



EUROPEAN COMMISSION

Brussels, 12.X.2006
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PUBLIC VERSION

WORKING LANGUAGE

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**Subject: State aid N 631/2006 – Malta
Regional aid map 2007-2013**

Sir,

1. PROCEDURE

1. By electronic notification dated 20 September 2006, registered at the Commission on the same day (A/37396), the Maltese authorities notified to the Commission their regional aid map for the period 1.1.2007 – 31.12.2013.
2. On 21 December 2005, the Commission adopted the Guidelines on National Regional Aid for 2007-2013¹ (hereinafter “RAG”). Pursuant to paragraph 100 of the RAG, each Member State should notify to the Commission, following the procedure of Article 88(3) of the EC Treaty, a single regional aid map covering its entire national territory. In accordance with paragraph 101, the approved regional aid map is to be published in the Official Journal of the European Union, and will be considered an integral part of the RAG.

¹ Guidelines on National Regional Aid for 2007-2013, OJ C 54 of 4.3.2006, p. 13.

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2. DESCRIPTION

3. The whole of Malta was eligible under the derogation of Article 87(3)(a) of the EC Treaty for the period between 1 May 2004 and 31 December 2006². In the notification, the Maltese authorities propose that for the period 2007-2013 the whole territory remains eligible to receive investment aid under the derogation of Article 87(3)(a) of the EC Treaty with an aid ceiling of 30%.
4. The proposed aid ceiling of 30 % GGE³ is that for investments by large enterprises. For medium sized enterprises⁴ this aid ceiling can be increased⁵ by 10 percentage points and for small enterprises⁶ by 20 percentage points.

3. ASSESSMENT

3.1. 87(3)(a) regions: proposed for the whole period 2007-2013

5. Malta consists of one single NUTS⁷ level II geographical unit with a per capita gross domestic product (GDP), measured in purchasing power standard (PPS) of 74.8 % of the EU-25 average for the years 2000-2002⁸. The whole territory of the country is therefore eligible for national regional state aid under Article 87(3)(a) of the EC Treaty.
6. In accordance with paragraph 44 of the RAG, the aid ceiling of regional aid for regions falling under Article 87(3)(a) of the EC Treaty must not exceed 30% GGE for regions with less than 75% of average EU-25 GDP per capita, which is the case of Malta.

3.2. General provisions of the map

7. This aid ceiling is increased to 40% GGE for medium-sized enterprises and 50% GGE for small enterprises. However, in accordance with the second sentence of footnote 61 of the RAG, no SME bonuses are allowed for investment projects with eligible expenses exceeding EUR 50 million.

² Decision not to raise objections to the regional aid map of Malta for the period between 1 May 2004 and 31 December 2006 (MT 1/2004)

³ GGE – Gross Grant Equivalent

⁴ As defined in the Annex of Commission Regulation (EC) No 364/2004 of 25 February 2004 amending Regulation (EC) 70/2001, OJ L 63, 28.2.2004, p. 22, or any successor regulation.

⁵ Except for aid awarded in the transport sector and aid for large investment projects.

⁶ See *supra* at 4

⁷ Regulation (EC) No 1059/2003 of the European Parliament and of the Council of 26 May 2003 on the establishment of a common classification of territorial units for statistics (NUTS) (OJ L 154, 21.6.2003, p. 1).

⁸ The most recent EUROSTAT data available at the moment of the adoption of the RAG.

8. The Commission recalls that in accordance with paragraph 8 of the RAG, these aid ceilings apply to the processing and marketing of agricultural products only to the extent laid down in the Community guidelines for State aid in the agriculture sector⁹, or any replacement guidelines.
9. The Commission takes note of the following commitments undertaken by the Maltese authorities in the notification:
 - (a) The Maltese authorities confirmed that all intentions to grant regional aid will be notified to the Commission in accordance with Article 88(3) of the Treaty, either as an aid scheme, or as an individual notification unless a block exemption regulation applies.
 - (b) The Maltese authorities confirmed that all regional investment aid will respect the aid ceilings of the region concerned as defined in the regional aid map published by the Commission pursuant to this notification.
 - (c) The Maltese authorities confirmed that for large investment projects the aid ceilings of the region concerned as defined in the regional aid map published by the Commission pursuant to this notification will be adjusted according to the formula in paragraph 67 of the RAG.
 - (d) The Maltese authorities confirmed that all large investment projects, for which the amount of aid proposed is more than the maximum allowable amount of aid an investment with eligible expenses of EUR 100 million can receive under the adjusted regional aid ceiling as laid down in the scaling down mechanism as described in paragraph 67 of the RAG, will be notified individually to the Commission.

3.3. Appropriate measures

10. By letter of 6 March 2006, reference D/(06)239, the Commission proposed to the Maltese authorities, *inter alia*, to limit the application of their existing regional aid schemes until 31 December 2006. The Maltese authorities accepted these appropriate measures unconditionally by letter dated 27 April 2006 registered at the Commission on the same day.

4. DECISION

11. The Commission has accordingly decided:

- to consider the Maltese regional aid map for 2007-2013 as set out in the Annex to be compatible with the EC Treaty as it fulfils the conditions as stipulated in the Guidelines on national regional aid for 2007-2013. This map is valid from 1 January 2007 until 31 December 2013.
- to publish the map as presented in the Annex to this decision in the Official Journal of the European Union. The full text of this letter in the authentic

⁹ OJ C 28 of 1.2.2000, p.2. Corrigendum OJ C 232, 12.8.2000 p. 17.

language will be published on the Internet site:
http://ec.europa.eu/community_law/state_aids/index.htm

Any request concerning this letter should be sent by registered letter or fax to:

European Commission
Directorate-General for Competition
Directorate for State Aid I
State Aid Greffe
B – 1049 Brussels
Fax No: 0032.2.296 12 42

Yours faithfully,
For the Commission

Neelie KROES
Member of the Commission

Guidelines on National Regional aid for 2007-2013

(OJ C 54, 4.3.2006, p. 13)

MALTA - National regional state aid map 1.1.2007-31.12.2013

(Approved by the Commission on

Zone Code	Zone Name	Ceiling for regional investment aid ¹ (applicable to large enterprises)
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1. Regions eligible for aid under Article 87(3)(a) of the EC Treaty until 31.12.2013

MT	MALTA	30%
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¹ For investment projects with eligible expenditure not exceeding EUR 50 million this ceiling is increased by 10 percentage points for medium sized companies and 20 percentage points for small companies as defined in the Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (OJ L 124, 20.5.2003, p. 36). For large investment projects with eligible expenditure exceeding EUR 50 million, this ceiling is subject to adjustment in accordance with paragraph 67 of the Guidelines on national regional aid for 2007-2013.