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**Subject: State aid SA.41045 (2015/N) – Finland
Amendment to the Regional aid map 2014-2020 – use of the population reserve**

Sir,

1. PROCEDURE

- (1) On 9 April 2014, the Commission approved the Finnish Regional aid map (SA.38359) for the period from 1 July 2014 until 31 December 2020. This approved aid map contained a population reserve equivalent to 36,306 inhabitants.
- (2) By electronic notification of 23 February 2015, the Finnish authorities notified an amendment to their map in order to use the population reserve.

2. DESCRIPTION OF THE NOTIFIED AMENDMENT TO THE REGIONAL AID MAP

- (3) In their notification, the Finnish authorities propose an extra area to be eligible for regional aid under the derogation provided in Article 107(3)(c) of the TFEU until 31 December 2020. The area is notified as a non-predefined 'c' area.

2.1 Population reserve

- (4) In the approved regional aid map for the period 1 July 2014 to 31 December 2020, a population reserve is foreseen in accordance with paragraph 180 of the RAG. This population reserve is equivalent to 0.669% of the national population (or 36,306

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inhabitants), based on the most recent data on the resident population as published by the national statistical office¹.

- (5) The paragraphs 181 and 182 of the RAG provide that if a Member State decides to use the reserve to add new ‘c’ areas in its map, this is possible until its national coverage ceiling is reached. For this purpose, a Member State may refer to the most recent socioeconomic data provided by Eurostat or by its national statistical office or other recognised sources. The population of the ‘c’ areas concerned should be calculated on the basis of the population data used for establishing the initial map. The Member State must notify the Commission each time it intends to use its population reserve to add new ‘c’ areas prior to putting into effect such amendments.

2.2 Non-predefined Article 107(3)(c) area

- (6) The Finnish authorities propose to use this population reserve to designate an extra non-predefined area for eligibility on the basis of the regional aid derogation laid down in Article 107(3)(c) TFEU for the period from the date of adoption of this decision until 31 December 2020.
- (7) The Finnish authorities propose to include the area as a non-predefined 'c' area in accordance with Criterion 5 as set out in paragraph 168 of the RAG. Table 1 below presents the proposed non-predefined 'c' area along with the maximum aid intensity to be applied in that area:

Table 1: non-predefined 'c' area proposed under Criterion 5

NUTS Code	Name of LAU 1 sub-region	Population ²	Max. aid intensity
FI 193 035	Äänekoski	23 168	10% GGE
FI 193 138 931	Viitasaari	11 398	10% GGE
FI 193 138 601	Pihtipudas		10% GGE
	Total	34 566	

2.3 Maximum aid intensities for SMEs

- (8) In accordance with paragraph 177 of the RAG, the Finnish authorities propose that 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 with eligible expenditure above EUR 50 million.

3. ASSESSMENT

3.1 Proposed use of the population reserve

- (9) In accordance with the decision of 9 April 2014, Finland can designate areas with a population of up to 0.669% of the national population (or 36,306 inhabitants) as non-predefined ‘c’ areas.

¹ Population data on 31 December 2012 as provided by Statistics Finland.

² The population data here and below is based on the data of Statistics Finland for 31 December 2012

- (10) Finland proposes an additional non-predefined area with a total population of 34,566 inhabitants, which represents 0.637% of the national population.
- (11) Criterion 5 of paragraph 168 of the RAG allows a Member State to designate as ‘c’ areas contiguous areas of at least 25,000 inhabitants³ that are undergoing major structural change or are in serious relative decline, provided that they do not fulfil the conditions to be designated as 'c' areas under Criteria 1 to 4.
- (12) According to paragraph 169 of the RAG, for the purpose of applying the criteria set out in paragraph 168, the notion of contiguous areas refers to whole local administrative unit 2 (LAU 2) areas or to a group of whole LAU 2 areas. A group of LAU 2 areas will be considered to form a contiguous area if each of those areas in the group shares an administrative border with another area in the group.
- (13) The Commission considers that the newly proposed area fulfils the conditions of Criterion 5 for the following reasons:
- The area proposed is not located in a contiguous area that fulfils the conditions to be designated as predefined area or under Criteria 1, 3 or 4. The area proposed is also not located in a NUTS 3 area that fulfils the conditions to be designated as predefined area or under Criteria 2 or 4.
 - Finland focused on employment-related socioeconomic indicators to select the area concerned: an unemployment rate in 2014 of 19.0 for Äänekoski-Konnevesi and 16.8 for Viitasaari-Pihtipudas, compared to an unemployment rate of 12.4 for the whole of Finland. The Commission considers that these indicators are appropriate for measuring major structural change and serious relative decline in the area proposed. Moreover, the available data for these indicators were provided by Finland's national statistical office and other recognised sources.⁴ Each of these indicators show that the area proposed scored below the national average.
 - The area proposed consists of 4 LAU 2 areas (Äänekoski, Konnevesi, Viitasaari and Pihtipudas)⁵ that share an administrative border and have a total population of 34,566, which is well above the threshold in the case of Finland of 25,000 inhabitants.
- (14) In view of the above, the area proposed satisfies all the conditions for eligibility as a non-predefined 'c' area under the Criterion 5 and complies with paragraph 169 of the RAG with regard to the notion of contiguous areas.

3.2 Respect of population ceiling for non-predefined ‘c’ areas

- (15) In its decision on the Finnish regional aid map 2014-2020 of 9 April 2014, the Commission noted that Finland established a population reserve for non-predefined ‘c’ areas in accordance with paragraph 180 of the RAG. This reserve was quantified at 0.669% of the total national population of Finland. The extra non-predefined ‘c’ area

³ The Commission notes that, in accordance with footnote 71 of the RAG, the population threshold of 50,000 inhabitants as required in para. 168 (e) RAG is reduced to 25,000 inhabitants in the case of Finland, since this Member State has a non-predefined 'c' coverage of less than 1 million inhabitants.

⁴ The data were provided by Statistics Finland and the Ministry of Employment and the Economy

⁵ The LAU2 of Äänekoski and Konnevesi form together the LAU1 of Äänekoski.

proposed by Finland in the present notification has a total resident population of 34,566 inhabitants. This amounts to 0.637% of the total resident population of that Member State. It is therefore well below the population reserve set out in the decision on the Finnish Regional aid map of 9 April 2014.

3.3 Maximum aid intensities proposed for 'c' areas

- (16) Paragraph 174(a) and (b) of the RAG provide that the aid intensity applicable to investment by large enterprises in 'c' areas should not exceed the following percentages:
- 10% GGE in non-predefined 'c' areas;
 - 15% GGE in predefined 'c' areas (sparsely populated areas).
- (17) In view of the above, the maximum aid intensities for regional investment aid by large enterprises in the 'c' areas notified by Finland for the period from 1 July 2014 to 31 December 2020 are in line with the maximum aid intensities allowed for under the RAG.

3.4 Increased maximum aid intensities for SMEs

- (18) 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 as defined in paragraph 20(l) of the RAG.

3.5 Other commitments made by the Finnish authorities

- (19) The Commission takes note of the following commitments made by the Finnish authorities in the notification with regard to the amended map:
- (a) The Finnish 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 Finnish authorities confirmed that all regional investment aid will respect the maximum aid intensities of the region concerned as defined in the regional aid map approved by the Commission and published in the *Official Journal of the European Union*.
 - (c) The Finnish authorities confirmed that for large investment projects (as defined in paragraph 20(l) of the RAG) the aid ceilings of the region 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.

3.6 Conclusion

- (20) In view of the above, the Commission concludes that the amendment of the regional aid map as notified by Finland is in line with the RAG.
- (21) 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 sector⁶, or in any guidelines replacing them.

4. CONCLUSION

(22) The Commission has accordingly decided:

- to approve the amendment to the regional aid map of Finland for the period starting from the date of this decision till 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 amended 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/eojade/isef/index.cfm>

(23) 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

Margrethe VESTAGER
Member of the Commission

⁶ OJ C319, 27.12.2006, p.1.

ANNEX to the decision on case SA.41045

Guidelines on regional State aid for 2014-2020

(OJ C 209, 23.07.2013, p. 1)

Finland – Amendment to the regional aid map

applicable till 31.12.2020

Zone Code	Zone Name	Maximum aid intensities applicable to regional aid granted to large enterprises ⁷
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Regions eligible for aid under Article 107(3)(c) of the TFEU until 31.12.2020

FI	Finland	
FI1D1	Etelä-Savo	15%
FI1D2	Pohjois-Savo	15%
FI1D3	Pohjois-Karjala	15%
FI1D4	Kainuu	15%
FI1D5	Keski-Pohjanmaa	15%
FI1D6	Pohjois-Pohjanmaa	15%
FI1D7	Lappi	15%
FI183 022	Salo	10%
<u>FI 193 035</u>	<u>Äänekoski</u>	10%
<u>FI 193 138 931</u>	<u>Viitasaari</u>	10%
<u>FI 193 138 601</u>	<u>Pihtipudas</u>	10%

⁷ 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 regional State aid for 2014-2020.