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**SUBJECT: STATE AID NO. SA 38247 (2014/N) – DENMARK
REGIONAL AID MAP 2014-2020**

Sir,

1. PROCEDURE

- (1) On 28 June 2013, the Commission adopted the Guidelines on regional State aid for 2014-2020¹ (hereinafter "RAG"). Pursuant to paragraph 178 of the RAG, each Member State should notify to the Commission, following the procedure of Article 108(3) of the Treaty on the Functioning of the European Union, a single regional aid map applicable from 1 July 2014 to 31 December 2020. In accordance with paragraph 179 of the RAG, the approved regional aid map is to be published in the *Official Journal of the European Union* and will constitute an integral part of the RAG.
- (2) By letter dated 27 January 2014, registered at the Commission on the same date (2014/8806), the Danish authorities duly notified a proposal for a regional aid map of Denmark applicable for the period from 1 July 2014 to 31 December 2020.
- (3) On 20 February 2014, the Commission requested additional information (2014/18877), which was provided by the Danish authorities on 6 March 2014 (2014/25355).

2. DESCRIPTION OF THE NOTIFIED REGIONAL AID MAP

- (4) In their notification, the Danish authorities propose a list of regions with a total population of 444 084 inhabitants, or 7.90% of the national population, for eligibility for regional aid under the derogation provided in Article 107(3)(c) of the TFEU for the

¹ OJ C 209, 23.07.2013, p.1

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period from 1 July 2014 to 31 December 2020. The notified list only includes non-predefined 'c' areas.

2.1 Non-predefined Article 107(3)(c) areas

- (5) The Danish authorities propose to designate several non-predefined areas as eligible for regional aid under the derogation of Article 107(3)(c) TFEU for the period from 1 July 2014 until 31 December 2020. The non-predefined 'c' areas are proposed in accordance with the criteria set out in paragraph 168 of the RAG. Tables 1 to 4 below present the list of non-predefined 'c' areas proposed, along with the maximal aid intensity proposed for each area. The tables also show the total population of each zone proposed.
- (6) The population statistics used are the most recent data of total resident population published by the Central Statistical Office of Denmark².

2.1.1 Non-predefined 'c' areas in application of Criterion 1 of paragraph 168 of the RAG

- (7) Table 1 below presents the list of proposed non-predefined 'c' areas proposed by Denmark under Criterion 1 of paragraph 168 of the RAG, along with the maximum aid intensity proposed for each region:

Table 1: List of non-predefined 'c' areas proposed under Criterion 1

NUTS 3 Region		LAU 2 Area		POP	Max. aid intensity
Code	Name	Code	Name		
DK022	Vest- og Sydsjælland	376	Guldborgsund	61 025	10% GGE
		390	Vordingborg	45 333	10% GGE
		360	Lolland	43 717	10% GGE
DK031	Fyn	479	Svendborg	58 011	10% GGE
			Total	208 086	

POP: Total resident population in the proposed 'c' area on 4th quarter 2013

2.1.2 Non-predefined 'c' area in application of Criterion 2 of paragraph 168 of the RAG

- (8) Table 2 below presents the proposed non-predefined 'c' area proposed by Denmark under Criterion 2 of paragraph 168 of the RAG, along with the maximum aid intensity proposed for this area:

Table 2: Non-predefined 'c' area proposed under Criterion 2

NUTS 3 Code	Name of NUTS 3 region	POP	Max. aid intensity
DK014	Bornholm	40 432	10% GGE
	Total		

POP: Total resident population in the proposed 'c' area on 4th quarter 2013

2.1.3 Non-predefined 'c' areas in application of Criterion 3 of paragraph 168 of the RAG

- (9) Table 3 below presents the list of non-predefined 'c' areas proposed by Denmark under Criterion 3 of paragraph 168 of the RAG, along with the maximum aid intensity for each region:

Table 3: List of non-predefined 'c' areas proposed under Criterion 3

² <http://www.statistikbanken.dk/FOLK1>

NUTS 3 area concerned Code Name	LAU 2 Code	Name of the eligible LAU 2 area or island	POP of the LAU 2 area or island	Max. aid intensity
DK042 Østjylland	741	Samsø	3 774	10% GGE
DK031 Fyn	492	Ærø	6 406	10% GGE
DK050 Nordjylland	825	Læsø	1 837	10% GGE
DK021 Østsjælland	306	Odsherred	32 452	10% GGE
DK050 Nordjylland	773	Morsø	20 993	10% GGE
DK031 Fyn	482	Langeland	12 736	10% GGE
DK022 Vest- og Sydsjælland		Agersø	181	10% GGE
DK042 Østjylland		Anholt	169	10% GGE
DK031 Fyn		Avernakø	114	10% GGE
DK032 Syddjylland		Barsø	22	10% GGE
DK031 Fyn		Bjørnø	32	10% GGE
DK031 Fyn		Bågå	27	10% GGE
DK050 Nordjylland		Egholm	48	10% GGE
DK042 Østjylland		Endelave	176	10% GGE
DK041 Vestjylland		Fur	826	10% GGE
DK042 Østjylland		Hjarnø	104	10% GGE
DK031 Fyn		Lyø	101	10% GGE
DK032 Syddjylland		Mandø	41	10% GGE
DK022 Vest- og Sydsjælland		Nekselø	18	10% GGE
DK022 Vest- og Sydsjælland		Omø	154	10% GGE
DK022 Vest- og Sydsjælland		Orø	846	10% GGE
DK022 Vest- og Sydsjælland		Sejerø	348	10% GGE
DK042 Østjylland		Tunø	109	10% GGE
DK041 Vestjylland		Venø	190	10% GGE
DK032 Syddjylland		Årø	157	10% GGE
		Total	81 861	

POP: Total resident population in the proposed 'c' area on 4th quarter 2013

2.1.4 Non-predefined 'c' areas in application of Criterion 5 of paragraph 168 of the RAG

- (10) Table 4 below presents the list of non-predefined 'c' areas proposed by Denmark under Criterion 5 of paragraph 168 of the RAG, along with the maximum aid intensity proposed for each area:

Table 4: List of non-predefined 'c' areas proposed under Criterion 5

NUTS 3 Region concerned		Eligible LAU 2 Area		POP	Max. aid intensity
Code	Name	Code	Name		
DK032	Syddjylland	550	Tønder	38 282	10% GGE
		540	Sønderborg	75 423	10% GGE
			Total	113 705	

POP: Total resident population in the proposed 'c' area on 4th quarter 2013

2.2 Maximum aid intensities for SMEs

- (11) The maximum aid intensities presented in tables 1-4 are applicable to investments by large enterprises. In their notification, the Danish authorities propose that these maximum aid intensities can be increased by up to 20 percentage points for small enterprises or by up to 10 percentage points for medium-sized enterprises. However, the increased maximum aid intensities for SMEs will not apply to aid awarded for large investment projects with eligible expenditure above EUR 50 million.

3. ASSESSMENT

3.1 Proposed list of non-predefined Article 107(3)(c) TFEU areas

- (12) According to Annex I of the RAG, Denmark can designate areas with a population of up to 7.97% of the total national population as non-predefined 'c' areas. Compliance with the population coverage allowed will be determined on the basis of the most recent data of total resident population as published by Denmark's national statistical office.
- (13) The non-predefined 'c' areas proposed by Denmark have a total population of 444 084 inhabitants, which represents 7.90% of the total national population. Therefore, the percentage of population of the proposed non-predefined 'c' areas does not exceed the maximum population coverage allocated to Denmark in Annex I of the RAG (7.97%).
- (14) In accordance with paragraph 170 of the RAG, compliance with the population coverage was determined on the basis of the most recent data (fourth quarter 2013) on the total resident population of the areas concerned..
- (15) The statistics on unemployment used in this section are the average unemployment rates for the period 2010-2012 (i.e. the last three years for which such data are available), as published by Denmark's national statistical office. This is in line with the requirement set out in footnote 68 of the RAG.
- (16) In cases where non-predefined 'c' areas are proposed that are not defined as whole NUTS 3 regions or islands, paragraph 169 of the RAG provides that the notion of contiguous areas normally refers to whole LAU 2 areas or to a group of whole LAU 2 areas which share an administrative border with another LAU 2 area in the group. In the case of Denmark, the LAU 2 level corresponds to the municipality level.

3.1.1 Non-predefined 'c' areas in application of Criterion 1 of paragraph 168 of the RAG

- (17) According to paragraph 168 of the RAG, a Member State may designate as non-predefined 'c' areas under Criterion 1 contiguous areas of at least 100 000 inhabitants located in NUTS 2 or NUTS 3 regions that have a GDP per capita below or equal to the EU-27 average or an unemployment rate above or equal to 115% of the national average. Footnote 67 of the RAG establishes that this population threshold will be reduced to 50 000 inhabitants for Member States that have a non-predefined 'c' coverage of less than one million inhabitants, as is the case for Denmark.
- (18) Denmark has notified, in application of Criterion 1, two contiguous areas. One of these contiguous areas is made of three municipalities, with a total population of 150 075 inhabitants. The other one is a municipality with 58 011 inhabitants. The three municipalities forming a contiguous area are situated in a NUTS 3 region (DK022 Vest – og Sydsjælland) which has a GDP per capita below the EU-27 average. The other municipality is situated in a NUTS 3 region (DK031- Fyn), with an unemployment figure of 118.1 of the national average.
- (19) Each of the non-predefined 'c' areas proposed by Denmark under Criterion 1 satisfies the minimum population size condition (minimum of 50 000 inhabitants) and the condition relating to a GDP per capita below the EU-27 average (see table 5 below).

Table 5: List of non-predefined 'c' areas proposed under Criterion 1 indicating the GDP per capita for each region or its unemployment rate

	LAU 2 concerned	NUTS Code	Name of NUTS 3 region	POP	GDP	U-Rate
Area 1	Guldborgsund	DK022	Vest- og Sydsjælland	61 025	87.4	
	Vordingborg	DK022	Vest- og Sydsjælland	45 333	87.4	
	Lolland	DK022	Vest- og Sydsjælland	43 717	87.4	
			Sub-total	150 075		
Area 2	Svendborg	DK031	Svendborg	58 011		118.1
			Total	208 086		

POP: Total resident population in the proposed 'c' area on 4th quarter 2013

GDP: GDP per capita in (NUTS 2) or NUTS 3 region, measured in PPS, three year average for 2008-2010 (EU-27 = 100.00%), EUROSTAT March 21, 2013

U-Rate: Average unemployment rates for the period 2010-2012 (DK= 100), National Statistical Office.

3.1.2 Non-predefined 'c' area in application of Criterion 2 of paragraph 168 of the RAG

- (20) According to paragraph 168 of the RAG, a Member State may designate as 'c' areas, under Criterion 2, entire NUTS 3 regions of less than 100 000 inhabitants that have a GDP per capita below or equal to the EU-27 average or an unemployment rate above or equal to 115% of the national average. The non-predefined 'c' area proposed by Denmark fulfils the conditions of Criterion 2 (see table 6 below).

Table 6: Non-predefined 'c' area proposed under Criterion 2 indicating its GDP per capita and the unemployment rate

NUTS Code	Name of NUTS 3 region	POP	GDP	U-Rate
DK014	Bornholm	40 432	85.9	124.7

POP: Total resident population in the proposed 'c' area on 4th quarter 2013

GDP: GDP per capita in (NUTS 2) or NUTS 3 region, measured in PPS, three year average for 2008-2010 (EU-27 = 100.00%), EUROSTAT March 21, 2013

U-Rate: Average unemployment rates for the period 2010-2012 (DK= 100), National Statistical Office.

3.1.3 Non-predefined 'c' areas in application of Criterion 3 of paragraph 168 of the RAG

- (21) According to paragraph 168 of the RAG, a Member State may designate as 'c' areas, under Criterion 3, islands or contiguous areas characterised by similar geographical isolation with a GDP per capita below or equal to the EU-27 average or an unemployment rate above or equal to 115% of the national average or less than 5,000 inhabitants.
- (22) The 25 areas listed in table 7 below meet the Criterion 3 conditions, since each of them is an island that either has a GDP per capita below or equal to the EU-27 average, or an unemployment rate above or equal to 115% of the national average, or a population of less than 5,000 inhabitants (see table 7 below):

Table 7: List of Non-predefined 'c' areas proposed under Criterion 3 indicating the GDP per capita for each region or its unemployment rate

Name of island	POP	NUTS 3 area concerned	GDP	U-Rate
Samsø	3 774	DK042 Østjylland	98.9	
Ærø	6 406	DK031 Fyn	94.0	
Læsø	1 837	DK050 Nordjylland	96.6	
Odsherred	32 452	DK021 Østsjælland		118.1
Morsø	20 993	DK050 Nordjylland		119.2
Langeland	12 736	DK031 Fyn		126.4
Agersø	181	DK022 Vest- og Sydsjælland		
Anholt	169	DK042 Østjylland		
Avernakø	114	DK031 Fyn		
Barsø	22	DK032 Sydjylland		

Bjørnø	32	DK031 Fyn		
Båge	27	DK031 Fyn		
Egholm	48	DK050 Nordjylland		
Endelave	176	DK042 Østjylland		
Fur	826	DK041 Vestjylland		
Hjarnø	104	DK042 Østjylland		
Lyø	101	DK031 Fyn		
Mandø	41	DK032 Sydjylland		
Nekselø	18	DK022 Vest- og Sydsjælland		
Omø	154	DK022 Vest- og Sydsjælland		
Orø	846	DK022 Vest- og Sydsjælland		
Sejerø	348	DK022 Vest- og Sydsjælland		
Tunø	109	DK042 Østjylland		
Venø	190	DK041 Vestjylland		
Årø	157	DK032 Sydjylland		
Total	81 861			

POP: Total resident population in the proposed 'c' area on 4th quarter 2013.

GDP: GDP per capita in (NUTS 2) or NUTS 3 region, measured in PPS, three year average for 2008-2010 (EU-27 = 100.00%), EUROSTAT March 21, 2013

U-Rate: Average unemployment rates for the period 2010-2012 (DK= 100), National Statistical Office.

3.1.4 Non-predefined 'c' areas in application of Criterion 5 of paragraph 168 of RAG

- (23) According to paragraph 168 of the RAG, a Member State may designate as 'c' areas, under Criterion 5, areas of at least 50 000 inhabitants that are undergoing major structural change or are in serious relative decline, provided that such areas are not located in whole NUTS 3 regions or other contiguous areas that fulfil the conditions to be designated as 'c' areas under Criteria 1 to 4. Footnote 71 of the RAG provides that this population threshold will be reduced to 25 000 inhabitants for member States that have a non-predefined "c" coverage of less than 1 million inhabitants.
- (24) Denmark proposed two non-predefined 'c' areas situated in a NUTS 3 of Sydjylland under Criterion 5 (see table 8 below):

Table 8: List of non-predefined 'c' areas proposed under Criterion 5

Eligible LAU 2 area		POP	NUTS 3 concerned	GDP
Code	Name			
550	Tønder	38 282	DK032 Sydjylland	85.1
540	Sønderborg	75 423	DK032 Sydjylland	86.7
	Total	113 705		

POP: Total resident population in the proposed 'c' area on 4th quarter 2013

GDP: GDP per capita in (NUTS 2) or NUTS 3 region, measured in PPS, three year average for 2008-2010 (EU-27 = 100.00%), EUROSTAT March 21, 2013

- (25) The Commission considers that the areas proposed fulfil the conditions of Criterion 5 for the following reasons:
- The areas proposed are located within NUTS 2 and NUTS 3 regions not fulfilling the conditions to be designated as a 'c' area under Criteria 1 to 4 of paragraph 168 of the RAG, as they have a GDP above the EU-27 average and an unemployment rate below 115% of the national average;
 - Denmark has used the following socioeconomic indicators to select the areas concerned: per capita income (the closest to the GDP), unemployment rate, evolution in employment of the workforce, the proportion of private employment in the primary sector and industry, and driving distance to a large town of more than 45 000 inhabitants. The Commission considers that these indicators are appropriate indicators for measuring relative problems of structural change or decline. Moreover,

the data used for these indicators were drawn from official statistics provided by Denmark's national statistical office.

- The two areas proposed in application of Criterion 5 scored poorly on the national income/cap indicator. The data provided by the Danish authorities on the other indicators also show that these areas are scoring well below the national average
- Each of the two areas proposed is a contiguous area with a total population of at least 25 000 inhabitants respecting the requirements set out in footnote 74 of the RAG.

3.1.5. Respect of population ceiling for non-predefined 'c' areas

- (26) As mentioned in recital (12) above, the population ceiling applying to non-predefined 'c' areas was set at maximum 7.97% of total national population. The non-predefined 'c' areas proposed by Denmark have a total resident population of 444 084 inhabitants. This amounts to 7.90% of the total resident population of that Member State and respects therefore the population ceiling set out in Annex I of the RAG for Denmark.

3.2 Maximum aid intensities proposed for 'c' areas

- (27) Paragraph 174 of the RAG provides that the aid intensity applicable to investment by large enterprises in 'c' areas should not exceed 10% GGE in standard non-predefined 'c' areas.
- (28) Denmark proposes to limit the maximum aid intensity in all 'c' areas proposed to 10% GGE.
- (29) In view of the above, the proposed maximum aid intensities for regional investment aid by large enterprises in the 'c' areas notified by Denmark for the period from 1 July 2014 to 31 December 2020 are in line with the maximum aid intensities allowed for under the RAG.

3.3 Increased aid intensities for SMEs

- (30) In accordance with paragraph 177 of the RAG, the maximum aid intensities applicable to large enterprises can be increased by up to 20 percentage points for small enterprises or by up to 10 percentage points for medium-sized enterprises. However, the increased maximum aid intensities for SMEs will not apply to aid awarded for large investment projects.

3.4 Other commitments made by the Danish authorities

- (31) The Commission takes note of the following commitments made by the Danish authorities in the notification:
- (a) The Danish authorities confirmed that all intentions to grant regional aid will be notified to the Commission in accordance with Article 108(3) TFEU, either as an aid scheme, or as an individual notification, unless a block exemption regulation applies.
 - (b) The Danish authorities confirmed that all regional investment aid will respect the maximum aid intensities of the area concerned as defined in the regional aid map approved by the Commission and published in the *Official Journal of the European Union*.

- (c) The Danish authorities confirmed that for large investment projects (as defined in paragraph 20(l) of the RAG) the aid ceilings of the area concerned, as defined in the regional aid map approved and published by the Commission, will be adjusted according to the formula in paragraph 20(c) of the RAG.

3.5 Conclusion

- (32) In view of the above, the Commission concludes that the regional aid map for the period from 1 July 2014 to 31 December 2020, as notified by Denmark, is in line with the RAG.
- (33) The Commission recalls that the maximum aid intensities specified in the regional aid map apply only to investments carried out in sectors that fall within the scope of the RAG, as defined in paragraph 10 thereof. In particular, 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 and forestry sector³, or in any guidelines replacing them.

4. DECISION

- (34) The Commission has accordingly decided:
- to approve the regional aid map of Denmark for the period from 1 July 2014 to 31 December 2020 as set out in the Annex, as it fulfils the conditions laid down in the Guidelines on regional State aid for 2014-2020.
 - to publish the regional aid 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 following Internet site:

<http://ec.europa.eu/competition/elojade/isef/index.cfm>

- (35) Any request concerning this letter should be sent by registered letter or fax to:

European Commission
Directorate-General for Competition
State Aid Registry
B-1049 Brussels
Fax No: +32 2 29 61242

Yours faithfully,
For the Commission

Joaquín ALMUNIA
Vice-President

³ OJ C319, 27.12.2006, p.1.

ANNEX to the decision on case SA.38247
Guidelines on regional State aid for 2014-2020

(OJ C 209, 23.07.2013, p. 1)

Denmark - Regional aid map applicable from 1.7.2014 to 31.12.2020

(Approved by the Commission on ...)

Regions eligible for aid under Article 107(3)(c) TFEU from 1.7.2014 to 31.12.2020

(a) Non-predefined Article 107(3)(c) areas (Art. 168 RAG, criteria 1)

NUTS 3 Code	Region Name	LAU 2 Code	Name of eligible LAU 2 area	Maximum aid intensities (applicable to large enterprises)*
DK022	Vest- og Sydsjælland	376	Guldborgsund	10% GGE
		390	Vordingborg	10% GGE
		360	Lolland	10% GGE
DK031	Fyn	479	Svendborg	10% GGE

(b) Non-predefined Article 107(3)(c) areas (Art. 168 RAG, criteria 2)

NUTS 3 Code	Name of NUTS 3 region	Maximum aid intensities (applicable to large enterprises)*
DK014	Bornholm	10% GGE

(c) Non-predefined Article 107(3)(c) areas (Art. 168 RAG, criteria 3)

NUTS 3 Code	concerned Name	LAU 2 code	Name of the eligible Island	Maximum aid intensities (applicable to large enterprises)*
DK042	Østjylland	741	Samsø	10% GGE
DK031	Fyn	492	Ærø	10% GGE
DK050	Nordjylland	825	Læsø	10% GGE
DK021	Østsjælland	306	Odsherred	10% GGE
DK050	Nordjylland	773	Morsø	10% GGE
DK031	Fyn	482	Langeland	10% GGE
DK022	Vest- og Sydsjælland		Agersø	10% GGE
DK042	Østjylland		Anholt	10% GGE
DK031	Fyn		Avernakø	10% GGE
DK032	Sydjylland		Barsø	10% GGE
DK031	Fyn		Bjørnø	10% GGE
DK031	Fyn		Bågå	10% GGE
DK050	Nordjylland		Egholm	10% GGE
DK042	Østjylland		Endelave	10% GGE
DK041	Vestjylland		Fur	10% GGE
DK042	Østjylland		Hjørnø	10% GGE
DK031	Fyn		Lyø	10% GGE
DK032	Sydjylland		Mandø	10% GGE
DK022	Vest- og Sydsjælland		Nekselø	10% GGE
DK022	Vest- og Sydsjælland		Omø	10% GGE
DK022	Vest- og Sydsjælland		Orø	10% GGE

DK022 Vest- og Sydsjælland		Sejersø	10% GGE
DK042 Østjylland		Tunø	10% GGE
DK041 Vestjylland		Venø	10% GGE
DK032 Sydjylland		Årø	10% GGE

(d) Non-predefined Article 107(3)(c) areas (Art. 168 RAG, criteria 5)

NUTS 3 Region Code Name	LAU 2 Code	Name of eligible LAU 2 area	Maximum aid intensities (applicable to large enterprises)*
DK032 Sydjylland	550	Tønder	10% GGE
	540	Sønderborg	10% GGE

* 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 20(c) of the Guidelines on national regional aid for 2014-2020.