



## State aid: Commission invites comments on updated proposal on simplified rules for State aid combined with EU support

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The European Commission is inviting Member States and other stakeholders to comment on its updated proposal to exempt from prior Commission scrutiny under EU State aid rules aid granted through national funds for projects supported under certain EU centrally managed programmes. Member States have already been consulted on an earlier draft proposal.

Executive Vice-President Margrethe **Vestager**, in charge of competition policy, stated: "*With the aim of improving the interplay between EU funding rules and EU State aid rules, our proposal is to streamline the State aid rules applicable to national funding of projects or financial products, which fall under the scope of certain EU programmes. This will facilitate the combination of national and EU Funds by exempting certain aid from prior notification and scrutiny under EU State aid rules. Although there are now specific temporary rules for aid to tackle the economic consequences of the coronavirus outbreak, it is of particular relevance that funding that does not cause undue distortions of competition can quickly reach the companies operating in the Single Market. We encourage all public authorities, companies and others stakeholders to participate in this important consultation, which is the second one on this initiative.*"

With the aim of improving the interplay between EU funding rules and EU State aid rules, the Commission is proposing to streamline the State aid rules applicable to national funding of projects or financial products, which fall under the scope of certain EU programmes. The rules on EU funding and State aid rules applicable to these types of funding should be aligned to avoid unnecessary complexities, while at the same time preserving competition in the EU Single market.

Exempting aid in these areas from the obligation of prior notification to and approval by the Commission will be a major simplification. This is possible because of safeguards embedded in EU programmes managed centrally by the Commission. In particular, the support granted in the context of these programmes targets a common interest objective, addresses a market failure or socio-economic cohesion objectives and is limited to the minimum amount necessary.

The Commission carried out a [first public consultation](#) from 27 July until 27 September 2019 on a targeted review of the General Block Exemption Regulation (GBER), in order to extend its application, under a limited set of conditions, to national funds involved in **the following three areas**:

1. Financing and investment operations supported by the InvestEU Fund;
2. Research, Development and Innovation (RD&I) projects having received a "Seal of Excellence" under Horizon Europe, as well as projects under the future Co-fund programme;
3. European Territorial Cooperation (ETC) projects, known as Interreg policy.

In response to the first consultation, the Commission received a high number of comments, which it has carefully analysed and considered when elaborating this updated proposal.

The Commission's updated proposal, now subject to a second public consultation, addresses the key concerns raised by stakeholders in the first consultation. In particular, the changes in the proposal aim to improve clarity and to further align the rules with the relevant EU funding rules. The changes are detailed in the [Explanatory note](#) accompanying the updated proposal.

Today, amid the coronavirus outbreak, the Commission is launching the second public consultation on the targeted revision of the GBER. The main fiscal response to the coronavirus comes from Member States' national budgets. The Commission has therefore adopted a State aid [Temporary Framework](#) to enable Member States to use the full flexibility foreseen under State aid rules to support the economy in the context of the COVID-19 outbreak. The aim is to ensure that sufficient liquidity remains available to businesses of all types and to preserve the continuity of economic activity during and after the outbreak, while making sure that support for businesses in one Member State does not undermine the European single market. But it is necessary to also continue preparing for the post-crisis period, also by finalising the targeted revision of the GBER in time for the start of the next Multiannual Financial Framework for the period 2021-2027.

The public consultation launched today seeks the views of the relevant stakeholders (including Member States) on the proposed revision of the GBER. Stakeholders are invited to submit comments on today's consultation by 6 July 2020.

The Commission aims to adopt the final revised text in time for the next Multiannual Financial Framework, to ensure that all rules are in place sufficiently in advance before the new funding period starts in 2021.

The draft amending Regulation and all details about the public consultation are available at: [https://ec.europa.eu/competition/consultations/2020\\_gber/index\\_en.html](https://ec.europa.eu/competition/consultations/2020_gber/index_en.html)

## Background

Article 108(3) of the Treaty on the Functioning of the European Union (TFEU) requires Member States to notify all State aid to the European Commission and to implement it only after the Commission's approval. The EU State aid Enabling [Regulation](#) allows the Commission to declare that certain categories of State aid are compatible with the Single Market and exempted from the notification obligation provided for in the Treaty.

The GBER declares specific categories of State aid compatible with the Treaty, provided that they fulfil clear conditions, and exempts these categories from the requirement of prior notification and approval to the Commission. This allows Member States to implement such measures directly, with full legal certainty. The 2014 [General Block Exemption Regulation](#) enabled Member States to implement a wide range of State aid measures without prior Commission approval because they are unlikely to distort competition and has been modified several times to simplify the rules and increase the scope. As a result, since 2015, more than 96% of new State aid measures for which expenditure was reported for the first time did not require notification to the Commission. This is in line with the Commission's approach to be 'big on big things and small on small things' – to focus on delivering more and faster, while doing less where it is perceived not to have an added value.

To facilitate the implementation of the next Multilateral Financial Framework and to improve the interplay between EU fund rules and State aid rules, the Council of the EU, following a Commission proposal adopted in June 2018, adopted in November 2019, an amendment to the EU's State aid Enabling Regulation (Council Regulation (EU) 2015/1588). Based on the revised Enabling Regulation, the Commission is entitled to make targeted modifications to the GBER.

In addition to the public consultation launched today, the proposed revised text of the GBER will also be discussed in an Advisory Committee Meeting between the Commission and Member States. This process will ensure that Member States and stakeholders have sufficient opportunities to comment on the draft Commission proposal.

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