



Mr Joaquín Almunia
Vice-President
European Commission
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Dear Vice-President,

BUSINESSEUROPE welcomes the opportunity to provide comments to the draft revised **General Block Exemption Regulation**.

Simplification and clarification of the different state aid rules are necessary. In general, the GBER provides tangible advantages. It is important that block exemption regulations are clear, that all relevant information is accessible about block exempted aid, and that the Commission carefully monitors the implementation of the rules.

It has to be taken into account that widening the scope of block exempted aid by increasing ceilings and intensities would lead more significant amounts aid to be excluded from the Commission's scrutiny.

An increased decentralization might lead to a more subjective and less uniform application of state aid rules in the different Member States leading to additional risks of competition distortions in the Single Market and legal uncertainty. This approach therefore must be matched with appropriate safeguards.

BUSINESSEUROPE believes that the proposal to exclude larger aid schemes from the application of the block exemption is unjustified.

Draft Article 1(2)(a) proposes that GBER does not apply to schemes whose yearly expenditure exceeds 0,01% of GDP, and also exceeds EUR 100 million.

This restriction seems unfounded. State aid schemes should be assessed on their quality, their contribution to the EU 2020 goals and their ability to address the purpose they are set up for.

A threshold correlated to a Member State's GDP would in fact risk increasing competition distortions rather than limiting them, as each Member State would be subject to a different notification threshold depending on their GDP. Paradoxically, this would also mean that larger Member States (in GDP terms) who arguably have more administrative resources would be subject to less notification obligations and therefore less red tape.



Furthermore, in most schemes the actual expenditures is unknown in advance; there are only estimates or caps which might dramatically differ from what is actually disbursed to aid recipients.

In addition, it can be expected that there may be attempts to go around a provision of this kind by simply putting forward several smaller schemes, with the result of creating an even less clear picture of the actual aid amounts and risk even bigger distortions.

If the main purpose for this proposal is to subject larger schemes to ex-post evaluation – as explained by recital 9 – an alternative solution could be to require Member States to simply inform the Commission that the scheme they run will have an expenditure exceeding a certain threshold (in nominal or percentage terms), but without requiring the scheme to be notified.

We appreciate the new re-categorisation of aid measures, as well as the introduction of a number of new categories of block exempted aid for SMEs, and notably risk finance and Start-up aid.

Notification thresholds

For the sake of clarity, article 4 on notification thresholds should clarify whether the thresholds per undertaking apply separately for each legal entity within a group of companies.

We support the increase in the notification thresholds for R&D aid, as it is consistent with stimulating sustainable economic growth.

Incentive effect

While we understand the purpose of requiring an incentive effect, we have stressed several times in the past that it is in practice very difficult to measure the incentive effect. We are concerned that the provisions under article 6 may lead to legal uncertainty and administrative burdens.

In particular, the supplementary option in para 3 can create barriers for large companies projects that could be block-exempted. This will consequently reduce the ability of Member States to quickly address structural problems of their economies. Secondly, the undefined “material increase” criterion can be interpreted differently by the Member States that may apply different standards to verify whether the criteria in para 3 are met. Therefore, BUSINESSEUROPE suggests that the regulation clarifies how a “material increase” should be evaluated.

Withdrawal of the benefit of the block exemption

The power to withdraw the benefit of the block exemption applies to failure by Member States to comply with the GBER. This introduces a truly effective and deterrent sanction which will lead to better enforcement and compliance by Member States. BUSINESSEUROPE fully endorses this approach.



In addition, in order to reinforce monitoring and to reduce information requirements for companies under the new procedural rules, notification of future aid measures should be made mandatory in case a Member State does not provide the information needed to monitor application of the regulation or does not provide valid justification for its failure to comply within a reasonable time.

Monitoring and reporting

Enhanced monitoring and transparency are essential to reduce the risks of increased decentralisation of State aid control. It is important that block exemption regulations are clear, that all relevant information is accessible about block exempted aid and that the Commission carefully monitors the implementation of the rules.

BUSINESSEUROPE therefore supports the new obligations with regard to transparency, requiring Member States to publish key information on a single website after the granting decision, as well as committing the Commission to publish on its website links to the above websites of all Member States, insofar as trade secrets of beneficiaries remain protected.

I trust that you will take our views into account and remain at your disposal if you wish to discuss further with us.

Yours sincerely,

Markus J. Beyrer