

State aid: Commission approves broadband support for rural areas in Saxony

The European Commission has approved under EU state aid rules a duct support scheme and other financial measures to increase broadband access in unserved rural areas in the German region of Saxony. The Commission found the scheme to be in line with its Broadband Guidelines (see [IP/09/1332](#) and [MEMO/09/396](#)), in particular because it will allow operators to deploy their own cables, thereby enhancing the possibilities for infrastructure based competition.

Competition Commissioner Neelie Kroes commented: "Well targeted aid can help to reduce the digital divide without crowding out private investment. I am satisfied that the public funding for ducts will significantly reduce the proportion of unserved areas in Saxony without unduly distorting competition."

Connecting rural communities with broadband services is usually not commercially attractive for private operators because the low population density does not allow them to attract enough subscribers to make their investment profitable. This can result in huge differences in broadband availability in the territory of a Member State.

The German scheme gives municipalities in Saxony the possibility of offering municipally-owned ducts to broadband operators. This will result in significant cost savings for broadband operators and should enable them to deploy their own network elements in areas in which there would normally be no commercial interest to do so. Municipalities are obliged to offer multi-fibre ducts which can host a large number of competing cables which should stimulate competition to the benefit of customers in these areas. The scheme also provides for financial grants to operators for the realisation of their broadband projects. While the public support is limited to €500 000 per project, the obligation to rely on existing infrastructure wherever possible should help to create local solutions for so far neglected areas.

The decision also makes clear that where a municipal authority is undertaking general civil works, such as digging up public roads, which can be useful also for the deployment of other utility networks (water, electricity, etc.), and allows the placement of ducts and passive infrastructure by broadband network operators at their own expense, this does not constitute state aid.

The application of the Commission's Broadband Guidelines ensures that public funding will only be used where no private operator would invest on market terms and will only be handed out after a public tender. Open, non-discriminatory wholesale access will allow several broadband service providers to offer competitive services on the new networks. The obligation of municipalities to document the existence of ducts and make this information available to interested parties will further enhance the chances of operators to use synergies.

The non-confidential version of the decision will be made available under the case number N 383/2009 in the [State Aid Register](#) on the [DG Competition](#) website once any confidentiality issues have been resolved. New publications of state aid decisions on the internet and in the Official Journal are listed in the [State Aid Weekly e-News](#).

See [MEMO/10/31](#) for other examples of broadband state aid approved by the Commission since the adoption of the 2009 Guidelines.