

Brussels, 11 November 2020
Case No: 85838
Document No: 1161323
Decision No 131/20/COL

Ministry of Trade, Industry and Fisheries
PO Box 8090 Dep
0032 Oslo
Norway

**Subject: Regionally differentiated social security contributions
2021**

1 Summary

- (1) The EFTA Surveillance Authority (“ESA”) wishes to inform Norway that, having assessed the notified prolongation of the regionally differentiated social security contributions aid scheme for the year 2021 (“the measure”), it considers that the measure constitutes state aid within the meaning of Article 61(1) of the EEA Agreement and decides not to raise objections¹ to the measure, as it is compatible with the functioning of the EEA Agreement, pursuant to its Article 61(3)(c). ESA has based its decision on the following considerations.

2 Procedure

- (2) The Norwegian authorities notified the measure on 4 November 2020.²

3 Background

- (3) Social security contributions have been regionally differentiated in Norway since 1975. This is Norway’s most extensive regional policy measure. ESA has reviewed it on numerous occasions³ and last time approved the entire scheme by Decision No [225/14/COL](#).⁴ That approval expires on 31 December 2020.
- (4) By Decision No [090/20/COL](#), ESA amended and prolonged the duration of the [Regional aid guidelines](#) (“the amended RAG”) until the end of 2021. ESA invited the EEA EFTA States to notify prolongations of the relevant regional aid maps (paragraph 156(a) of the amended RAG) and the relevant regional aid schemes they intend to maintain beyond 2020 (paragraph 156(b) of the amended RAG). On 20 July 2020, the Norwegian authorities notified the prolongation of the Norwegian regional aid map. On 3 September 2020, by Decision No [104/20/COL](#), ESA approved the prolongation of the Norwegian regional aid map until 31 December 2021.

¹ Reference is made to Article 4(3) of the Part II of Protocol 3 to the Agreement between the EFTA States on the Establishment of a Surveillance Authority and a Court of Justice.

² Documents No 1161540 and 1161542.

³ See ESA Decision No [228/06/COL](#) Chapter I.2 for an account of the history of the scheme. For the sake of completeness, see also letter of 26.7.2017, Document No [867262](#), concerning the scheme as approved by Decision No [228/06/COL](#).

⁴ ESA Decision No [225/14/COL](#) was partially annulled by the EFTA Court, see Case E-23/14 *Kimek Offshore v ESA* [2015] EFTA Ct. Rep 41, and Case E-23/14 INT *ESA v Kimek Offshore* [2015] EFTA Ct. Rep 666. In the wake of the annulment, ESA reassessed the element that the EFTA Court took issue with, and concluded in Decision No [094/17/COL](#) that it was compatible with the EEA Agreement, in accordance with ESA’s previous finding.

- (5) The present notification proposes a prolongation of the duration of the current regionally differentiated social security contributions aid scheme (“the scheme”) with one year, until 31 December 2021.

4 Presence of state aid

- (6) Article 61(1) of the EEA Agreement reads as follows: “[...] 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.”
- (7) The qualification of a measure as aid within the meaning of this provision requires the following cumulative conditions to be met: (i) the measure must be granted by the State or through State resources; (ii) it must confer an advantage on an undertaking; (iii) favour certain undertakings (selectivity); and (iv) threaten to distort competition and affect trade.
- (8) In Decision No [225/14/COL](#),⁵ ESA concluded that the scheme constitutes state aid within the meaning of Article 61(1) of the EEA Agreement. The present notification concerns a mere prolongation in time of the scheme that otherwise remains unaltered. As there are no other substantive changes, there is nothing in the current notification that alters the finding that the scheme constitutes an aid scheme. On this basis, ESA concludes that the measure constitutes state aid within the meaning of Article 61(1) of the EEA Agreement.

5 Procedural requirements

- (9) Pursuant to Article 1(3) of Part I of Protocol 3 to the Agreement between the EFTA States on the Establishment of a Surveillance Authority and a Court of Justice (“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.”
- (10) The Norwegian authorities have notified the measure and have yet to let it enter into force. They have therefore complied with the obligations under Article 1(3) of Part I of Protocol 3.

6 Compatibility of the measure

- (11) ESA can declare state aid compatible with the functioning of the EEA Agreement under its Article 61(3)(c) provided that certain compatibility conditions are fulfilled.
- (12) By Decisions No [225/14/COL](#) and [094/17/COL](#), ESA concluded that the scheme is compatible with Article 61(3)(c) of the EEA Agreement and the RAG. The present notification concerns a mere prolongation in time of the scheme that otherwise remains unaltered. As there are no other substantive changes, there is nothing in the current notification that alters the finding that the scheme is compatible with Article 61(3)(c) of the EEA Agreement, the amended RAG and the Norwegian regional aid map for the year 2021. On this basis, ESA concludes that the measure is compatible with the EEA Agreement

⁵ Paragraphs 68 to 74.

7 Conclusion

- (13) On the basis of the foregoing assessment, ESA considers that the measure constitutes state aid with the meaning of Article 61(1) of the EEA Agreement. Since ESA has no doubts that the aid is compatible with the functioning of the EEA Agreement pursuant to its Article 61(3)(c), it has no objections to the implementation of the measure.
- (14) The Norwegian authorities have confirmed that this decision does not contain any business secrets or other information that should not be published.

For the EFTA Surveillance Authority, acting under [Delegation Decision No 068/17/COL](#),

Yours faithfully,

Bente Angell-Hansen
President
Responsible College Member

Carsten Zatschler
Countersigning as Director,
Legal and Executive Affairs

This document has been electronically authenticated by Bente Angell-Hansen, Carsten Zatschler.