



EUROPEAN COMMISSION

Brussels, 25.7.2011
C(2011) 5437 final

Subject: State aid SA. 33221 (2011/N) – Sweden
Amendment of the State aid broadband scheme within the framework of the rural development program (modification of N30/2010)

Sir,

1. PROCEDURE

- (1) On 22 June 2011, 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 N30/2010.²

2. DESCRIPTION OF THE MEASURE

- (2) The present notification increases the budget by SEK 200 million (approximately EUR 22,22 million) of which SEK 110 million will be financed from national funds and SEK 90 million from EAFRD. The budget is also adjusted so that it is not divided in different years as the Swedish authorities claim that it is not possible to exactly predict how much will be needed to use every year. The new overall budget of the scheme is therefore SEK 453 million (approximately EUR 50,33 million) for the duration of

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.

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2010-2013. The duration remains the same as approved by the Commission in State aid case N30/2010.

- (3) The amended budget can be specified according to the following:

	Total public funding	Of which EAFRD (62%)	Of which Sweden (38 %)
<i>Year</i>	<i>Euro</i>		
2010-2013	50 333 333	31 111 111	19 222 222
<i>Year</i>	<i>SEK (exchange rate: 9 SEK/euro)</i>		
2010-2013	453 000 000	280 000 000	173 000 000

- (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 last year. Moreover, the average investment cost per project also turned out to be higher than originally assumed, whereas the proportion of non-paid volunteer work³ (from where the Swedish authorities expected majority of the investments) in the projects has been lower. 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 April 2011, 90 projects have been awarded support under the scheme (corresponding to a sum of SEK 173 million). Another 41 projects have applied for support, equally an amount of around SEK 107 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 reallocation of funds within the rural development 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.

³ 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 N30/2010⁴.

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 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 was approved by the Commission.
- (10) Therefore the Commission sees no reason to depart from its previous positive compatibility assessment in N30/2010. 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 Guidelines⁵.
- (11) In view of the duration of the scheme (until the 31 December 2013), the Commission would like to draw the Swedish authorities' attention to future revisions of the Guidelines, which might make appropriate measures to the scheme necessary.

4. CONCLUSION

- (12) 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)*" 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.
- (13) The Commission reminds Sweden to submit annual reports on the application of the aid scheme.
- (14) 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.

⁴ For reference, see footnote 2.

⁵ 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
Directorate State Aid II
Rue de la Loi/Wetstraat, 200
B-1049 Brussels
Fax No: +32 2 296 12 42

Yours faithfully,
For the Commission

Maria DAMANAKI
Member of the Commission