



Association Européenne des Elus de Montagne
Associazione Europea degli Eletti della Montagna
Associação Europeia dos Eleitos de Montanha
Europäische Vereinigung der Mandatsträger aus Berggebieten
Asociación Europea de Autoridades Políticas de Regiones de Montaña
European Association of Elected representatives from Mountain Regions

Revision of state aid rules in general and in particular on SGEI:

What impact of article 174 on competition policy?

1. Impact of article 174:

The question is still open to know whether Article 174 on territorial cohesion is only impacting cohesion policy or if it could be applied to other EU policies, in particular the competition policy and the internal market policy (as stated in Article 175 of the Treaty – “*The formulation and implementation of the Union’s policies and actions and the implementation of the internal market shall take into account the objectives set out in Article 174 and shall contribute to their achievement*”). The answer of Commissioner Barnier on Internal market is clearly positive¹. However, with article 107, state aid rules have to be, at least, coherent with territorial, economic and social cohesion.

AEM has always considered that competition and cohesion policies should be considered as the two faces of the same European strategy. If we consider articles 106-107 and article 174, it seems that the political bridge between competition policy and cohesion policy exists around state aids regulation even if the exemption rules as the ones regarding *de minimis*, SME and start-up, Economic Services of General Interests are also of high importance for economic, social and territorial cohesion. AEM still refer to Art. Wagner (JCEC 1983)

The need of a specific attention to mountain, islands, sparsely populated areas and cross-border regions cannot only be approached through cohesion policy as “natural and geographical permanent handicap”. These handicaps have also environmental, social and economic dimensions that must be dealt with within several other EU policies.

¹ As he declared in his speech at the General assembly of AEM and the meeting with Intergroup “Mountains, Islands and sparsely populated areas”, 3rd of February, European Parliament, Brussels.

Bureau de Bruxelles
avenue Boileau 16
B-1040 Bruxelles
tél. : +32 (0)2 739 15 45
fax : +32 (0)2 739 15 39

Siège administratif et technique
Maison des parcs et de la montagne
256 rue de la République
F-73 000 Chambéry
tél. : +33 (0)4 79 71 42 30
fax : +33 (0)4 79 71 50 16
e-mail : info@promonte-aem.net
www.promonte-aem.net
SIRET : 382 465 920 00025



Association Européenne des Elus de Montagne
Associazione Europea degli Eletti della Montagna
Associação Europeia dos Eleitos de Montanha
Europäische Vereinigung der Mandatsträger aus Berggebieten
Asociación Europea de Autoridades Políticas de Regiones de Montaña
European Association of Elected representatives from Mountain Regions

2. State aids rules and mountain regions :

Have state aid rules been harmful or insufficient for mountain regions?

○ *The necessity to keep territories alive*

First, additional costs of socioeconomic activities in mountain regions have been demonstrated and integrated in some European policies for a long period (CAP, Eurovignette, etc.). But mountain economic system, based on vertical organization from industrialized urban valleys to high altitude green and natural lands or even glaciers, is complex. This territorial specificity is also defined by its strong seasonality.

The shared general analysis is to consider mountain regions as “natural permanent handicap regions” as defined in article 174. Some studies have analysed the structural weakness of mountain territories (due to their additional costs) that constitutes a strong disincentive for the economic activity, which can provoke risks of abandon (when it has not already happened). It is a matter of general interest to maintain these territories alive for environmental, economic and cultural reasons

Mountain territories could in theory be covered by the definition of art 107, par.3, letter C. of the Treaty. A support of local companies would have limited a distortion on the exchanges between Member states. However, such a limited support would have great consequences, saving local economies and contributing to the whole EU common interest (not only for local communities).

○ *The indicator issue*

But because the delimitation is made with traditional indicators such GDP, employment density, population density at NUTS II level which denied the territorial diversity of regions; most of mountain territories couldn't be covered by art 107, par.3, letter C. it would be preferable to integrate new parameters for mountain regions than to opt for a general integration of mountains into the classic derogation (the European population living in mountain regions is certainly too important to get covered by derogation in its totality). The proposal could be to identify parameters defining mountain territories (altitude, slope, climate, enriched by distance to the main metropolises center and main communication networks –highway, high speed train, airport-, dispersion of population, depopulation, medium age of the permanent population, income per habitant, presence of main Services of general interest) but also to limit the number of sector of intervention to some small actors (SMEs) and to some strategic sectors (tourism, local craft, quality products, environmental and renewable energies sectors, ICT and broad band, etc.).

This proposal could also be integrated in the idea of having some territorial indicators to define the new category of “intermediary regions” between 75 and 90-100% of average European regional GDP.

Another axis would be to bring original legal support to local companies or to valorize the assets of mountain territories (renewable energies, quality agriculture, etc.). All of which could create an integrated “place based” strategy implemented in the framework of a multilevel agreement between regional, national and European authorities.



Association Européenne des Elus de Montagne
Associazione Europea degli Eletti della Montagna
Associação Europeia dos Eleitos de Montanha
Europäische Vereinigung der Mandatsträger aus Berggebieten
Asociación Europea de Autoridades Políticas de Regiones de Montaña
European Association of Elected representatives from Mountain Regions

3. Economic Services of General Interest (ESGI) and mountain regions: an opportunity to solve territorial market failures

Economic Services of General Interest are of a special importance in mountain territories. Due to the additional costs in mountain territories and to the great dispersion of population, based on a market analysis, ESGI tend to be missing in mountain regions even in some touristic areas. AEM welcomes the document “COM(2011) 146 final” and stresses the need of better clarification and simplification. AEM also notices the opportunity to have a specific and balanced attention to mountain regions as to other regions covered by article 174.

Some of the identified sectors (transports, post, broad band, energy, health, social housing, etc.) are clearly strategic for mountain regions and have been clearly identified as subject to additional costs. A territorial analysis of this question has to emerge to face the depopulation challenge and the ageing mountain society; but also to allow mountain territories to contribute actively to the objectives defined by EU 2020.

Therefore, the European Commission should consider the territorial dimension of ESGI topic which is strongly a cohesion issue.