead to a modal shift from road to sea, without diverting maritime transport in a way which is contrary to the common interest. The shipowner may cooperate with other partners to create a solid business plan, but the aid will be granted to the shipowner directly.[3]

(5) The difference in marginal external costs of freight transport by sea and road transport form the basis of the aid. Assuming compensation in accordance with the difference in external costs between road and sea transport and an annual spending of NOK 60 million, the scheme is estimated to achieve an annual transfer of 100 to 300 million tonne-kilometres from road to waterborne transport, for the duration of the scheme.

2.1. Aid intensity and form of the aid

(6) The difference in marginal external costs of freight transport by sea and road transport, forms the basis of the aid.

(7) Aid for any successful project will be available for a maximum of three years. Grants will be paid in instalments with a descending profile. Grants paid shall be restricted to whichever is lower of the following:

a) the value of the difference in external costs between road and sea freight; or
b) up to 30% of the operational costs of the service or up to 10% of the purchase of trans-shipment equipment to supply the planned service.

(8) The aid will not be cumulated with public service compensation. In case of EU financing or eligibility under different aid schemes, the ceiling of 30% applies to the combined total of aid support.

2.2. Calculation method

(9) Consumption, production and investment decisions of individuals, households and firms often affect people not directly involved in the transactions. A negative externality or an external cost is a negative effect imposed on an unrelated third party by an economic activity. In the case of pollution, the traditional example of a negative externality is a polluter who makes decisions based only on the direct cost of a profit opportunity from production and does not consider the indirect costs of those harmed by the pollution.

(10) Transport activities cause accidents, noise, congestion, local pollution, greenhouse gas emission and infrastructure damage, which are all external costs. The external costs of transport will differ between modes of transport. In general, the external costs per unit (tonne-kilometre) of maritime transport are lower than the external costs per unit (tonne-

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[2] OJ C 103, 28.4.2005, p. 24 and EEA Supplement No 21.

[3] The term 'shipowner' means the owner of the ship or any other organization or person, such as the manager or bareboat charterer, who has assumed the responsibility for the operation of the ship from the shipowner and, who on assuming such responsibility, has agreed to take over all the attendant duties and responsibilities.

kilometre) of road transport. A modal shift from road to sea will generally lead to lower external costs from transport, which will benefit the environment and society.

(11) Analyses carried out by TØI[4] and VISTA[5] show that the external costs of freight by sea are significantly lower than the external costs of road transport. The difference between the external costs constitutes the external benefits of a modal shift.

(12) The aid amount will be equal to the total external benefits, i.e. the difference between the total external costs, up to 30% of the operational costs of the service. The total external benefit is calculated by using the external benefit estimates in Table 1 below.

Table 1: Difference in external costs between road and sea transport, NOK per tonne-kilometre[6]

	Rural areas <15 000 inh.	**Urban areas (15-100 000 inh.)**	**Urban areas > 100 000 inh.**	**Highly congested urban areas > 100 000 inh.**
Marginal external costs of road transport per tonne-kilometre	0.197	0.502	0.877	1.984
Marginal external costs of maritime transport per tonne-kilometre	0.010	0.010	0.010	0.010
External benefits of modal shift per tonne-kilometre	**0.187**	**0.492**	**0.867**	**1.974**

(13) The distance to be applied in the calculation is equal to the difference between the original road journey and the sum of any “local road distribution legs” at the end of the water journey. In cases where the distance by water varies by more than 25% from the road journey, the benefits of water and road must be calculated separately.

(14) For coastal shipments that would otherwise be transported by road, the entirety of the road alternative would be used to calculate the benefits of the waterborne service. In the case of international short sea shipping, only the road transport that is removed from roads on Norwegian territory will be taken into account. Onwards road journeys through other European countries will not be included in the calculations of the external benefits.

(15) Higher congestion costs will be accounted for in urban areas (>100 thousand inhabitants) where data show congestion. The Norwegian Public Roads Administration (NPRA) has provided the Norwegian authorities with a 20% criteria for congestion. Congestion is where the actual speed of vehicles is 20% lower than free flow speed. According to that

[4] *Marginale eksterne kostnader ved vegtrafikk*, TØI 1307/2014, Harald Thune-Larsen, Knut Veisten, Kenneth Løvold Rødseth, Ronny Klæboe and TØI – Arbeidsdokument av 24 Juni 2016, *Alternativ beregning av marginale eksterne kostnader i vegtransport basert på endrede forutsetninger om underrapportering av skader ved vegtrafikkulykker*, Harald Thune-Larsen, Knut Veisten.

[5] Vista Analyse (2015a). *Marginale eksterne kostnader sjø og bane*. Rapport 2015/54. K. Magnussen, K. Ibenholt, J.M. Skjelvik H. Lindhjem, S. Pedersen, V.A. Dyb.

[6] The estimates of external costs for road transport are based on the average cost of a lorry with permissible maximum weight exceeding 20 tonnes, the figures have been derived from TØI (2014/2016) by dividing costs calculation per km with the average tonnage. Vista Analyse has estimated the marginal external costs of freight transport by rail and sea in Norway. The external costs of maritime transport are presented in the table. The external costs for maritime transport are based on the average external costs of ships in the range of 10 000 – 24 999 GRT. The reason for this is that the maritime traffic data from the Norwegian databank Havbase show that the average size of a container ship in Norwegian territory was 19 200 GRT in 2015. Maritime transport is for practical purposes assumed to be executed in rural areas only. Even if most of the Norwegian ports are located in urban areas, most of the transport will take place away from inhabited areas.

definition, the overall travel times in congested areas increase by 25% compared to a free flow situation.

(16) The applicants are obliged to multiply the external benefits per unit (tonne-kilometre) in rural and urban areas (with and without congestion), by the amount of transport (tonne-kilometres) to be executed in rural and urban areas. This will return the total value of external benefits.

(17) To identify the amount of road transport (tonne-kilometres) executed in rural and urban areas in accordance with Table 1, a map will be made available to the applicants.

2.3. Eligible costs

(18) Operating costs directly attributable to the freight being transferred from road to water will be eligible for grant. These may include:

a) the cost of hiring, leasing or amortisation of sea-going vessels;
b) the cost of hiring, leasing or amortisation of installations permitting trans-shipment between shipping routes, railways and roads;
c) the costs of using maritime infrastructures;
d) the expenditure relating to commercial operation of techniques, technologies or equipment previously tested and approved, in particular transport information technology;
e) the costs of measures related to staff training and the dissemination of project results as well as expenses for information and communication activities to make new transport services known;
f) the costs associated with separate accounting and feasibility studies.

(19) In the alternative, costs to finance the purchase of trans-shipment equipment to supply the planned service are eligible for aid. This includes necessary freight handling equipment to enable effective intermodal transhipments.

2.4. Beneficiaries and criteria for eligibility

(20) Any company within the EEA, operating new or, under specific conditions described below, existing coastal or short sea services, may apply for the grants. Eligible services must remove lorry journeys from the road in Norway. They may include services between other EEA States, provided that the service in question generates environmental benefits within Norway.

(21) Undertakings of all sizes are eligible for aid under the scheme. No more than one project can be financed per line, and no renewal, extension or repetition of the project in question is permitted.

(22) Grants will be awarded to existing services only in exceptional circumstances. Such applicants must provide the Norwegian authorities with clear evidence that the services in question would cease operation in the absence of financial support by the state. An analysis should be carried out to conclude on the possibility of performance of the service by a different operator either on the basis of a reduced subsidy or on a stand-alone basis.

(23) Proposals would need to identify why the current service is failing and identify upgrades to the service that would turn the service into one with long-term viability. This could involve an improved vessel specification, increased capacity, quality of service, timings of

sailing, regularity of sailing, voyage time, etc. An eligible existing route in these exceptional circumstances can therefore be treated in the same way as a new route.

(24) All applicants will be required to estimate the environmental benefits and demonstrate the viability of the projects after a maximum of three years of subsidies. Prior to the granting of aid, the viability of the project will be verified by means of a business plan. All projects will be subject to an assessment of any negative effects on competition, such as diversion of business from neighbouring ports or from alternative modes of transport (other than by road).

(25) Applications will need to be submitted within a fixed deadline each year of the duration of the scheme. In case of budget restrictions, the proposals will be ranked on their expected environmental and social benefits.

3. National legal basis

(26) The Norwegian Parliament decides on the scope of the aid scheme in its annual decisions on the state budget.

4. Administration of the scheme by the Norwegian Coastal Administration

(27) The Ministry of Transport and Communications is responsible for the scheme. The scheme will be administered by the Norwegian Coastal Administration. The Norwegian Coastal Administration is an agency of the Norwegian Ministry of Transport and Communications, and is responsible for services related to maritime safety, maritime infrastructure, transport planning and efficiency, and emergency response to acute pollution.

(28) The performance of the scheme will be monitored by the Norwegian Coastal Administration on an ongoing basis to ensure that the aid granted conforms to the scheme and has produced the effects desired.

5. Budget and duration

(29) The estimated annual budget amounts to NOK 60 million.

(30) The Norwegian authorities have notified the measure for a duration of five years, from the first quarter of 2017 to the first quarter of 2022. Payments on awards of the grant made before the last date of the duration of the scheme may continue until 2025.

6. Transparency

(31) The Norwegian authorities will comply with the general state aid transparency requirements by publishing the full text of the aid scheme and making necessary disclosures on a central website. Individual aid awards above the threshold of 500 000 EUR will be registered in the central registry.

7. Comments by the Norwegian authorities

(32) The Norwegian authorities submit that the scheme constitutes state aid within the meaning of Article 61(1) of the EEA Agreement, and that it should be declared compatible with the functioning of the EEA Agreement. The Norwegian authorities consider that the notified measure falls within the scope of the Maritime Guidelines.

(33) The Norwegian authorities submit that the aid will transfer freight traffic flows and thus encourage a modal shift towards a more sustainable transport system. The applicants under the scheme will need to demonstrate that in the absence of the grant, the freight

would be moved by road. The purpose of the projects must be to finance a shipping service connecting ports situated in the territory of the EEA States.

(34) According to the Norwegian authorities, the grants will exclusively serve to attain the objective to shift freight from road to sea. The potential impact that the aid may have on distorting competition is outweighed by the wider benefits that the scheme will provide.

(35) According to the Norwegian authorities, the criteria applied for awarding the aid will be transparent and shipowners in the EEA will be treated in a non-discriminatory manner. Prior to granting aid, the projects will be assessed on the basis of criteria published on the Norwegian Coastal Administration's website. The procedure for the selection of projects will therefore be clear and will observe the transparency and non-discrimination requirements of the Maritime Guidelines.

(36) The Norwegian authorities have further explained that applicants will need to demonstrate the viability of the project after a maximum of three years of receiving subsidies. The scheme will not be cumulated with public service compensation.

(37) Based on the above considerations, the Norwegian authorities consider that the scheme is in compliance with the Maritime Guidelines and thus compatible with the functioning of the EEA Agreement pursuant to its Article 61(3)(c).

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II. ASSESSMENT

1. The presence of state aid

(38) Article 61(1) of the EEA Agreement reads as follows:

> "*Save as otherwise provided in this Agreement, any aid granted by EC Member States, EFTA States or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between Contracting Parties, be incompatible with the functioning of this Agreement.*"

(39) This implies that a measure constitutes state aid within the meaning of Article 61(1) of the EEA Agreement if the following conditions are cumulatively fulfilled: the measure (i) is granted by the State or through state resources; (ii) confers a selective economic advantage on the beneficiary; (iii) is liable to affect trade between Contracting Parties and to distort competition.

1.1. Presence of state resources

(40) The aid measure must be granted by the State or through state resources. The grants disbursed under the scheme are administered by the Norwegian Coastal Administration, which is an agency of the Norwegian Ministry of Transport and Communications. The measure is therefore granted by the State or through State resources.

1.2. Favouring certain undertakings or the production of certain goods

(41) Firstly, the aid measure must confer on its beneficiaries advantages that relieve them of charges that are normally borne from their budget. Secondly, the aid measure must be selective in that it favours "*certain undertakings or the production of certain goods*".

(42) The aid measure relieves the beneficiaries of costs that they would normally have to bear to carry out shipping services. The grants will be allocated to certain eligible undertakings in the maritime sector, to the exclusion of competitors active in other transport sectors. The aid measure therefore confers on the beneficiaries selective economic advantages that they would not have obtained under normal market conditions.

1.3. Distortion of competition and effect on trade between Contracting Parties

(43) The aid measure must be liable to distort competition and affect trade between the Contracting Parties to the EEA Agreement.

(44) The mere fact that a measure strengthens the position of an undertaking compared to other undertakings competing in intra-EEA trade is sufficient in order to conclude that the measure is liable to distort competition between undertakings established in other EEA States.[7] In order to categorise a public measure as state aid, it is not necessary that the aid has a real effect on trade between the Contracting Parties and that competition is actually distorted. It suffices that the aid is liable to affect such trade and distort competition.[8]

(45) The beneficiaries are active in the market for short sea shipping, which is liberalised and open to EEA-wide competition. The beneficiaries of the aid are placed in a better position than their competitors offering freight transport services by other modes. Therefore, the measure is liable to distort competition and trade between the Contracting Parties.

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[7] Case E-6/98 *Norway* v *ESA* [1998] EFTA Ct. Rep. 76, paragraph 59; judgment in *Philip Morris* v *Commission*, C-730/79, EU:C:1980:209, paragraph 11.

[8] Judgment in *Eventech*, C-518/13, EU:C:2015:9, paragraph 65.

1.4. Conclusion on the presence of state aid

(46) The notified measure constitutes state aid within the meaning of Article 61(1) of the EEA Agreement.

2. Procedural requirements

(47) Pursuant to Article 1(3) in Part I of Protocol 3: "*the EFTA Surveillance Authority shall be informed, in sufficient time to enable it to submit its comments, of any plans to grant or alter aid. .... The State concerned shall not put its proposed measures into effect until the procedure has resulted in a final decision*".

(48) By submitting a notification of the scheme for short sea shipping, and as the scheme will enter into force only after approval by the Authority, the Norwegian authorities have complied with their obligations pursuant to Article 1(3) in Part I of Protocol 3.

3. Compatibility of the aid

3.1. Legal framework

(49) The Authority has assessed the compatibility of the scheme for short sea shipping under Article 61(3)(c) of the EEA Agreement on the basis of the Maritime Guidelines.

(50) The Maritime Guidelines provide for a framework of assessing the compatibility of state aid measures to maritime transport under Article 61(3)(c) of the EEA Agreement. The Authority recognises in the Maritime Guidelines that launching short sea shipping services may be accompanied by substantial financial difficulties that the EEA EFTA States may wish to attenuate in order to ensure the promotion of such services.

(51) Under these circumstances, the Authority will be able to approve aid of this kind, which is intended for shipowners within the meaning of Article 1 of Regulation (EEC) No 4055/86,[9] in respect of ships flying the flag of one of the EEA States, given that certain compatibility conditions are fulfilled.

3.2. Assessment of the compatibility conditions

(52) Section 10 of the Maritime Guidelines provides for seven conditions which must be met for aid for short sea shipping to be deemed compatible with the functioning of the EEA Agreement. In addition, the Authority requires all aid schemes to fulfil the general transparency obligations.[10]

3.2.1 The aid must not exceed three years in duration and its purpose must be to finance a shipping service connecting ports situated in the territory of the EEA States[11]

(53) Beneficiaries under the notified aid scheme will be eligible for aid for a maximum of three years and the purpose of the project is to finance a shipping service connecting ports situated in the territory of the EEA States.

(54) The first condition in the Maritime Guidelines is therefore fulfilled.

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[9] Council Regulation (EEC) No 4055/86 of 22 December 1986 applying the principle of freedom to provide services to maritime transport between Member States and between Member States and third countries, referred to at point 53 of Annex XIII to the EEA Agreement.

[10] See also, for instance, the Authority's Communication on transparency, Decision No 302/14/COL, available at: http://www.eftasurv.int/media/state-aid-guidelines/712408_College-decision-302-14-COL-to-amend-certain-SA-Guidelines-in-application-of-the-Communication-on-transpa.pdf

[11] The Maritime Guidelines, section 10, subparagraph 4, first indent.

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3.2.2 The service must be of such kind as to permit transport (of cargo essentially) by road to be carried out wholly or partly by sea, without diverting maritime transport in a way which is contrary to the common interest[12]

(55) Applicants under the notified scheme will be required to demonstrate that in the absence of the grant the freight would be moved by road. Only operating costs directly attributable to the freight being transferred from road to water, or costs to finance the purchase of trans-shipment equipment to supply the planned service, will be eligible for aid under the scheme. Applicants will be required to provide evidence to support a prediction of the type and quantity of goods that will use the proposed service.

(56) The grant will be paid at a fixed rate per tonne-kilometre calculated separately for each period. Periodic payments will be made in relation to the freight moved. Claims for payment of aid will need to be made at regular intervals, and evidence of traffic moved must be provided. This may for example include Bills of Lading or port records. In case of claims for payments in advance, the applicants must provide solid forecasts of the traffic to be moved. Further aid payments may be adjusted according to the actual traffic moved.

(57) In the case of mixed freight and passenger services, a separate accounting system will be requested, in order to subsidise only the transfer of freight from road to water.

(58) At the end of each period, applicants will be required to provide a summary report detailing the traffic moved, the revenues generated and costs incurred during that period. Independent accountants will be required to confirm the information in the summary report.

(59) Projects will be subject to an assessment of any effects on competition, such as diversion of business activity from neighbouring ports or alternative modes of transport (other than by road).

(60) Based on the above, the Authority is satisfied that the grants will exclusively serve to attain the objective of shifting freight from road to sea, and the potential impact that the aid may have on competition is outweighed by the wider benefits that the scheme will provide in transferring freight traffic flows, thus encouraging a modals shift towards a more sustainable transport system. Accordingly, the second condition in the Maritime Guidelines is fulfilled.

3.2.3 The aid must be directed at implementing a detailed project with a pre-established environmental impact, concerning a new route or the upgrading of services on an existing one, associating several shipowners if necessary, with no more than one project financed per line and with no renewal, extension or repetition of the project in question[13]

(61) The method for calculating an aid award's environmental benefit is based on the pre-calculated differences in external costs between freight transported by sea and road.[14] Thus, the scheme will be directed to projects with clear, pre-determined environmental benefits. The obligation for beneficiaries to move a specified annual freight tonnage by water ensures that the subsidised projects will contribute to a real reduction in road traffic and thus provide for quantifiable environmental benefits.

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[12] The Maritime Guidelines, section 10, subparagraph 4, second indent.
[13] The Maritime Guidelines, section 10, subparagraph 4, third indent.
[14] See paragraphs 9 to 17.

(62) Grants for existing routes will only be awarded in exceptional circumstances. Such applicants will have to provide the Norwegian authorities with clear evidence that the services in question would cease operation in the lack of financial support by the state. An analysis will be carried out to conclude on the possibility of performance of the service by a different operator either on the basis of a reduced subsidy or on a stand-alone basis.

(63) Proposals would need to identify why the current service is failing and identify upgrades to the service which would turn the service into one with long-term viability. This could involve an improved vessel specification, increased capacity, quality of service, timings of sailing, regularity of sailing and voyage time. An eligible existing route in these exceptional circumstances can therefore be treated in the same way as a new route.

(64) In light of the above, the Authority considers that the scheme is directed at projects with clear, pre-determined environmental benefits. As required in the Maritime Guidelines, no more than one project can be financed per line and no renewal, extension or repetition of the project in question will be permitted. The third condition in the Maritime Guidelines is therefore fulfilled.

3.2.4 The purpose of the aid must be to cover either up to 30% of the operational costs of the service in question, or to finance the purchase of trans-shipment equipment to supply the planned service, up to a level of 10% in such investment[15]

(65) There will be an overall aid ceiling of 30% of the total operational costs for any project under the scheme. If the aid is granted to finance the purchase of trans-shipment equipment, the overall ceiling will be 10% of the cost of such an investment. The Norwegian authorities will ensure that the lower aid amount, resulting from the two alternative calculation methods, will be granted.

(66) The Authority therefore considers that the fourth condition in the Maritime Guidelines is fulfilled.

3.2.5 The aid to implement a project must be granted on the basis of transparent criteria applied in a non-discriminatory way to shipowners established in the EEA. The aid should normally be granted for a project selected by the authorities of the EEA States through a tender procedure in compliance with applicable Community rules[16]

(67) The Authority notes that the criteria applied for awarding the grants under the aid scheme are transparent, and shipowners in the EEA will be treated in a non-discriminatory manner. Prior to the granting of aid, all projects will be assessed on the basis of criteria published on the Norwegian Coastal Administration’s website:

a. There must be environmental benefits to be gained by transporting goods by water rather than road;

b. The project would not be commercially viable by water without a grant; and

c. The project will become commercially viable over no more than three years.

(68) Applications must be submitted within a fixed deadline each year of the duration of the scheme. In case of budget restrictions, the proposals will be ranked on their expected environmental and social benefits.

[15] The Maritime Guidelines, section 10, subparagraph 4, fourth indent.
[16] The Maritime Guidelines, section 10, subparagraph 4, fifth indent.

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(69) The procedure for the selection of projects will therefore be clear, and will observe the transparency and non-discrimination requirements of the Maritime Guidelines. The fifth condition in the Maritime Guidelines is therefore fulfilled.

3.2.6 The service which is the subject of the project must be of a kind to be commercially viable after the period in which it is eligible for public funding[17]

(70) Applicants under the aid scheme will need to demonstrate the viability of the project after a maximum of three years of receiving subsidies. To demonstrate this, the applicants will be required to complete a financial appraisal. The financial appraisal will be made over four time periods. The appraisal should demonstrate that the project is not commercially viable for the first three periods, and therefore in need of the aid, but during the fourth period, the project will become viable. The periods chosen may be a year each or they can be shorter.

(71) The information supplied must be supported by evidence. Forecasts must be supported by evidence such as contracts or letters from prospective customers to verify the tonnage levels.

(72) The Authority therefore considers that the sixth condition in the Maritime Guidelines is fulfilled.

3.2.7 Such aid must not be cumulated with public service compensation (obligations or contracts)[18]

(73) Aid under the scheme will not be cumulated with public service compensation. The seventh condition in the Maritime Guidelines is therefore fulfilled.

3.2.8 Transparency requirements

(74) The Norwegian authorities have committed to publish information about the aid granted in accordance with the general transparency requirements.

3.3. Conclusion on the compatibility of the aid scheme as assessed under the Maritime Guidelines

(75) In light of the foregoing, the Authority finds that the scheme fulfils the compatibility criteria in the Maritime Guidelines. The Authority therefore considers the notified aid scheme compatible with the functioning of the EEA Agreement pursuant to its Article 61(3)(c).

4. Reporting obligations

(76) The Norwegian authorities are reminded about the obligation resulting from Article 21 in Part II of Protocol 3 in conjunction with Articles 5 and 6 of Decision No 195/04/COL to provide annual reports on the implementation of the scheme.

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[17] The Maritime Guidelines, section 10, subparagraph 4, sixth indent.
[18] The Maritime Guidelines, section 10, subparagraph 4, seventh indent.

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5. Conclusion

(77) On the basis of the foregoing assessment, the Authority considers that the scheme for short sea shipping constitutes state aid with the meaning of Article 61(1) of the EEA Agreement. However, this aid fulfils the requirements of the Maritime Guidelines and the Authority therefore considers it compatible with the functioning of the EEA Agreement.

(78) The Norwegian authorities are reminded that all plans to modify this scheme must be notified to the Authority.

HAS ADOPTED THIS DECISION:

Article 1

Not to raise objections to the aid scheme for short sea shipping on the grounds that it is compatible with the functioning of the EEA Agreement pursuant to its Article 61(3)(c).

Article 2

The implementation of the measure is authorised accordingly.

Article 3

This Decision is addressed to the Kingdom of Norway.

Article 4

Only the English language version of this decision is authentic.

Done in Brussels, on 21 November 2016

For the EFTA Surveillance Authority

Sven Erik Svedman	Helga Jónsdóttir	Frank J. Büchel
President	*College Member*	*College Member*

This document has been electronically signed by Sven Erik Svedman, Frank J. Buechel, Helga Jonsdottir on 21/11/2016