BUSINESSEUROPE

POSITION PAPER

30 October 2025

Review of the General Block Exemption Regulation (State Aid)
Commission Consultation

General comments

BusinessEurope supports revising the General Block Exemption Regulation (GBER) to reduce red tape for businesses as well as for Member States and facilitate necessary support for industry in case of market failures. We also support aligning it with the EU's Competitiveness Compass and the Clean Industrial Deal.

Competition and State aid policy should ensure that effective competition between companies exists. As such it contributes to efficient markets, investments, and innovation, to develop market-based sustainable solutions and technologies. It is important that State aid addresses market failures (when the market does not remunerate the investor for the investment) and that any distortive effects are limited.

The green and digital transition requires huge transformative investments by both the public and private sectors and European businesses should be supported in their transformation towards climate neutrality, sustainable growth, job creation and prosperity. The EU State aid rules have an important role to play in achieving this and the GBER should reflects it. State aid policy can contribute to the green and digital transition, while fundamentally safeguarding a market driven European economy. It is crucial to avoid a subsidy race that would fragment the single market. This should be achieved via stable, lasting, and clearly framed exemption regimes to secure predictability for investors. State aid rules give the Member States considerable opportunity to support projects, for example schemes that contribute to the green and digital transition, but the relevant rules and frameworks can be improved to reduce administrative burdens and encourage investment whilst ensuring that any distortive effects of State aid are limited.

The earlier expansion of the GBER provided greater discretion for the Member States. However, increased discretion has also raised the risk of incorrect application of the State aid rules. This creates legal uncertainty as the companies concerned cannot rely on good faith if the granting authority has failed to apply the rules correctly. In such cases, aid risks being defined as illegal, with beneficiaries required to repay aid with interest, or a competitor filing a complaint at a national court claiming that unlawful aid has been granted. It is therefore very important that the application of the GBER is constantly being evaluated. In this context, we stress that national and regional programs should be fully aligned with the revised GBER to ensure that the improvements at EU level are effectively reflected in practice. We also consider it essential that all eligible costs permitted under the GBER (e.g. personnel, depreciation, etc.) are consistently included in national programs.

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Extending the GBER does not necessarily mean that more aid will be granted. Instead, it will reduce administrative burdens for authorities and for companies that have been granted support. This is highly welcome because notification processes are generally lengthy and place considerable demands on companies and authorities to produce and submit a variety of information. At the same time, as set out, this must be balanced against companies having to take greater responsibility for assessing whether national authorities have correctly interpretated the GBER applications. For this reason, BusinessEurope believes that large aid schemes and schemes with high aid intensities should continue to be the subject of an individual examination by the Commission to ensure that these principles are followed and that the aid beneficiaries obtain the necessary legal certainty to carry out the project.

Transparency

There are important compliance gaps, especially when it comes to block-exempted measures that are directly implemented at national level. Consequently, it is very important to raise awareness and share knowledge of the State aid rules at national level to help Member States and companies interpret the rules. Enhancing capacities and interaction by national authorities is highly needed. User-friendly educational tools must be developed, including practical guides, FAQs, information sessions, and collaborative platforms (such as the e-State Aid Wiki), with public access to questions and answers. This would support rule interpretation and mitigate legal uncertainty for companies, in line with the Draghi report's recommendations. Stronger cooperation between national administrations should also be promoted to ensure a harmonized reading of the GBER and to reduce risks of divergent practices.

As mentioned, the platform e-State Aid Wiki could play a more important role in this respect, and we suggest that the questions and answers (cleansed of any confidential information) from this platform are published on the Commission's website so that they are accessible to the public. Furthermore, BusinessEurope suggests that the Commission provides guidance in a different format in addition to the replies on e-State Aid Wiki, for example, through information sessions, a practical guide or Q&As published on DG Competition's website.

Reporting obligations for businesses must also be streamlined. Procedures should be fully digitalized, single access portals created to centralize formalities and data submission, and administrative controls redesigned to be proportionate, targeted, and advisory rather than systematically burdensome. The current separate requirements of supplying the Commission with information on State aid being granted, ensuring transparency of large aid decisions and aggregated State aid expenditures, should be coordinated to reduce administrative burdens for businesses and public authorities.

As mentioned, BusinessEurope supports increased transparency and opportunities to review aid granted within the EU on an individual basis. It is important that there is updated information about all granted State aid measures (including related individual aid decisions and aid spending) to resolve fragmenting information in different databases and making it easy to use the information. However, currently, a solid overall knowledge base that describes aid granted and paid out in the EU does not exist and the Commission's database has not been very user-friendly. BusinessEurope therefore suggests that the Commission evaluates the current transparency rules and database in terms of design, data uploaded, and use of the database, and establishes a uniform

system where legal documentation, such as Commission decisions, aid granted and paid, can be accessed in one place for all aid granted and all aid schemes.

Lastly, a common approach should be developed for aid measures (in the sense of the GBER) that take the form of tax incentives (such as tax rebates, exemptions or credits). By nature, the evaluation of such measures requires counterfactual simulations and involve debatable assumptions, hence creating uncertainty. Recipients are rarely in a capacity to assess the amount of tax aid they receive. In some Member States tax measures are already registered in a more general way, by means of intervals, but as set out above, it is not realistic to require the same level of transparency as for direct grants.

Regional aid

BusinessEurope advocates a revision of the rules on regional State aid in order to reduce the risk of distorted investment conditions between already established companies and new entrants. Further improvements could also be introduced to the rules on regional aid. The concept of the "single investment project" (Article 14.13) should not include projects that could be considered independently sustainable and in that case the constraint of 3 years should not be applied.

According to Article 14 (3), of the GBER, the aid in areas fulfilling the conditions of Article 107(3), point (c), of the Treaty (i.e. regions that do not have an exceptionally low standard of living or high unemployment), may only be granted to "large enterprises only for an initial investment that creates a new economic activity in the area concerned". Therefore, investments by large companies that are key to both the relevant sector, and the relevant regions, cannot be supported under the GBER. In practice, this means that existing companies cannot use the aid to expand production, whereas competitors from China, for example, can use the same aid for greenfield investments. Additionally, there is a risk that companies will choose to expand their production in third countries where production conditions are more favourable and similar incentives are possible. Improving the possibilities to grant investment aid to existing companies also does not entail any obvious risk of relocation within the Union. We therefore request that the aid could be granted to large companies in regions that are not structurally disadvantaged for already existing economic activity.

In addition, it is also requested to eliminate the requirement for diversification projects in an existing establishment that eligible costs must exceed at least 200% of the book value of the reused assets recorded in the fiscal year prior to the start of the work, as this requirement is difficult to meet for SMEs and in smaller geographic markets such as those in the ORs and penalizes companies that have made investments in recent years.

Lastly, the ORs are characterized by their remote, fragmented territory and the dispersion of their population and productive sectors. These factors make it difficult for the ORs to reach the critical mass required for viable waste treatment facilities, while the high transport costs between islands and the mainland further reduce their competitiveness and prevent the effective implementation of the principles of self-sufficiency and proximity. These challenges are compounded by permanent structural costs arising from insularity and double insularity, as well as from the remoteness of these ORs, including those related to the waste transport and secondary raw materials. Such costs should be treated as regional operating aid under Article 13, with the goal of

strengthening the competitiveness of these economies and integrating them into European value chains.

Aid for SMEs

As regards aid for SMEs, BusinessEurope supports a substantial simplification of procedures and broader use of Simplified Cost Options (SCOs) to ensure accessibility and accelerate project implementation. For this simplification to be effective in practice, the mandatory application of SCOs should be established in regional calls for proposals, so as to ensure a real reduction in administrative burdens and more streamlined access for SMEs and mid-caps throughout the EU. The current GBER framework imposes excessive administrative complexity, particularly for SMEs. Despite the theoretical benefits of block-exempted aid, the procedural burden often discourages smaller companies from applying. Facilitating access to information at national and EU level for companies and business organisations is key. Also, when assessing the size of the enterprise, the aid provider must analyse the entire enterprise structure and evaluate the relationships between entities that may qualify as partners or linked enterprises. Based on this assessment, the provider often takes a long time to evaluate the size of the enterprise.

We request recognition of sectoral clusters as intermediaries of aid. The GBER should explicitly state that sectoral clusters can be considered valid structures for coordinating collective or collaborative aid. In the textile sector, clusters bring together many SMEs that, on their own, do not have the capacity to apply for certain programs, but can do so as a group.

BusinessEurope endorsed the intention to support companies beyond SMEs, e.g. with the creation of an EU-wide small mid-caps definition specifically to reduce the regulatory burden, such as reporting obligations. An adjustment of the EU SME definition should also be considered and periodically reviewed. As the three criteria to define an SME were set in 2003, a permanent adjustment of the two financial thresholds (e.g. to inflation) should be considered now and more regularly in the future. Any decision in this regard should be based on research and analytical work aimed to provide evidence on the exact adjustments needed.

Aid for R&D&I

As regards aid for R&D&I, BusinessEurope believes that the GBER does not contribute sufficiently to promoting R&D&I in companies, which is essential for their competitiveness and for achieving the objectives set out by Europe in the Competitiveness Compass. In order to give these projects a significant boost, some changes need to be made to make them more attractive.

With regard to aid for innovation in processes and organisation (Article 29), we request that the restriction be removed whereby aid to large enterprises will only be compatible if they collaborate effectively with SMEs in the activity covered by the aid and if the SMEs with which they collaborate assume a minimum of 30% of the total eligible costs.

As for investment aid for infrastructures (Articles 26, 26a and 27), the aid intensity levels should be increased. Good infrastructures are very important, if not essential, for supporting and promoting collaboration between innovative companies and therefore for boosting R&D activities so the Commission should further investigate whether an

increased aid amount is necessary. R&D infrastructures offering open access to third parties should be allowed to achieve intensities comparable to those envisaged for local infrastructure, with particular attention to their application in the ORs, where these infrastructures play a strategic role.

Lastly, we suggest increasing the share of secondary economic activity to 30%. Adding a provision to clearly state that if research results are published (e.g. as part of Open Access), these are non-economic activities. The one-fifth capacity allocated to secondary economic activities (20% of the organization's total annual capacity for research and knowledge dissemination) is too low for the rapid application of research and development results in practice. At the same time, this provision does not address cases of dual use of research results - there is only one research activity, but its results are simultaneously used in non-economic activities.

Aid for EU strategic objectives

Chapter III of the GBER introduces specific rules for categories of aid that contribute to certain objectives (e.g. environmental protection). This list of categories should be expanded in order to reflect the EU's evolving strategic objectives.

The current GBER provides for the block exemption from State aid approval regarding critical raw materials (CRMs) only for SMEs (article 21), or for SMEs and small mid-caps when they are part of Invest EU funding (article 56). To ensure that the GBER revision effectively simplifies procedures for Member States and facilitates essential support for strategic investments, the amendments should extend the scope of the Regulation to all commercial entities. One should have in mind that the leading players in extraction, critical raw materials processing, or industrial waste recycling are often not SMEs.

In addition, the GBER should also cover aid to support infrastructure, particularly in view of potential security incidents or catastrophic events and bearing in mind the essential need to ensure the resilience of critical – strategic infrastructure, such as telecommunications. The extent of the flexibility to be granted in such circumstances shall be duly determined

The definition of Projects of Common Interest should also encompass the Strategic projects under the CRMA. The list of critical raw materials in annex IV of GBER is not currently in compliance with the CRMA, as it contains only bauxite, but not alumina and aluminium. The list should therefore be updated and brought in line with the CRMA, in order to ensure policy consistency. These investments should be supported by a rate of 50% and up to €40 million.

Aid for environmental protection and the green transition

The condition that eligible costs are defined as the extra costs of a project improving energy efficiency by comparison to a counterfactual scenario (e.g. Article 38.4) in the absence of aid for environmental or energy improvement projects in industrial projects, is economically sound, but can be complicated. BusinessEurope suggests considering adding a possibility to grant smaller amounts of aid for smaller projects purely based on the character of the investment without making a counterfactual assessment, and approving aid based on fixed aid levels as is the case in CISAF. It is important that the neutrality principle is respected and that thresholds are set on objective criteria.

Additionally, Article 36.3, which establishes that in order for aid to be granted, the investment must be completed at least 18 months before the date of entry into force of the regulation, should be made more flexible, so that the only requirement is that the project be completed by the date of entry into force of the regulation.

BusinessEurope also suggests that in several places in the text, the term “renewable” should be replaced with “renewable and low-carbon” in order to enable investments in all technologies that can reduce emissions and support the transition to decarbonised economy, in line with technology neutrality principle.

As regards provisions on vehicles and recharging or refuelling infrastructure, the transition of the European vehicle fleet needs to be supported to drive emissions reductions and enhance competitiveness. The existing possibilities for State aid under GBER Article 36b are too restrictive. Given that the eligible costs consist of the difference between the investment costs of purchasing the clean vehicle or the zero-emission vehicle and the investment costs of purchasing a vehicle of the same category that complies with applicable Union standards already in force and would have been acquired without the aid, it should be possible to cover a larger share of these additional costs with State aid even without an open tendering process than is currently allowed. In the cases of clean vehicles, energy efficiency, or investments for environmental protection, (Article 36 (b) and Article 38) the eligibility and aid limitation is set to "extra investment costs", and not the total costs related to these investments. BusinessEurope therefore suggests increasing the aid limit in Article 36b(6), either permanently or as a temporary increase, subject to a time limit or review clause. The aid limits for charging infrastructure under Article 36a should also be reviewed.

Supporting the Circular economy

Circularity is one of the priorities of the Clean Industrial Deal. The ambition of the CID is to make the EU the world leader on circular economy by 2030. Increasing the Union’s recycling capacity (meaning an aggregate of the maximum annual production volume of recycling operations for raw materials after re-processing, including the sorting and pre-treatment of waste, and its processing into secondary raw materials, located in the Union) should be additionally addressed in the GBER.

Further, the eligible costs regarding energy efficiency and the circular economy (article 47.7) should be calculated based on the total investment costs and not only regarding the extra investment costs needed, compared with a less environmentally friendly project. This is particularly important for the second (b) category of treating waste. The EU priority order for treatment of waste is not based on financial criteria, as the aim is to give priority to prevention over recycling and recycling over disposal. In case the investment costs for disposal are equal or above the investment costs for recycling, no aid may be approved. Even if the costs of disposal are below the costs of recycling, only 40% of the difference may be supported. This methodology for calculating aid is not adequate for promoting the recycling and recovery of industrial waste over its disposal. Given the above, also the threshold for circular economy activities, such as industrial waste recycling and recovery, should be increased.

Aid for regional airports

Aviation plays a crucial role for businesses by facilitating international trade and business travel. Airports serve as important hubs for companies' logistics and supply chains,

contributing to regional economic growth. Airports are part of the fundamental transport system and are essential for business accessibility. Particularly in more sparsely populated countries, air transport plays a central role in enabling the movement of both people and goods. It is therefore important that there are sufficient conditions for public authorities to finance airports, where necessary, in the same way as investments in roads and railways are financed.

The current regulations provide insufficient conditions to finance smaller airports with an annual passenger number over 200,000. This is the upper limit for operational aid within the GBER. The guidelines do not offer permanent possibilities to grant operational aid; there is only a possibility to give operational aid to airports with up to 700,000 annual passengers during a transitional period. The end date for the transitional period has been gradually pushed forward, and the current date is April 3, 2027, when aid can no longer be granted. Additionally, restrictive conditions apply regarding the amount of aid that can be granted.

At the same time, it has been shown that airports with between 200,000 and 700,000 passengers rarely have the conditions to cover their costs. In the evaluation of the state aid rules carried out by the Commission in 2020, it is stated that 31 percent of airports with between 200,000 and 700,000 passengers cannot cover their costs in 2024. The same study shows that these airports on average have a negative EBITDA per passenger during 2010- 2018 and have limited growth opportunities. A study by Oxera (Oxera (2019) The European Commission's consultation on the 2014 Aviation State Aid Guidelines, An economic analysis of airports' profitability) shows the same thing.

Nevertheless, these airports are in practice given no possibility to receive state aid outside the SGEI regulation, which has proven to be applicable only in certain specific cases. The application of the SGEI regulation is also unpredictable and administratively burdensome. It is therefore desirable to change other parts of the regulation so that the SGEI rules can be avoided.

The same study by the Commission also shows that the reason why so few airports have notified aid according to the guidelines is that they have ignored the regulations and thus likely paid out illegal aid. This is yet another indication of the deficiencies in the design of the current regulations.

It is therefore absolutely necessary to raise the limit in the GBER for operational aid so that airports with an annual passenger number of up to 700,000 passengers are covered. This is needed to achieve long-term conditions for the operation of airports, and so that they can dare to make necessary investments for increased safety, sustainability, and growth.

Aid for the digital economy and digital transition

BusinessEurope believes that the GBER does not contribute sufficiently to achieving the digital transition as it does not have a specific section for this type of aid. These projects have to be channelled as regional investment aid or investment aid for SMEs, with the difficulty of justifying that this represents a fundamental transformation of the production process. It should be borne in mind that digitisation measures do not always involve a transformation of the production process, as they act in areas other than production but whose impact is fundamental to the competitiveness of the company. In the best-case scenario, if the fundamental transformation can be justified, large companies must meet

the requirement that eligible costs must exceed the depreciation of the assets related to the activity to be modernised in the previous three fiscal years. More broadly, we value the urgency of creating a specific category for industrial digitisation projects, with realistic and adapted requirements, so that companies across different sectors can benefit from support that matches their actual need allowing them to carry out investments appropriate to the needs and objectives of digitisation and AI. The application of the SCOs for expenditure on software, cybersecurity, artificial intelligence and data management should also be considered, in order to facilitate access to digitization projects and reduce administrative burdens.

We also propose that the particularities of the digitisation process in sectors, such as textiles, be recognised. While these measures may not constitute a complete productive transformation, they often involve key steps in traceability, process systematization, quality, and technological integration, which significantly improve the direct competitiveness of companies.

Training aid

BusinessEurope suggests deleting Article 31.2 of the GBER, according to which aid shall not be granted for training which undertakings carry out to comply with national mandatory standards on training as it hinders accessing financial support for training provision, including through the ESF+, and would provide better incentives for industry to invest in upskilling, reskilling, quality jobs and recruitment of workers for a just transition. This includes the possibility to increase training and skills conditionalities for public funding supporting the anticipation and management of change and the industrial transition. More broadly, the review of GBER is an opportunity to update State aid rules applicable to training to provide better incentives for industry to invest in the up-skilling and reskilling of workers, thereby improving the productivity of work.

Aligning GBER and EU-funded programs

There is a clear need for better alignment between the GBER provisions and EU-funded programs (e.g., Horizon Europe, Innovation Fund). Current discrepancies in aid intensities, cost definitions, and cumulation rules create unnecessary complexity, hamper access, and limit the effectiveness of public support. Streamlining these frameworks would optimize resource use, ease access to financing, and magnify public aid's impact in advancing EU priorities. In order to unlock the full potential of public support we suggest that aid intensities will be adjusted to the highest level mentioned for either the EU-funded programs or the GBER. The same goes for eligible costs.

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