

Brussels, 24<sup>th</sup> October 2006

## **State aid: Commission simplifies procedures for approving regional aid with new block exemption Regulation**

*The European Commission has adopted under EC Treaty state aid rules a new block exemption Regulation for regional investment aid (aid which promotes the economic development of disadvantaged regions). Member States will no longer have to notify regional investment aid schemes to the Commission if they fulfil the conditions set out in the Regulation. The Regulation is based on the new Guidelines for regional aid 2007-2013 which were adopted in December 2005 and which are in line with EU cohesion policy and European Council requests for less and better targeted state aid (see [IP/05/1653](#) and [MEMO/05/491](#)). The Commission has also adopted new notification forms for regional aid schemes that do not meet the conditions of the new Regulation and thus still have to be notified individually to the Commission for endorsement prior to their implementation.*

Competition Commissioner Neelie Kroes said: "I'm delighted to have completed the legislative process on the new regional aid rules in good time for Member States to plan their next regional and structural programming period. The new block exemption Regulation and notification forms will greatly simplify their tasks, and represent a major step towards a simplification of state aid procedures."

On the basis of Article 87(3) of the EC Treaty, state aid granted to promote the economic development of certain disadvantaged areas within the European Union may be considered compatible with the Single Market. The Commission periodically establishes guidelines laying down the criteria for the assessment of such aid. These Guidelines ensure that Member States and regions are treated equally, and that Commission decisions are transparent and predictable. The 1998 Guidelines, applicable to regional aid from 2000 to 2006, were replaced in December 2005 by a new set of rules, applicable for 2007-2013, which re-focus regional aid on the most deprived regions of the enlarged Union, while allowing for the need to improve competitiveness and to provide for a smooth transition.

In order to implement the new Guidelines, the Commission approves a regional aid map for each Member State for the period 2007-2013 which identifies the areas eligible for aid and the maximum aid intensities allowed (for Estonia, Greece, Hungary, Latvia, Poland, Slovenia and Slovakia see [IP/06/1176](#), for Luxemburg and Malta see [IP/06/1376](#) and [MEMO/06/376](#)), for Lithuania, Ireland and the Czech Republic see [IP/06/1451](#) and [MEMO/06/396](#)).

As a result of the new block exemption Regulation, Member States will no longer have to notify their regional investment aid schemes to the Commission if those schemes comply with the new Guidelines and the approved map for 2007-2013. This considerably reduces the administrative burden of notifications for Member States and simplifies their work for the next programming period of the Structural Funds.

In order to ensure transparency and effective monitoring, the Regulation will block exempt transparent forms of regional investment aid, that is schemes for which it is possible to calculate precisely the aid intensity as a percentage of the investment costs *ex ante* without the need for a risk assessment. Regional aid schemes involving public shareholdings, risk capital and state guarantees are presumed not to fulfil this criterion. Such schemes remain subject to prior notification to the Commission in accordance with Article 88(3) of the EC Treaty.

However, as regards state guarantees, the new Regulation allows Member States to notify the methodology by which they propose to calculate the aid intensity of state guarantees. Once the Commission has approved this methodology, the Member State will be able to apply the Regulation also for regional guarantee schemes.

In view of the potentially higher risk of serious distortions of competition, all aid for very large investment projects must continue to be individually notified to the Commission.

In order to simplify the assessment of the measures which still need to be notified (very large investment projects, certain aid measures which are not based on a scheme, operating aid) the Commission has adopted a second Regulation that sets out the necessary information to be provided on appropriate notification forms.

The new block exemption Regulation and the new notification forms will be available on the Europa internet site:  
[http://ec.europa.eu/comm/competition/state\\_aid/regional\\_aid/regional\\_aid.html](http://ec.europa.eu/comm/competition/state_aid/regional_aid/regional_aid.html)