



EUROPEAN COMMISSION

Brussels, 24.01.2013
C(2013) 383 final

Subject: **State aid SA.35913 (2012/N) – Sweden**
 Amendment of the State aid broadband scheme within the framework
 of the rural development program (modification of N30/2010 and
 SA.33221)

Sir,

1. PROCEDURE

- (1) On 18 December 2012, Sweden notified to the Commission, in accordance with Article 4 (2a) of Commission Regulation (EC) N° 794/2004¹, increases in the budget of an authorised aid scheme. The original aid measure was approved by the Commission in March 2010 as State aid case N30/2010² and amended in July 2011 as State aid SA.33221³ (increases in the budget). The Swedish authorities have provided a language waiver and agree that the decision will be adopted in English as the authentic language.

2. DESCRIPTION OF THE MEASURE

- (2) The present notification increases the budget by SEK 775 million (approximately EUR 88.4 million) of which SEK 475 million will be financed from national funds and SEK 300 million from EAFRD. In 2012, the rural development program was increased by SEK 375 million for broadband investments of which SEK 200 million were notified and approved in State aid case SA.33221. Concerning the remaining,

¹ Commission Regulation (EC) N° 794/2004 of 21 April 2004 implementing Council Regulation (EC) N° 659/1999 laying down detailed rules for the application of Article [113] of the TFEU.

² State aid N30/2010 State aid to broadband within the framework of the rural development program, Sweden, JOCE C/96/2010.

³ State aid SA. 33221 (2011/N) – Amendment of the State aid broadband scheme within the framework of the rural development program (modification of N30/2010), Sweden, JOCE C/377/2011.

Carl BILDT
Chef för Utrikesdepartementet
Arvfurstens palats
Gustav Adolfs torg 1
SE - 103 23 Stockholm

additional, SEK 175 million allocated to the scheme in 2012, the Swedish authorities have confirmed that these have not yet either been granted or awarded (by binding decisions to selected beneficiaries). For 2013, the rural development program's broadband investments have further been increased by SEK 600 million. Thus, the present notification concerns in total SEK 775 million. Therefore, the total budget for the whole duration of the scheme (2010-2013) is SEK 1 228 million (approximately EUR 136.44 million). The duration remains the same as approved by the Commission in State aid case N30/2010 and as amended by State aid case SA.33221.

- (3) Consequently, as in State aid case N30/2010 and as amended by State aid SA.33221, the budget is specified according to the following:

	Total public funding	Of which EAFRD (47%)	Of which Sweden (53 %)
<i>Year</i>	<i>Euro</i>		
2010-2013	136 444 444	64 444 444	72 000 000
<i>Year</i>	<i>SEK (exchange rate: 9 SEK/euro)</i>		
2010-2013	1 228 000 000	580 000 000	648 000 000

- (4) The Swedish authorities explained that the reason for the budget increase is that there has been a high demand for support for broadband projects since the aid measure was introduced. Moreover, the average investment cost per project also turned out to be higher than originally assumed, whereas the proportion of non-paid volunteer work⁴ (from where the Swedish authorities expected majority of the investments) in the projects has been lower. If the scheme is to be implemented fully, the budget needs to be increased once more. The Swedish authorities have also confirmed that the budget increase is only for new support measures for which the tender procedures have not yet been concluded and no bidders have been selected.
- (5) Until 30 September 2012, 333 projects have been awarded support under the scheme (corresponding to a sum of SEK 583 million). Another 204 projects have applied for support, equally an amount of around SEK 602 million.
- (6) Thus, in order to implement the scheme in full, the budget needs to be increased. The notified budget increase will be financed through new national funding to the rural development program and reallocation of EAFRD funds within the programme.
- (7) Apart from the budget changes, no other changes to the scheme are foreseen and thus the notified scheme is in substance the same as the scheme approved by the Commission in State aid case N30/2010 and as amended by State aid case SA.33221.

⁴ As defined in Article 54 of Commission Regulation (EC) No 1974/2006 of 15 December 2006 laying down detailed rules for the application of Council Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD). OJ L 368/15, 23.12.2006.

3. ASSESSMENT OF THE MEASURE

3.1. Existence of aid within the meaning of Article 107(1) of the TFEU

- (8) The measure constitutes State aid within the meaning of Article 107(1) TFEU, as already described in Commission decision N30/2010 including the subsequent amendment in SA.33221⁵.

3.2. Compatibility of the aid

- (9) As explained above, the notified scheme is based on an authorised aid scheme, which was originally approved by the Commission on 25 March 2010 as State aid case N30/2010, and amended in State aid case SA.33221, as being compatible with the internal market under Article 107(3)(c) TFEU. Besides the budget changes, Sweden will not alter any other conditions on which the original scheme, including the subsequent amendment, were approved by the Commission. It is noted that Sweden has confirmed that the notified aid measure has not yet been granted and that the standstill obligation enshrined in Article 108(3) TFEU has been respected.
- (10) Therefore the Commission sees no reason to depart from its previous positive compatibility assessment in N30/2010 and SA. 33221. Thus, the aid can be considered to be compatible with the internal market in accordance with Article 107(3)(c) TFEU, on the basis of the conditions stipulated in the Broadband Guidelines⁶.

4. CONCLUSION

- (11) The Commission therefore finds the "Amendment of the State aid to broadband scheme within the framework of the rural development program (modification of N30/2010 and SA.33221)" is compatible with the internal market in accordance with Article 107(3)(c) of the TFEU and has accordingly decided not to raise objections to the notified measure.
- (12) The Commission reminds Sweden to submit annual reports on the application of the aid scheme. The Commission furthermore reminds Sweden that the Commission has to be notified, according to Article 108(3) TFEU, of all plans to prolong or alter this aid scheme. In view of the duration of the scheme (until the 31 December 2013), the Commission would like to draw the Swedish authorities' attention to the revision of the Guidelines, which might make appropriate measures to the scheme necessary.
- (13) The Commission notes that Sweden has agreed that the decision shall be adopted in English as the authentic language.

⁵ For reference, see footnotes 2 and 3.

⁶ Communication from the Commission — Community Guidelines for the application of State aid rules in relation to rapid deployment of broadband networks Text with EEA relevance, OJ C 235, 30.9.2009, p. 7–25.

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Your request should be sent by registered letter or fax to:

European Commission
Directorate-General for Competition
State Aid Greffe
Rue Joseph II 70
B-1049 Brussels
Fax No: +32 2 29 61242

Yours faithfully,
For the Commission

Joaquín ALMUNIA
Vice-President