



DET KONGELIGE
KOMMUNAL- OG REGIONALDEPARTEMENT

Royal Ministry of Local Government and Regional Development

EFTA Surveillance Authority
Rue Belliard 35

1040 Brussels

Your ref

Our ref
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State aid guidelines on national regional aid - Notification of a regional transport aid scheme

In accordance with Article 1(3) of Protocol 3 to the Surveillance and Court Agreement, the Norwegian authorities hereby notifies to the EFTA Surveillance Authority of their intention to implement a regional transport aid scheme for the period 1 January 2007 – 31 December 2013.

Reference is made to the State aid guidelines on national regional aid (RAG) adopted by the Authority 6 April 2006. The Norwegian authorities will demonstrate below that the proposed regional transport aid scheme is in accordance with the new Chapter 25.B of the RAG.

1. Existing transport aid schemes

Norway currently has two notified transport aid schemes in operation:

I. A national transport aid scheme (compensation for the increased differentiated social security contribution) was approved by the Authority 25 February 2004 (Dec. No. 22/04/COL). The scheme is administrated by Innovation Norway and comprises the county of Nordland, and parts of the counties Troms, Nord-Trøndelag, Sør-Trøndelag, Møre og Romsdal, Sogn og Fjordane, Oppland and Hedmark.

II. A regional direct transport aid scheme was approved by the Authority 19 December 2001 (Dec. No. 418/01/COL). The scheme is administrated by the county municipalities and comprises the counties of Finnmark, Troms, Nordland and parts of Nord-Trøndelag.

Both schemes expire 31. December 2006.

2. Notification of a regional transport aid scheme for the period 1 January 2007 – 31 December 2013

2.1 Aim of the scheme

Extra transport costs is one of the permanent disadvantages or costs of distance related handicaps for firms located in peripheral areas and within a sparsely populated region compared to firms located in central areas. The aim of the scheme is thus to partly offset the competitive disadvantages that additional transport costs represent for enterprises situated long distances from their markets.

2.2 National legal basis

The national legal basis for the implementation of a regional transport aid scheme are the national guidelines on regional transport aid, Nasjonale retningslinjer for regional transportstøtte (Ytre rammeverk), see annex II.

2.3 Area proposed eligible for regional transport aid

The Norwegian authorities present below the area proposed eligible for regional transport aid.

Eligible municipalities:

Zone 1

The counties of Finnmark, Troms and Nordland

The following municipalities in the county of Nord-Trøndelag: Leka, Nærøy, Vikna, Flatanger, Fosnes, Overhalla, Høylandet, Grong, Namsos, Namsskogan, Røyrvik, Lierne, Snåsa, Inderøy, Namdalseid, Verran, Mosvik, Verdal, Leksvik, Meråker, Steinkjer

Zone 2

The following municipality in the county of Sør-Trøndelag: Frøya

The county of Sogn og Fjordane

The following municipalities in the county of Hordaland: Masfjorden, Fedje, Modalen, Vaksdal, Austevoll, Samnanger, Kvam, Voss, Granvin, Kvinnherad, Tysnes, Fitjar, Etne, Ulvik, Ullensvang, Odda, Jondal

The following municipalities in the county of Buskerud: Hemsedal, Ål, Hol

2.3.1 Geographical scope

The designation of the regional transport aid map is based on the RAG which state that transport aid may only be given in areas qualifying for regional aid on the basis of the population density test. Eligibility for regional transport aid is thus determined in

accordance with the definition of the low population density areas in Chapter 25.B.3.3 of the RAG.

The assisted area (the regional aid map) in Norway was authorized by the Authority 19 July 2006 and covers 27.5 percent of the total population (Dec. No. 226/06/COL). All municipalities proposed eligible for regional transport aid is within the regional aid map for the period 2007 - 2013. The area for regional transport aid covers 16 percent of the total population.

In addition, as stated in the RAG chapter 25.B.5(70), the areas proposed eligible for regional transport aid must have additional transport costs. The existence of extra transport costs in remote areas in Norway is demonstrated in a study undertaken by the Institute of Transport Economics in Norway (TØI) in 2006 (see annex IV). The study covered 36 individual, randomly sampled companies in different parts of the country. The extra transport costs were calculated on the basis of information given by the firms. The study demonstrated that firms located in the most remote and sparsely populated areas did have a substantial disadvantage compared to firms in more central areas, due to higher direct and indirect transport costs.

The area proposed eligible for regional transport aid thus meet both the population density and the transport cost criteria as specified in Chapter 25.B.5(70).

2.4 Eligible types of transport

Under the regional transport aid scheme, aid is granted in relation to transport of processed goods from enterprises located in the eligible area.

2.5 Calculation of the regional transport aid

Aid may only be given in respect to compensation of the extra cost of transport of goods inside national boundaries and calculated on the basis of the shortest and most economical option of transport mode between the place of production and processing and commercial outlet. Aid must not become export aid.

Only documented transport costs may form the basis for calculating the aid. The transport aid is calculated as a percentage of the total transport costs, reflecting the real extra transport costs in the assisted area. In this context, the transport cost refers to costs, which are specified in a consignment note or equivalent document and which is dependent on the transport distance inside national boundaries, weight of goods and type of goods and on freight charges and other charges which may be attributed to the actual transport.

Transport aid is given on the basis of applications from the firms, the year after the transport costs have occurred. The transport aid is paid as a grant partly to cover the costs for transport of goods by rail, road or sea.

The aid intensity will be differentiated in to two zones according to the transport distance. To be eligible for transport aid the distance for the transportation has to be 350 km or more. For transport distances of 701 or more km, the aid intensity increases in the different transport zones. Table 1 below shows the aid intensity for the different zones based on different transport distances.

Table 1 Aid intensity

Transport distances in kilometre	Zone 1	Zone 2	When transporting goods to destinations
350 – 700	30 %	20 %	
701 -	40 %	30 %	

ions in Sweden and Finland, the calculation of total transport distance includes also the distances within Sweden and Finland. However, aid is only given to the transport costs occurred within the national borders.

For further details, see annex II.

3. Duration of the scheme

The scheme will remain in force from 1 January 2007 to 31 December 2013. The scheme will be published.

4. Budget and administration

The scheme will be financed and administrated at the regional level by the county municipalities. The annual budget for the regional transport aid scheme is thus dependent on county municipality budgets. There is no national budget for the scheme. However, funds from national regional development budgets may be used.

The county municipalities will develop guidelines for the regional transport aid scheme. The Norwegian authorities will ensure that the counties will conduct the regional transport aid scheme in compliance with the national guidelines for regional transport aid through an annual reporting system.

5. Cumulation

By defining maximum aid intensity as a percentage of the total transport costs, the Norwegian authorities will ensure that firms are not being overcompensated, according to Chapter 25.B.5(70) of the RAG.

6. Sectors exempted from the scheme

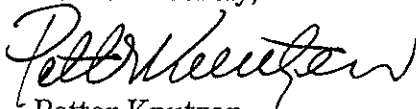
The following economic activities cannot receive regional transport aid:

- a) Industries covered by specific sectoral rules such as transport, shipbuilding and the steel industry as defined in Chapter 25.B.2. (8).
- b) The scheme does not apply to transport or transmission of the products of businesses without an alternative location as defines in Chapter 25.B.5(70), indent two:
 - Production and distribution of electricity
 - Extraction of crude petroleum and natural gas
 - Service activities incidental to oil and gas extraction excluding surveying
 - Mining and metal ores
 - Extraction of the industrial minerals: nepheline, syenite and olivine

Concluding remarks

If the Authority needs any further information about the scheme, please do not hesitate to bring these forward as soon as possible.

Yours sincerely,


Petter Knutzen
Deputy General Officer


Iver Grøtting Prestkvern
Adviser

Enclosures:

Annex I: Standard form for notification

Annex II: Nasjonale retningslinjer for regional transportstøtte (Ytre rammeverk)

Annex III: Transport aid map

Annex IV: Rapport U-3211 " Intervju og rullerende analyse av vareproduserende bedrifter i aktuelle "transportstøttesoner" Transport økonomisk institutt, 7. juni 2006

Annex V: Exerpt from St.prp.nr 1 (2006-2007) Ministry of Local Government and Regional Development <http://odin.dep.no/filarkiv/292005/Stp0010607-TS.pdf>

Annex VI: Summary statistics

