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**Subject: State aid N 693/2006 – Denmark
Regional aid map 2007-2013**

Sir,

1. PROCEDURE

- (1) By e-mail dated 13 October 2006, registered at the Commission on the same day (A/38140) Denmark notified its regional aid map for the period 1.1.2007 – 31.12.2013.
- (2) By letter of 27 November 2006 (D/59917) and 22 December 2006 (D/60526) the Commission services asked for complementary information, which the Danish authorities provided on 5 December 2006 (A/39892) and 12 January 2007 (A/30401).
- (3) On 21 December 2005, the Commission adopted the *Guidelines on National Regional Aid for 2007-2013*¹ (hereinafter “RAG”). In accordance with paragraph 100 of the RAG each Member State should notify to the Commission following the procedure of Article 88(3) of the Treaty, a single regional aid map covering its entire national territory which will apply for the period 2007-2013. 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, 4.3.2006, p. 13

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2. DESCRIPTION

- (4) For the period between 1 January 2000 and 31 December 2006² 17.1% of the Danish population lived in regions which were eligible under the derogation of Article 87(3)(c) of the EC Treaty. The Danish authorities propose that for the period 2007-2013 regions covering 8.6% of their population should be eligible to receive regional investment aid under the derogation of Article 87(3)(c) of the EC Treaty at aid intensity of 15% or 10%. Further they propose a transitional additional coverage of 2.7% of their population for the years 2007-2008 with an aid intensity of 10% GGE³.
- (5) All the proposed aid ceilings are those for investments by large enterprises. For medium sized enterprises⁴ these aid ceilings can be increased⁵ by 10 percentage points and for small enterprises⁶ by 20 percentage points.
- (6) New municipal borders entered into force on 1 January 2007, with the number of municipalities falling from 271 to 98, bringing the average population of a municipality from about 20,000 to about 55,000.
- (7) The national regional state aid map notified by Denmark for 2007-2013 identifies the areas in the country which are disadvantaged, which are defined as municipalities with relative low earned income⁷ per head of population and a relative weak population trend⁸. Altogether 16 of the new 98 municipalities have both a low earned income per head and a weak population trend. The Danish authorities wish to designate only whole municipalities as eligible areas. All the municipalities which are proposed for the whole period 2007-2013 are within this list of 16 municipalities identified as disadvantaged.

2.1. Article 87(3)(c) regions proposed for the whole period 2007-2013

2.1.1. *Regions designated under paragraph 30 (c) of the RAG*

- (8) The following municipalities in the NUTS-III DK006 Storstrøms Amt are proposed for eligibility under the derogation of Article 87(3)(c) of the EC Treaty with an aid ceiling of 15% GGE for the whole period 2007-2013:

Name	Population 2006
• Lolland	48,967
• <u>Guldborgsund</u>	<u>63,451</u>

² State aid N 229/99 – Denmark – Regional aid map 2000-2006. (SG(99)D/10270)

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 footnote 4.

⁷ Earned income in the municipality must be below 90% of the national average (average for 2001-2003).

⁸ The municipality must have experienced a fall in population or population growth of less than half the national average (2000-2005).

Total	112,418
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- (9) The following municipalities in the NUTS-III DK00F Nordjyllands Amt are proposed for eligibility under the derogation of Article 87(3)(c) of the EC Treaty with an aid ceiling of 10% GGE for the whole period 2007-2013:

Name	Population 2006
• Hjørring	67,480
• <u>Frederikshavn</u>	<u>63,084</u>
Total	130,564

2.1.2. Regions designated under paragraph 30 (d) of the RAG

- (10) The following municipality, which constitutes the entire NUTS-III region DK007 Bornholms Amt, is proposed for eligibility under the derogation of Article 87(3)(c) of the EC Treaty with an aid ceiling of 15% GGE for the whole period 2007-2013:

Name	Population 2006
• Bornholm	43,245

2.1.3. Regions designated under paragraph 30 (e) of the RAG

- (11) The following islands are proposed for eligibility under the derogation of Article 87(3)(c) of the EC Treaty with an aid ceiling of 10% GGE for the whole period 2007-2013:

Name	Population 2006
• Morsø (DK00E)	22,333
• Langeland (DK008)	14,120
• <u>Ærø (DK008)</u>	<u>6,873</u>
Total	43,326

2.1.4. Regions designated under paragraph 30 (f) of the RAG

- (12) The following small islands are also proposed for eligibility under the derogation of Article 87(3)(c) of the EC Treaty with an aid ceiling of 15% GGE for the whole period 2007-2013:

Name (NUTS-III code)	Population 2006
• Agersø (DK005)	245
• Nekselø(DK005)	26
• Omø (DK005)	187
• Orø (DK005)	937
• <u>Sejerø (DK005)</u>	<u>403</u>
Total	1798

- (13) The following small islands are also proposed for eligibility under the derogation of Article 87(3)(c) of the EC Treaty with an aid ceiling of 10% GGE for the whole period 2007-2013:

Name (NUTS-III code)	Population 2006
• Samsø (DK00D)	4,124
• Læsø (DK00F)	2,091
• Årø (DK009)	180
• Avernakø (DK008)	110
• Bågård (DK008)	34
• Barsø (DK009)	26
• Bjørnø (DK008)	39
• Drejø (DK008)	69
• Egholm (DK00F)	48
• Endelave (DK00B)	177
• Fur (DK00E)	912
• Hjarnø (DK00B)	103
• Hjortø (DK008)	13
• Lyø (DK008)	130
• Mandø (DK00A)	56
• Skarø (DK008)	36
• Tunø (DK00D)	115
• <u>Venø (DK00C)</u>	<u>211</u>
Total	8,474

2.2. Article 87(3)(c) regions proposed for the whole period 2007-2013 for higher rates of aid for SMEs only

- (14) The following communes are proposed for eligibility under the derogation of Article 87(3)(c) of the EC Treaty, with a basic aid ceiling of 10% GGE for the whole period 2007-2013, for SMEs only, so that after applying the SME bonuses, the maximum permitted aid intensities are 20% for medium sized enterprises and 30% for small enterprises:

Name	Population 2006
• Vesthimmerland (DK00E)	37,871
• Norddjurs (DK00D)	38,430
• <u>Tønder (DK009)</u>	<u>40,691</u>
Total	116,992

2.3. Article 87(3)(c) regions: transitional additional coverage (1.1.2007-31.12.2008)

- (15) The following communes are proposed for eligibility under the derogation of Article 87(3)(c) of the EC Treaty for the period 2007-2008 at an aid ceiling of 10% GGE:

Name	Population 2006
• Brønderslev-Dronninglund	35,313

• Svendborg	58,306
• <u>Thisted</u>	<u>45,910</u>
Total	139,529

3. ASSESSMENT

- (16) Annex V of the RAG allocated Denmark a total population coverage of 8.6% eligible for national regional state aid for the period 2007-2013 under the derogation of Article 87(3)(c) of the EC Treaty. The total population of Denmark was in 2006 according to Statistik Denmark 5,427,459 inhabitants. The maximum population eligible for coverage for 2007-2013 is therefore 466,761 inhabitants.
- (17) Annex V of the RAG allocated Denmark a transitional additional population coverage of 2.7% eligible for national regional state for the period 2007-2008 under the derogation of Article 87(3)(c) of the EC Treaty. The population eligible for coverage for 2007-2008 is therefore 146,541 inhabitants.

3.1. Article 87(3)(c) regions proposed for the whole period 2007-2013

GDP and unemployment in Danish NUTS3 regions:

Name of county (<i>amt</i>) and code	GDP as a percentage of EU-25 average (average for 2001-2003, corrected for purchasing power)	Unemployment as a percentage of national average (average for 2002-2004)	Unemployment as a percentage of EU-25 average (average for 2002-2004)
Vestsjællands Amt, DK005	95.7%	104.5%	59.3%
Storstrøms Amt, DK006	89.6%	109.7%	62.3%
Bornholm, DK007	89.8%	183.9%	104.4%
Fyns Amt, DK008	103.5%	116.1%	65.9%
Sønderjyllands Amt, DK009	115.5%	101.3%	57.5%
Ribe Amt, DK00A	117.7%	83.2%	47.3%
Vejle Amt, DK00B	120.0%	95.5%	54.2%
Ringkøbing Amt, DK00C	126.4%	80.0%	45.4%
Århus Amt, DK00D	113.1%	114.2%	64.8%
Viborg Amt, DK00E	114.3%	78.7%	44.7%
Nordjyllands Amt, DK00F	107.0%	132.3%	75.1%

Source: Eurostat.

3.1.1. Regions designated under paragraph 30 (c) of the RAG

- (18) In accordance with paragraph 30(c) of the RAG, Member States may select regions which form contiguous zones with a minimum population of at least 100,000 and which are located within either NUTS-II or NUTS-III regions which have either a GDP per capita of less than the EU-25 average, or which have an unemployment rate which is higher than 115% of the national average.
- (19) Denmark has notified two contiguous zones, each made up of two communes, with a total population of 242,982 inhabitants. All four communes are situated in NUTS-III regions which have a GDP per capita of less than the EU-25 average or an unemployment rate higher than 115% of the national average. Both zones proposed also have a population above 100,000 inhabitants. The conditions of paragraph 30(c) of the RAG are therefore met.

- (20) Furthermore, the Danish authorities correctly applied the reduced aid intensity of 10% foreseen in paragraph 47 of the RAG for the municipalities of Hjørring and Frederikshavn which are situated in a NUTS-III region (DK00F) which has at the same time a GDP figure above the EU-25 average and an unemployment figure below the EU-25 average.

3.1.2. Regions designated under paragraph 30 (d) of the RAG

- (21) In accordance with paragraph 30(d) of the RAG, Member States may select NUTS-III regions with a population below 100,000 which have either a GDP per capita of less than the EU-25 average, or which have an unemployment rate which is higher than 115% of the national average.
- (22) In the case of DK007 Bornholms amt, with a population of 43,245, both indicators are fulfilled as shown in the table above. The conditions of paragraph 30(d) are thus met.

3.1.3. Regions designated under paragraph 30 (e) of the RAG

- (23) In accordance with paragraph 30(e) of the RAG, Member States may select islands or other regions categorised by similar geographical isolation which have either a GDP per capita of less than the EU-25 average, or which have an unemployment rate which is higher than 115% of the national average.
- (24) The proposed islands of Ærø and Langeland are situated in a NUTS-III region which has an unemployment rate above 115% of the national average.
- (25) Although no GDP figures are calculated at the level of municipalities, the Danish authorities demonstrated that using the earned income figures as a repartition key, the island of Morsø has a GDP which can be estimated at 11% below the EU-25 average.
- (26) The conditions of paragraph 30(e) of the RAG are thus met. The proposed islands have a total population of 43,326 inhabitants.

3.1.4. Regions designated under paragraph 30 (f) of the RAG

- (27) In accordance with paragraph 30(f) of the RAG, Member States may select islands with fewer than 5,000 inhabitants.
- (28) As all the proposed small islands have a population below 5,000 inhabitants, as indicated in the table under point 2.1.4, this condition of paragraph 30(f) of the RAG is met. The total population of all islands together is 10,272 inhabitants.
- (29) The islands of Agersø, Nekselø, Omø, Orø and Sejerø are all located in the Nuts III region of Vestsjællands Amt, (DK005), which has a GDP below the Community average, and so a maximum aid intensity of 15% applies.
- (30) Furthermore, the Danish authorities correctly applied the reduced aid intensity of 10% foreseen in paragraph 47 of the RAG for the other small islands which are situated in NUTS-III regions which have at the same time a GDP figure above the EU-25 average and an unemployment figure below the EU-25 average.

3.2. Article 87(3)(c) regions designated under paragraph 31 of the RAG

- (31) In accordance with paragraph 31 of the RAG, Member States may designate other smaller areas if they can demonstrate that the areas are relatively more in need of economic development than other areas in that region. Regional aid will be approved by the Commission in these areas for SMEs, and the relevant SME bonus will also apply. However, no aid for investments by large companies in these areas or aids for investments with eligible expenses exceeding EUR 25 million will be approved.
- (32) All the municipalities selected are within the 16 worst off municipalities in Denmark.
- (33) In order to support this choice, the Danish authorities have provided a range of different economic indicators which demonstrate that objectively these are the worst off of their remaining communes, including the total income per person and unemployment rates.
- (34) The total population proposed under this subtitle amounts to 116,992 inhabitants, which represents 2.15% of the Danish population.

Overview of the population proposed

- (35) The total population proposed by the Danish authorities as eligible for national regional state aid for the period 2007-2013 under the derogation of Article 87(3)(c) of the EC Treaty is 456,817. The population of Denmark on 1.1.2006 was 5,427,459. As the proposed areas represent 8.4% of this population they respect the population coverage of 8.6% allocated to Denmark in Annex V of the RAG.

3.3. 87(3)(c) regions: transitional additional coverage (1.1.2007-31.12.2008)

- (36) In accordance with paragraph 95 of the RAG, Member States may exceptionally designate additional regions to be eligible for regional aid under the derogation of Article 87(3)(c) of the EC Treaty until 31 December 2008, provided that the following conditions are met:
 - The regions concerned were eligible for regional aid under the derogation of Article 87(3)(c) of the EC Treaty on 31 December 2006;
 - The maximum aid intensity permitted in the additional regions designated in accordance with this provision shall not exceed 10%;
- (37) All the constituting parts of the designated new municipalities of Brønderslev-Dronninglund, Svendborg and Thisted were eligible for the derogation of Article 87(3)(c) of the EC Treaty on 31 December 2006, and the aid intensity is 10%. The conditions of paragraph 95 of the RAG are thus met.
- (38) The total population of these three municipalities designated to be eligible under the derogation of Article 87(3)(c) of the EC Treaty for the years 2007-2008 is 139,529 inhabitants, which represents 2.57% of the total Danish population. This respects the limit of 2.7% allocated to Denmark in Annex V of the RAG.

- (39) The designation of these three municipalities for the period 2007-2008 is thus in line with the provisions of the RAG.

3.4. General provisions of the map

- (40) In accordance with paragraph 49 of the RAG, except for aid awarded in the transport sector, the preceding aid ceilings can be increased by 10% GGE for medium sized enterprises and 20% GGE for small enterprises. However, in accordance with paragraph 67 of the RAG no SME bonuses are allowed for investment projects with eligible expenditure exceeding EUR 50 million.
- (41) Following the assessment above, the aid ceilings for regional investment aid notified by Denmark for the period 2007-2013 are in line with the aid ceilings allowed for under the RAG.
- (42) 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.
- (43) The Commission takes note of the following commitments given by the Danish authorities in the notification:
- (a) The Danish authorities confirmed that only the regions defined in the regional aid map published by the Commission pursuant to this notification will be eligible for regional investment aid in accordance with the RAG, or any state aid block exemption regulation relevant for regional aid.
 - (b) The Danish authorities confirmed that only small enterprises with their economic activity in the regions identified in the regional aid map published by the Commission pursuant to this notification will be eligible for aid for newly created small enterprises as provided for in section 6 (paragraphs 84-91) of the RAG.
 - (c) The Danish authorities confirmed that all plans to grant regional aid will be notified to the Commission in accordance with Article 88(3) of the EC Treaty, either as an aid scheme, or as an individual notification unless a State aid exemption regulation applies.
 - (d) The Danish authorities confirmed that all regional investment aid will respect the ceilings defined in the region concerned in the regional aid map published by the Commission pursuant to this notification.
 - (e) The Danish authorities confirmed that for large investment projects the upper ceilings defined in respect of the region concerned 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.

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

- (f) The Danish 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 expenditure of EUR 100 million can receive under the scale laid down in paragraph 67 of the RAG, will be notified individually to the Commission.

3.5. Appropriate measures

- (44) By letter of 6 March 2006, reference D/(06)234, the Commission proposed appropriate measures to the Danish authorities by which, *inter alia*, the application of their existing regional aid schemes is limited until 31 December 2006. The Danish authorities accepted these appropriate measures unconditionally by letter of 4 April 2006, registered at the Commission on the same day (A/32545).

4. DECISION

- (45) The Commission has accordingly decided:
- to consider the Danish 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 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

Annex to the decision on case N 374/2006
Guidelines on National Regional aid for 2007-2013

(OJ C 54, 4.3.2006, p. 13)

State aid N 693/2006

DENMARK - National regional state aid map 1.1.2007-31.12.2013

(Approved by the Commission on 21.02.2007)

(NUTS II REGION) (NUTS III REGION)	Ceiling for regional investment aid ¹ (Applicable to large enterprises)
1. Regions eligible for aid under Article 87(3) (c) of the EC Treaty for the whole period 2007-2013	
Læsø Kommune	10%
Ærø Kommune	10%
Langeland Kommune	10%
Lollands Kommune	15%
Samsø Kommune	10%
Bornholms Regionskommune	10%
Frederikshavn Kommune	10%
Tønder Kommune	10%
Morsø Kommune	10%
Guldborgsund Kommune	15%
2. Islands eligible for aid under Article 87(3) (c) of the EC Treaty for the whole period 2007-2013	

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.

Årø	10%
Agersø	15%
Avernakø	10%
Bågø	10%
Barsø	10%
Bjørnø	10%
Drejø	10%
Egholm	10%
Endelave	10%
Fur	10%
Hjarnø	10%
Hjortø	10%
Lyø	10%
Mandø	10%
Nekselø	15%
Omø	15%
Orø	15%
Sejerø	15%
Skarø	10%
Tunø	10%
Venø	10%
3. Regions eligible for aid under Article 87(3) (c) of the EC Treaty for the whole period 2007-2013 for higher rates of SME aid only	
	Basic aid ceiling ²
Norrdjurs Kommune	10%
Tønder Kommune	10%
Vesthimmerlands Kommune	10%
4. Regions eligible for transitional coverage under Article 87(3) (c) of the EC Treaty for the period 1.1.2007-1.12.2008 at an aid ceiling of 10%	
Svendborg Kommune ³	
Brønderslev-Dronninglund Kommune	
Thisted Kommune	

² 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). No aid may be awarded for investment projects with eligible expenditure exceeding EUR 25 million.

³ Municipality of Svendborg not including the islands of Drejø, Skarø and Hjortø, which are assisted areas for the whole period of 2007-2013.