

State aid: Commission adopts revised exemption for small aid amounts (de minimis Regulation)

Following three public consultations, the European Commission has adopted a revised Regulation on small aid amounts that fall outside the scope of EU state aid control because they are deemed to have no impact on competition and trade in the internal market. Measures that fulfil the criteria of the Regulation do not constitute "state aid" in the meaning of EU rules and therefore do not need to be notified to the Commission for approval before they are implemented. The reform, which simplifies and clarifies the rules, is part of the Commission's State Aid Modernisation initiative. It will significantly reduce administrative burden for companies and Member States.

The main criteria of the current regulation, which exempts aid amounts of up to €200,000 per undertaking over a three year period, remain unchanged, while the treatment of small aid measures will be further simplified. In particular, companies undergoing financial difficulties are no longer excluded from the scope of the regulation and will therefore be allowed to receive de minimis aid. Moreover, the definition of what constitutes an "undertaking" has been simplified and clarified. In addition, subsidised loans of up to €1 million may also benefit from the de minimis Regulation if certain conditions are met.

In light of the Commission's experience and the data gathered, including through three public consultations, there is no evidence that a higher ceiling than €200,000 would be justified. The data received from Member States show that the majority of beneficiaries receive rather small amounts of aid and indicate that for the vast majority of beneficiaries this ceiling is not reached. The Commission concluded that increasing the ceiling would bear important risks for competition and trade in the Single Market, in particular because of the aggregate effects of a potentially widespread use of the exemption in the current economic and financial context where Member States' budgetary capacities also vary widely. Furthermore, Article 107(1) of the Treaty on the Functioning of the European Union (TFEU) defines state aid as a selective advantage granted through state resources to one or more companies that restrict or threatens to restrict competition and trade between Member States. Therefore, the Commission can exempt from the scope of Article 107(1) only measures that have no potential effect on trade and competition.

Other well-designed and targeted measures with a limited potential of distorting competition in the Single Market can be exempted through the General Block Exemption Regulation (GBER) which is currently under revision.

The monitoring system of de minimis measures, which gives Member States the choice between a declaration of the aid by beneficiaries or a central register, also remains unchanged. Although a mandatory register might be helpful to ensure better monitoring and transparency, the Commission has taken account of comments from many Member States that it would entail a significant administrative burden, in particular during the set-up phase. The Commission will therefore first study the feasibility and possible modalities of such a register in more detail.

The text of the Regulation is available at:

http://ec.europa.eu/competition/state_aid/legislation/de_minimis_regulation_en.pdf