BUSINESSEUROPE

POSITION PAPER

28 September 2026

Guidelines on Regional State Aid – Proposed Amendments
Commission Consultation

General comments

BusinessEurope supports amending the Guidelines on Regional State Aid and the criteria Member States should use to identify the areas that can receive regional aid to take into consideration regional socio-economic development based on the latest data, for the identification of the relevant areas for the period 2028-2034, as well as the specific challenges of the EU's eastern regions bordering Russia, Belarus and Ukraine.

We welcome updating and amending the new regional aid maps for the period 2028-2034 as a genuine opportunity to deliver concrete solutions to the structural challenges facing island economies. This allows for shortcoming from the previous period (2022-2027) to be identified and addressed, responding to emerging challenges to ensure better problem-solving and a more level-playing field in the Single Market. At the same time, the Commission should ensure that the revision of the regional aid maps does not result in regions losing their current eligibility status solely as a result of updated data or methodological changes.

We also welcome the proposal to introduce a dedicated category for eastern border regions. This is an important recognition that regions bordering Russia, Belarus and Ukraine face structural disadvantages which are not adequately reflected by traditional indicators such as GDP or unemployment, including persistent geopolitical risks, reduced investment attractiveness, higher financing and insurance costs, security-related expenditure and disrupted trade and logistics links.

We also support retaining the safety net mechanism as it provides essential stability and predictability for Member States. However, the addition of new categories of assisted areas increases the overall complexity of the framework and may require further clarification from the Commission to ensure consistent application across Member States. Clear guidance should be issued on the interaction between regional aid rules, other State aid instruments, including the GBER, and other EU policy priorities such as the green and digital transitions. A clear definition of eligible areas would facilitate the consistent application of these instruments and provide greater legal certainty for Member States and undertakings.

The Commission should ensure a timely approval process for the 2028-2034 regional aid maps to minimise uncertainty for businesses and public authorities. The new framework should move away from a one-size-fits-all approach to a tool which recognises structural realities and geographic disparities, despite strong economic performance.

Specific Comments

Aid intensities in eastern border regions should be sufficiently differentiated to compensate for objectively higher geopolitical, financing and insurance risks and to maintain a genuine investment incentive. BusinessEurope is concerned that the proposed 15% maximum aid intensity for large enterprises in eastern border ‘c’ areas may not be sufficient to offset the additional risks affecting investment decisions in these regions. The new status should bring practical benefits regardless of whether an eastern border region is classified as an “a” or a “c” area. An appropriate increase in maximum aid intensities should therefore also be possible for eastern border regions already classified as “a” areas.

Support should reflect the wider impact of geopolitical risks on investment, financing and supply chains, which is often felt across the economy of the Member State concerned and not only in a narrowly defined border area. This is particularly relevant for those countries where, given their size and geography, the whole country is relatively close to the EU’s external borders with Russia and Belarus and consequently affected by the resulting geopolitical and security risks.

Member States should be able to grant **proportionate operating aid in eastern border regions to address objectively verifiable additional costs**. These may include higher financing, insurance, security, logistics and market-access costs, as well as additional costs related to attracting and retaining workers. This flexibility should also be available outside sparsely populated areas where comparable long-term disadvantages can be demonstrated.

Labour and skills shortages should be recognised as structural barriers to investment in eastern border regions. Instead of adding all training expenditure to regional investment costs, the Commission should clarify how regional aid can be combined with training and employment aid and relevant EU funds. This should support investment packages that combine productive investment with employer-led reskilling, short labour-market-relevant programmes, micro-credentials and regional skills hubs, while avoiding double funding.

Also, the framework does not appear to specifically address the **structural challenges faced by small island economies**, including high transport costs, import dependency, labour shortages and land constraints. Greater equity within the Single Market could be achieved through EU State Aid rules by establishing an island-specific sub-category within the Regional State Aid framework. This would enable subsidisation of freight costs for exported manufactured goods from island States, helping to rebalance the internal market. Increased flexibility for aviation and maritime transport operators would be welcome. In this context, we suggest adding in *Section 5.1.2. Notifiable individual investment aid*, that investments improving a region's connection to European freight transport networks including intermodal terminals can generate substantial positive spillover effects beyond the direct beneficiary. Such investments often improve the accessibility and competitiveness of entire regions, facilitating industrial development, trade and cross-border economic integration. This is particularly relevant for intermodal terminals and combined transport facilities that contribute to sustainable freight transport and improved territorial cohesion.

In *Section 5.1.1. Investment aid schemes, point 45*, we suggest deleting the condition of a **new economic activity** in the context of large enterprises. In practice, investments by large enterprises often involve expanding, diversifying or modernising existing activities rather than establishing an entirely new activity. The condition prevents an effective transformation of current enterprises and threatens a fair economic activity. In practice, the “new economic activity” requirement may prevent companies already established in an assisted area from receiving aid, while a new investor producing the same product in the same region may qualify as a new economic activity. This creates unequal treatment, distorts fair competition, disadvantaging existing EU investors, who are often required to undertake costly transformations of products and production processes to remain competitive. We therefore believe that support should also be available for follow-on investments that contribute to growth, employment, and the global competitiveness of the EU.

In *Section 5.1.2. Notifiable individual investment aid*, we suggest that when assessing regional disadvantages and defining areas eligible for regional aid, greater attention should be paid to the **structural connectivity constraints**, including a quality of a region's connection to the European transport, energy and digital networks. This should include also TEN-T network and intermodal logistics infrastructure. Regional connectivity should be understood broadly. In addition to freight transport, intermodal logistics, energy and digital networks, the assessment of regional accessibility should also recognise multimodal passenger hubs and public transport links within TEN-T urban nodes. Reliable and affordable passenger transport improves access to jobs, education and services and expands the labour market available to companies. Support for transport operators and infrastructure should remain subject to the applicable sector-specific State aid rules. We suggest recognising that the competitiveness of modern regions increasingly depends not only on physical infrastructure but also on digital systems supporting logistics, production and supply chains. The Guidelines should make clear that investments contributing to the digitalisation of regional economic infrastructure can play an important role in addressing regional disparities and improving the attractiveness of assisted areas. In addition, the future framework should complement the existing criterion based on a population decline of more than 10% with an additional criterion allowing for the recognition of the structural demographic fragility of NUTS 3 regions facing persistent depopulation challenges.

The Guidelines should better recognise the importance of investments contributing simultaneously to regional development and **resilience**. In eastern border regions, dual-use investments in areas such as critical infrastructure, connectivity, energy resilience and industrial capacity can generate significant regional-development benefits while contributing to broader EU security and strategic-autonomy objectives.

Regional **differences in access to finance** such as lending volumes, financing costs, collateral requirements and access to private investment should be taken into account when assessing investment barriers and the proportionality of aid. Support should be available through an appropriate mix of grants, guarantees and risk-sharing instruments that reduce investment risks and help mobilise private capital.

Lastly, the proposed amendments confirm that regional aid notifications cannot be approved before the relevant regional aid map has been authorised by the Commission. This creates a dependency that could delay the implementation of support measures. **Administrative requirements** should remain proportionate and predictable to facilitate investment planning and access to support measures. In this context, we would also support greater flexibility in demonstrating the **incentive effect** of regional aid in eastern border regions, taking into account the structural disadvantages already recognised by the Commission, while preserving the proportionality of the aid granted.

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