European Commission - Press release

State Aid: Commission gives guidance on local public support measures that can be granted without prior Commission approval

Brussels, 29 April 2015

The European Commission has concluded in relation to seven measures granting public support to purely local operations that they do not involve state aid within the meaning of EU rules, because they are unlikely to have a significant effect on trade between Member States. The decisions concern the Czech Republic, Germany, the Netherlands and the UK.

Today's decisions provide Member States and stakeholders with additional guidance to determine which cases do not need to be cleared by the Commission under EU state aid rules. They complement the Commission's revised General Block Exemption Regulation adopted in May last year, which considerably extended the scope of exemptions from prior approval by the Commission.The overall purpose is to further reduce the administrative burden for public authorities and companies, and focus the Commission's resources on enforcing state aid rules in cases with the biggest impact on the Single Market. This is an important objective of the Commission's State Aid Modernisation (SAM) initiative.

EU State aid rules are fundamental to ensure that all companies can compete on an equal footing across the EU's Single Market. Public support to individual companies is in principle prohibited unless it can be justified, as it distorts the level playing field in the Single Market (Article 107(1) of the Treaty on the Functioning of the European Union). This prohibition only applies to measures whichcan **affect trade between Member States**. Given the high level of economic integration achieved within the EU, aid that distorts competition between companies will in most cases also have an impact on intra-EU trade.

However, if State support is granted to an activity which has **a purely local impact**, there may not be an effect on intra-EU trade, e.g. where the beneficiary supplies goods or services to a limited area within a Member State and is unlikely to attract customers from other Member States. Moreover, the measure should have **no - or at most marginal – foreseeable effects on cross-border investments** in the sector or the establishment of firms within the EU's Single Market. This is demonstrated by the facts of the seven cases decided today.

The non-confidential versions of the decisions will be published in the State aid register on the competitionwebsite under the case numbers indicated below once eventual confidentiality issues have been resolved. The State Aid Weekly e-Newslists new publications of state aid decisions on the internet and in the EU Official Journal.

Details on the decisions

Czech Republic - Hradec Králové public hospitals (SA.37432)

The public hospitals owned by the *Hradec Králové* Region receive public funding with the main purpose of ensuring medical emergency services and of financing the equipment required by these hospitals for the provision of their services. The Commission considers that this public funding is not liable to have an effect on trade between Member States and therefore does not constitute State aid in essence because of two reasons: The main activity of the hospitals is to provide medical care for people living in the local catchment area of each hospital (i.e. their district). Furthermore, there is no indication of relevant cross-border investments in hospitals or of the establishment of health-care providers from other Member States in the region.

Germany – Medical centre in Durmersheim (SA.37904)

The Commission received a complaint alleging that the German municipality of Durmersheim in Baden-Württemberg rents out facilities below the market price to the medical centre *Klinikum Mittelbaden*. The centre offers standard medical services aimed at the local population, for which competition only occurs at local level. Language issues and features of the national health or insurance systems make cross-border competition unlikely for standard medical services. Moreover, taking into account the modest size of the centre and the rent paid, any possible advantage would be very limited and its effects negligible. The alleged beneficiary of aid does not have any activity for which competition is taking place at a wider than local level.

Germany - Städtische Projektgesellschaft "Wirtschaftsbüro Gaarden - Kiel" (SA.33149)

"*Projektgesellschaft Kiel-Gaarden GmbH*" is owned and run by the City of Kiel. It provides, on a very small scale, free information, advisory and consultancy services to interested individuals, newly created firms and SMEs in order to increase the attractiveness and economic activity in Kiel-Gaarden. Its services are exclusively provided locally, in Kiel-Gaarden, which is a disadvantaged part of Kiel benefitting from urban development measures. In addition, the Commission found that there was no evidence of relevant cross-border investments for such services which provide basic advice to very small businesses in socially disadvantaged urban areas.

Germany – Landgrafen-Klinik (SA.38035)

The *Landgrafen-Klinik* is a 200-bed rehabilitation clinic situated in Bad Nenndorf, Lower Saxony. The Land has granted the clinic compensation for losses incurred in the provision of healthcare services. The Commission considers that this public funding is not liable to affect trade between Member States and therefore does not constitute State aid in essence because the services provided by *Landgrafen-Klinik* are of a purely local nature (of the 3080 patients it treated in 2013 not a single one resided in and came from another Member State), and the public funding of *Landgrafen-Klinik* has never attracted substantial investment to the region nor created concrete obstacles to the establishment of other undertakings (there are in fact more than 20 rehabilitation clinics in the area).

The Netherlands – Investment aid for Lauwersoog port (SA.39403)

The investment project in *the port of Lauwersoog* consists in a lengthening of the quay in its fishing port, modernising its marina for pleasure boats and constructing a floating platform for recreational fishing. Lauwersoog port is mainly used by small fishing vessels which choose a port mainly in view of its geographical proximity to the relevant fishing grounds. The investment will not lead to a significant increase in the port's capacities and, in particular, will not increase its capacity to cater for larger ships. Thus, the investment in the fishing port is targeted at a local market and will not have any significant effect on the patterns of trade between Member States in the sense that it would not provide incentives to fishermen from other Member States to use the Port of Lauwersoog rather than fishing ports in other Member States. The parts of the project aimed at recreational activities are also clearly targeted at a local market (the marina only has 60 moorings) and, as such, will not have any negative effect on cross-border trade.

United Kingdom - Glenmore Lodge (SA. 37963)

Glenmore Lodge, which is operated and subsidised by SportScotland, a public body, is Scotland's "National Outdoor Training Centre". It is active in two areas: certification courses for mountain coaches and instructors, offering qualifications recognised by sports governing bodies in the UK and, to a lesser extent, training in mountain skills and mountain sports for the general public. The Commission found that the support from SportScotland does not have an effect on trade between Member States and therefore does not constitute State aid because the major part of Glenmore Lodge's activity is targeted at a regional or at most national customer base, and because there is no positive evidence of cross-border investments or establishment for the sort of services offered by Glenmore Lodge.

United Kingdom - Member-owned golf clubs (SA.38208)

In the UK, certain exemptions from corporation tax apply to sports clubs which qualify as Community Amateur Sport Clubs (CASCs). A complaint alleged that certain tax breaks applicable to golf clubs would distort competition and amount to State aid. The complaint concerned exemptions from corporation tax on profits generated by CASCs from trading with non-members (i.e. visitors), where the turnover of the trade is less than £30,000, and on income from property belonging to the club where the gross income is less than £20,000. The Commission concluded that these clubs are, by their very status as CASCs, operations which cater for the local community and therefore have no effect on trade between Member States and do not constitute aid.The tax breaks are capped at low levels which excludes clubs that have any significant revenue from non-member players (from the UK or abroad) and which could therefore compete with golf courses outside the UK.

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