BUSINESSEUROPE

THE DIRECTOR GENERAL

Mr Joaquín Almunia
Vice-President
Commissioner for Competition
European Commission
200 Rue de la Loi
1049 Bruxelles

30 April 2013

Dear Vice-President,
Dear Mr. Almunia,

We are writing to you in view of the upcoming College meeting where the ongoing **revision of Regional State aid rules** will be discussed.

Our letter to you on 8 February 2013 already addressed some crucial points that in our view should be taken into account in order to ensure that regional aid rules are properly designed to balance regional disparities, help promote investment in Europe's less developed areas and facilitate jobs and growth creation.

In particular, **BUSINESSEUROPE still has serious concerns about the proposed exclusion of the possibility for non-SMEs to receive regional investment aid in "c" regions.**

Recognising the fundamental role of larger companies/non-SMEs in supporting regional development is crucial. BUSINESSEUROPE strongly believes that limiting the possibility for non-SMEs – a category comprising many businesses that are not large multinationals – to receive regional aid is not justified and urgently calls for a revision of the draft guidelines to allow aid for non-SMEs in "c" regions.

Access to regional aid should be evaluated on the investment quality, its impact on the economy and its effect on competition, not on the company's size. Larger businesses often form important value chains with SMEs and act as a crucial anchor in regional economic development.

Narrowing down the possibilities to receive regional aid therefore risks having an adverse effect, including for smaller business. Conversely, supporting larger companies as driving forces will have an incentive effect all along the value chain, with a positive impact not least on labour markets.

Another important point to ensure the guidelines' effectiveness is the need to allow the beginning of investment projects when a request for the aid is submitted, without precluding a **positive assessment of the incentive effect**.

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Also, any **potential redefinition of regions eligible for regional aid should be conducted with utmost caution**, to avoid the creation of excessive cross-region disparities. The aid should also be allowed in neighbouring areas, if the positive effects pass to the areas originally targeted. This would facilitate synergies between industrial, urban, environmental and regional development policies.

Finally, the current draft generally should not only be focused on attracting new investors but also on **encouraging investment by already existing business**, which can be crucial to economic regeneration. On a more global perspective, we also underline the risk of companies' relocation outside the EU.

We trust you will take our comments into account and remain at your disposal to discuss the above recommendations further.

Yours sincerely,

Markus J. Beyrer