European Commission: Public Funding for Broadband Initiative in Latvia Endorsed

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The European Commission has endorsed Latvian public funding plans intended to increase broadband access in remote regions. The aim of the initiative is to bring broadband communications within reach of citizens and businesses in order to help them reap the economic benefits of the information society. EC Treaty state aid rules allow subsidies for the development of certain economic activities or of certain economic areas on condition that there is no overall negative effect on competition (Article 87(3)c). The Commission concluded that the aid intended to support these plans is not likely to cause undue distortion of competition within the single market and is therefore compatible with the state aid rules as laid down in the EC Treaty.

The measures at hand promote investment in broadband infrastructure capable of providing retail broadband services. The latter will carry information at a minimum speed of 256kbps downstream, with a possibility to upgrade to 2 Mbps, and at least 128 kbps upstream. It is hoped that remote and rural areas of Latvia, struggling with low levels of economic activity, below-average per capita income and high unemployment, will significantly benefit from increased access to broadband.

The Commission has expressed its satisfaction with such initiatives and has underlined such projects are fully in line with its policy to promote broadband in the European Union's rural and remote areas. In fact, the Latvian plans are expected to be co-financed by EU structural funds.

"State aid: Commission endorses public funding to bridge broadband communications gap in Latvia", press release of 8 June 2006, IP/06/755

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