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# *EFTA SURVEILLANCE AUTHORITY*

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Dec.No. 221/01/COL  
Ref. No. SAM030.00008

EFTA SURVEILLANCE AUTHORITY DECISION

OF 27 JUNE 2001

ON THREE TRAINING AID SCHEMES IN ICELAND  
("STARFSMENNTASJÓÐUR FÉLAGSMÁLARÁÐUNEYTISINS", "STYRKIR TIL ATVINNUMÁLA  
KVENNA" AND "VERNDAÐIR VINNUSTAÐIR")

(ICELAND)

THE EFTA SURVEILLANCE AUTHORITY,

HAVING REGARD TO the Agreement on the European Economic Area<sup>1</sup>, in particular to Articles 61 to 63 and Protocol 26 thereof,

HAVING REGARD TO the Agreement between the EFTA States on the establishment of a Surveillance Authority and a Court of Justice<sup>2</sup>, in particular to Article 1 (1) of Protocol 3 thereof,

HAVING REGARD TO the Authority's Guidelines<sup>3</sup> on the application and interpretation of Articles 61 and 62 of the EEA Agreement, in particular to Chapter 12 thereof,

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<sup>1</sup> Hereinafter referred to as the EEA Agreement.

<sup>2</sup> Hereinafter referred to as the Surveillance and Court Agreement.

<sup>3</sup> 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. The Guidelines were last amended on 23 May 2001 (not yet published in the Official Journal).

WHEREAS:

## FACTS AND APPRECIATION

### 1. Correspondence

By letter of 11 August 2000 from the Icelandic Mission to the European Union, received and registered by the Authority on 6 September 2000 (Doc. No: 00-6186 A), the Icelandic authorities informed the Authority of three existing training aid schemes ("The Vocational Training Fund", "Employment Opportunities for Women" and "Vocational Rehabilitation Centres (Sheltered Workshops)". By letter dated 12 September 2000 (Doc. No: 00-6154 D), the Authority acknowledged the receipt of the letter informing about these schemes and requested additional information. The Authority requested further information by letters of 22 December 2000 (Doc. No: 00-9332-D) and 2 April 2001 (Doc. No: 01-1956-D). The Icelandic Mission to the European Union submitted the requested additional information by letter dated 24 November 2000 (Doc. No: 00-8362-A), received and registered by the Authority on 27 November 2000, letter dated 9 March 2001 (Doc. No: 01-1777-A), received and registered by the Authority on 12 March 2001 and letter dated 18 June 2001 (Doc. No: 01-4576 A), received and registered by the Authority on 19 June 2001.

### 2. "Starfsmenntasjóður félagsmálaráðuneytisins" ("The Vocational Training Fund of the Ministry of Social Affairs")

The legal basis for this scheme is the Vocational Training Act No. 19 of 1992 ("Lög nr. 19/1992 um starfsmenntun í atvinnulífinu"). The Ministry of Social Affairs has the statutory responsibility for the scheme and its implementation. The scheme is supervised by the Directorate of Labour. The funding is provided for in the State budget (budget item No. 07-984).

The scheme is designed to encourage increased vocational training in the business sector. The Vocational Training Council, appointed by the Ministry of Social Affairs, is responsible for awarding the grants. On application, grants are given to *inter alia* employers and workers organisations, to individual business enterprises and to private or public bodies, which organise vocational training in the business sector.

Grants are mainly supposed to cover costs of preparing study programmes and teaching materials, costs of teaching facilities, and travel and transport costs. Normally, aid is not granted directly to individual business firms, but to educational bodies or educational committees of individual trade unions. These bodies/committees provide courses that are open to all personnel in the various trades, or to the public, and each body/committee serves a large number of firms. The recipients of the grants are required to keep the grant on a separate account in their books to prevent that it is used for irrelevant purposes.

The notified aid is funded by State resources within the meaning of Article 61(1) EEA. However, according to Chapter 12 of the Authority's guidelines (hereinafter referred to as the "*de minimis* rule"), individual awards of aid below € 100.000 to any one firm over a three-year period, are considered to fall outside the scope of Article 61(1) of the EEA Agreement as such measures are not deemed to have an appreciable effect on trade and competition between the Contracting Parties.

According to the information from the Icelandic authorities, no single undertaking has received grants exceeding € 100.000 over a period of three years. For future purposes, the Icelandic authorities will adopt a special regulation based on the Act on Vocational Training within the Labour Market (Act No. 19/1992), which will ensure that all the conditions of the *de minimis* rule will be complied with when granting aid. The necessary amendments will be made by the end of September 2001.

### **3. "Styrkir til atvinnumála kvenna" ("Employment Opportunities for Women")**

The legal basis for the scheme "Employment Opportunities for Women" is a 1990 Governmental decision (budget item No. 07-984). The Ministry of Social Affairs is responsible for the scheme, under which grants are given to the "Women's Economic Development Fund". This fund subsidises individual women, or groups of women, who are engaged in activities which may lead to an increased female participation on the labour market. The aid may consist of financial support to women in establishing their own firms, or the subsidising of courses given by Women's educational centres. The grants are monitored by the Directorate of Labour.

The Icelandic authorities have informed the Authority that the maximum grant per year to one applicant is set at ISK 2.500.000 (*i.e.* approximately € 30.000) and that the average grant is ISK 300.000 (*i.e.* approximately € 3.600). The same project can receive a grant maximum three times and on the condition that there has been a development in the project.

The Icelandic authorities have informed the Authority that in order to ensure future compliance with the *de minimis* rule, this rule will be directly implemented into the framework on Employment Opportunities for Women. The necessary amendments will be made by the end of September 2001.

### **4. "Verndaðir vinnustaðir" ("Vocational Rehabilitation Centres – Sheltered Workshops")**

The legal basis for the scheme on the Vocational Rehabilitation Centres is the Act No. 59/1992, law on handicap matters ("Lög um málefni fatlaðra nr. 59/1992"). The Ministry of Social Affairs is responsible for the scheme.

The objective of the scheme is to rehabilitate and strengthen employment among disabled persons through the financing of sheltered workshops. These workshops provide remunerated jobs for those handicapped persons who do not have a possibility to obtain work on the general labour market. They also provide remunerated training to enable the less handicapped persons to obtain and carry out work on the general labour market.

There are ten such sheltered workshops in Iceland, and for all of them the government grants exceed the *de minimis* amount. The state contributions are lowest for the workshops where the working capability of the disabled is the highest. This applies for three of the workshops. The rest of the workshops receive relatively higher amounts of state contributions, and the “wages” of the disabled are more or less symbolic. The state contributions are primarily supposed to cover wages of the *instructors* and other operational costs (accommodation, energy, purchase of goods etc.) Other manufacturing expenses are financed by income of the sheltered workshops.

Having regard to the particular status and features of the sheltered workshops, *inter alia* that the rehabilitation and social purpose is the predominant characteristic and that the activities of the sheltered workshops are carried out on a non-profit basis, the Authority is of the view that the subsidies do not constitute State aid within the meaning of Article 61 (1) of the EEA Agreement.

Based on the information received and the above assessments there is no reason to pursue these cases further.

#### **HAS ADOPTED THIS DECISION:**

The case on the Vocational Training Fund of the Ministry of Social Affairs (“Starfsmenntasjóður félagsmálaráðuneytisins”), the scheme on Employment Opportunities for Women (“Styrkir til atvinnumála kvenna”) and the Vocational Rehabilitation Centres – Sheltered Workshops (“Verndaðir vinnustaðir”), SAM 030.00008, as communicated by the Icelandic authorities by the letter dated 11 August 2000 (Doc. No: 00-6186 A), is closed.

Done at Brussels, 27 June 2001

For the EFTA Surveillance Authority

Knut Almestad  
President

Hannes Hafstein  
College Member