


EFTA SURVEILLANCE AUTHORITY

Doc. No: 98-8635-I
Ref. No: SAM030.95008
Dec. No: 28/99/COL

EFTA SURVEILLANCE AUTHORITY DECISION

of 10 February 1999

on the closure of an own-initiative case
concerning possible State aid by
the Industrial Development Fund (*Iðnþróunarsjóður*)
(Iceland)

THE EFTA SURVEILLANCE AUTHORITY,

Having regard to the Agreement on the European Economic Area¹, in particular 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:

By letter of 15 June 1995 (Doc. No. 95-3558-D), the EFTA Surveillance Authority wrote to the Icelandic authorities concerning an amendment of Act No. 9/1970 on the Industrial Development Fund, inviting them to notify the new measures, as they appeared to possibly involve State aid within the meaning of Article 61(1) EEA. A reminder of this request was sent by letter of 14 December 1995 (Doc. No. 95-7161-D).

In response to the above request, the Authority received on 19 January 1996 a letter from the Ministry of Finance (Doc. No. 96-361-A), submitting the relevant legislation. This letter was considered to be a notification in the meaning of Article 1(3) of Protocol 3 to the Surveillance and Court Agreement.

By letter of 9 February 1996 (Doc. No. 96-763-D), the Authority requested certain additional information. By letter of 22 February 1996 (Doc. No. 96-2044-A), the Authority was informed that due to ongoing review of the Act No. 9/1970, which would reflect the rules on State aid, the response by the Icelandic authorities would be delayed.

¹ Hereinafter referred to as the EEA Agreement.

² Hereinafter referred to as the Surveillance and Court Agreement.



The matter was also discussed with the Icelandic authorities, *inter alia* at package meetings in Reykjavík on 19 June 1995. In those contacts, it was explained that the recent amendment of the legislation on the Industrial Development Fund, which traditionally had operated as an investment bank, implied that the Fund was authorised to operate as a venture capital fund, but without providing any direct grants to individual companies. It also emerged that the current arrangement for the Fund was a temporary one, as preparations were under way for a wider reorganisation, which would, in addition to the Industrial Development Fund, include other investment credit funds. In view of these circumstances, the Authority was requested to await the outcome of the broader structural changes under preparation.

By Act No. 61/1997 of 26 May 1997, the Icelandic Parliament authorised the foundation of the New Business Venture Fund (*Nýsköpunarsjóður atvinnulífsins*). By the same act, the Industrial Development Fund was abolished. For details, see EFTA Surveillance Authority Decision No. 373/98/COL of 16 December 1998.

The Authority has had no indication, neither through complaints nor otherwise, that the Industrial Development Fund, which was founded in 1970 and was thus in existence at the time of entry into force of the EEA Agreement, has granted State aid incompatible with Article 61 of the EEA Agreement.

In view of the above facts and considerations, there is no ground for pursuing the matter. The case can therefore be closed.

HAS ADOPTED THIS DECISION:

The case initiated by the Authority's request for information by letter of 15 June 1995 (Doc. No. 95-3558-D), concerning the Industrial Development Fund in Iceland (SAM030.95008) is closed without further action.

Done at Brussels, 10 February 1999

For the EFTA Surveillance Authority

Knut Almestad
President

Bernd Hammermann
College Member