



Catalonia Workshop on Broadband & State Aid

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REGIONS FOR BETTER BROADBAND CONNECTION

Catalan Workshop on Broadband & State aid

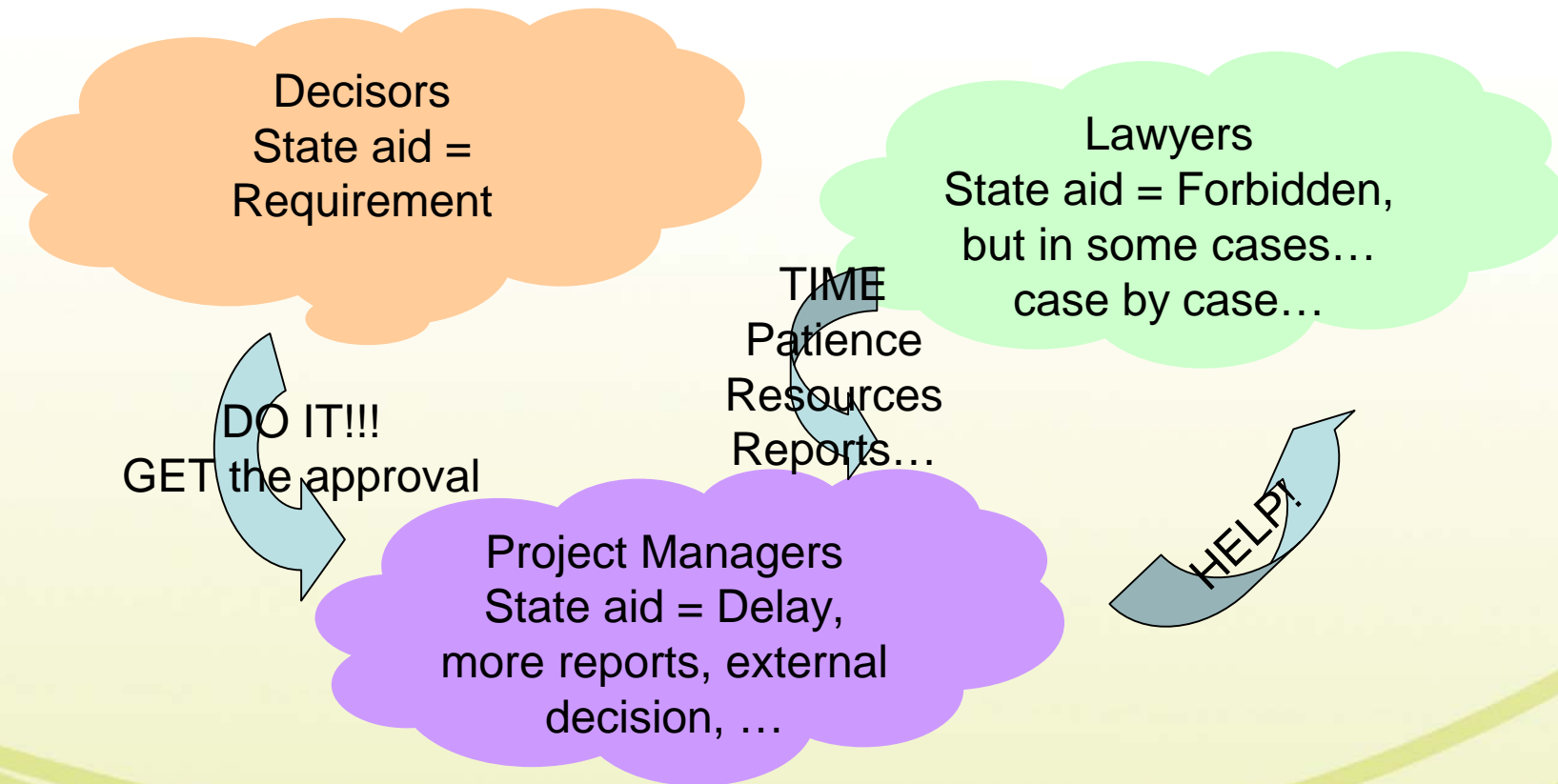
Catalan Workshop on Broadband & State aid: Barcelona, 11th and 12th of March, 2009.

Workshop aim: To explain, in a clear way, what State aid is, why it is necessary, what are the main variables in the process and what to expect from the process.

Results of the workshop

- Explanation of the process, reasons and what can be expected. Main models and variables. ToDoList document.
- Document: Key features, very executive summary with links referring useful information and reference cases.
- All information published at www.b3regions.eu (includes results, presentations and agenda of the workshop).

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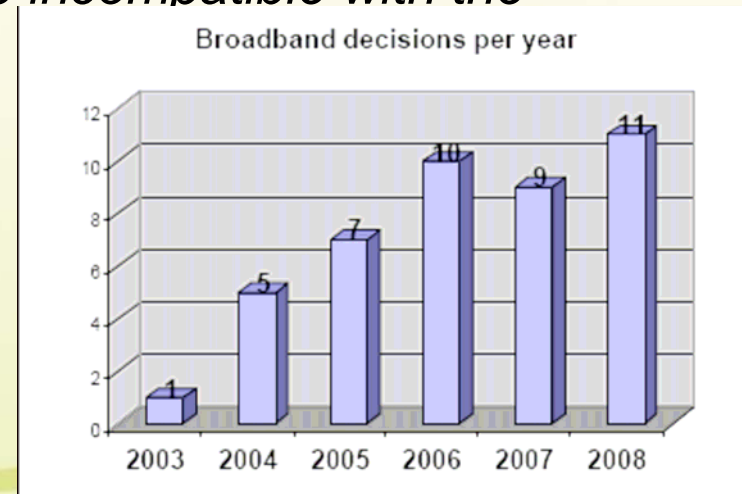


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State aid is forbidden

General Prohibition of State Aid under art. 87.1 of the EC Treaty:
“Save as otherwise provided in this Treaty, any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods, shall in so far as it affects trade between Member States be incompatible with the common market.”

But... (always there are exceptions to the rule).





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Risks of NOT notifying

If the aid is granted without previous authorization by the Commission, the aid is considered unlawful or illegal.

When:

- The aid is put into effect and it has not been notified
- The aid is put into effect before the Commission reaches its final decision, although it had been notified.

Look:

- “put into effect” does not mean “the aid is paid”.
- “put into effect” could be just the confirmation enabling the aid to be granted.
- Non-notified Aid: the procedure is initiated.
- On a complaint by a competitor .
- The Commission “ex-officio”.

A Non Notified Aid does not mean that is also an incompatible aid (it has to be examined).

Similar procedure but, in this status, the procedural situation will be worsen:

- legal deadlines do not apply (so, the procedure could be longer).
- the Commission may impose the recovery of the aid if finally the aid is considered as not compatible.



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Perception of the workshop (not official statement, just a “perception”)

- Prenotification is perceived as a good value, in order to have an informal feedback of the Commission of the process. But, on the other hand, it has not a timing, so, it can delay the complete roadmap of the project.
- State aid Notification process is a long and complicated process.
- After some years applying State aid to broadband, decisions are still taken “case by case”. There are no guidelines, there are no basic rules.
- Cost of notification process is clearly important for the regions.
- Notification process is perceived as a risky business.

Actually Governments are giving helps to banks and automotive markets, actual economic situation is changing dramatically, but you have same rules regarding broadband State aid than two years before. Why broadband is different than financial market? Can we expect changes during next months? What happens with open decisions at the moment? Or decisions that are coming in next months?



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Comment on Catalan Workshop:

Broadband is a very transversal issue, We will have a new recommendation on Next Generation Access Networks published soon, and NGNs will change the market in middle term. Also, telco services have a clear impact in daily life. Investment is coming also from other sectors (broadcasters, providers, education, healthcare, etc.). So, broadband is crucial for social aspects (also, investment in NGNs is an intensive user of non skilled workers, because of civil works). Even Obama, at the USA is introducing new variables. Market is changing and it is not just a market of telecom operators. Citizens have to be involved; it is a social issue and not just a market intervention.



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Thank you for your attention

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