

Brussels, **05 APR 2017**  
Ares(2017)1190971& 2039707

Dear Honourable Member,

Thank you for your email of 15<sup>th</sup> February 2017 with your briefing note on Madeira, and your letter of 31<sup>st</sup> of March 2017.

The Madeira Free Trade Zone scheme is a State aid scheme with the declared aim to support economic growth in Madeira, an Outermost Region of the EU. The outermost regions are regions that, according to Article 349 TFEU, face serious economic challenges linked to their remote, insular location and the dependency of their economy on only a few economic products. Article 349 of the Treaty therefore calls for the adoption of special measures in favour of these regions.

This is also why EU regional State aid rules provide for a favourable regime for the outermost regions, including the possibility to grant operating aid to undertakings in these regions. Taking advantage of this possibility, Portugal has created the Madeira Free Trade Zone scheme. The scheme was first approved by the European Commission in 1987. Since 2015, Portugal decided to implement the scheme under the General Block Exemption Regulation.

It is the responsibility of Member States to ensure that companies receiving benefits under a scheme fully comply with the requirements set out by EU state aid rules and, in case of a notified and approved aid scheme, in compliance with the conditions set out in the notification and in the Commission's approval decision.

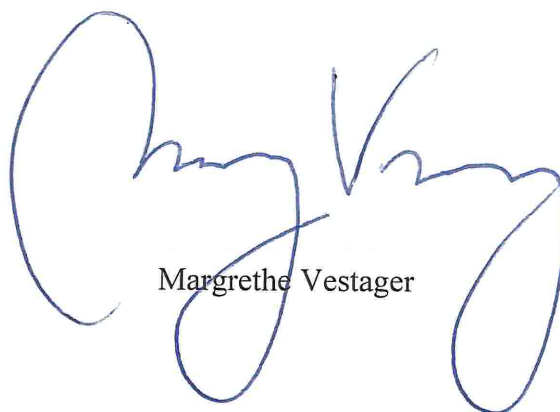
As the Zona Franca Madeira aid scheme has been implemented for many years, the European Commission included the scheme in 2015 in its regular ex post monitoring exercise of block exempted and approved State aid schemes. The outcome of this exercise gives rise to a number of questions both about the legal basis of the scheme and its implementation. At the current stage, the European Commission is in contact with the Portuguese authorities to clarify the issues identified.

**Mrs Ana Gomes**  
**Member of the European Parliament**  
**European Parliament**  
**ASP 14G 240**  
**Rue Wiertz 60**  
**1047 Brussels**

Before taking a final position on the action to be taken, the European Commission will examine the information provided by Portugal, as well as the information available from any other source very carefully. Therefore, the elements and data referred in your note will certainly be useful for our investigation.

Your letter of 31<sup>st</sup> of March 2017 raises also two other issues, which relate to competences for which my colleagues Commissioner Elżbieta Bieńkowska and Commissioner Věra Jourová, are responsible. I have therefore forwarded your letter to them.

Yours sincerely,



Margrethe Vestager

cc: Elżbieta Bieńkowska, Commissioner for Internal market, Industry, Entrepreneurship and SMEs

Věra Jourová, Commissioner for Justice, Consumers and Gender Equality