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Notice No | Contents | Page

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II

(Information)

INFORMATION FROM EUROPEAN UNION INSTITUTIONS, BODIES, OFFICES AND AGENCIES

EUROPEAN COMMISSION

Guidelines on regional State aid for 2014-2020

(Text with EEA relevance)

(2013/C 209/01)

INTRODUCTION

1. On the basis of Article 107(3)(a) and (c) of the Treaty on the Functioning of the European Union (TFEU), the Commission may consider compatible with the internal market State aid to promote the economic development of certain disadvantaged areas within the European Union (1). This kind of State aid is known as regional aid.

2. In these guidelines, the Commission sets out the conditions under which regional aid may be considered to be compatible with the internal market and establishes the criteria for identifying the areas that fulfil the conditions of Article 107(3)(a) and (c) of the Treaty.

3. The primary objective of State aid control in the field of regional aid is to allow aid for regional development while ensuring a level playing field between Member States, in particular by preventing subsidy races that may occur when they try to attract or retain businesses in disadvantaged areas of the Union, and to limit the effects of regional aid on trade and competition to the minimum necessary.

4. The objective of geographical development distinguishes regional aid from other forms of aid, such as aid for research, development and innovation, employment, training, energy or for environmental protection, which pursue other objectives of common interest in accordance with Article 107(3) of the Treaty. In some circumstances higher aid intensities may be allowed for those other types of aid, whenever granted to undertakings established in disadvantaged areas, in recognition of the specific difficulties which they face in such areas (2).

(1) Areas eligible for regional aid under Article 107(3)(a) of the Treaty, commonly referred to as 'a' areas, tend to be the more disadvantaged within the Union in terms of economic development. Areas eligible under Article 107(3)(c) of the Treaty, referred to as 'c' areas, also tend to be disadvantaged but to a lesser extent.

(2) Regional top-ups for aid granted for such purposes are therefore not considered as regional aid.

5. Regional aid can only play an effective role if it is used sparingly and proportionately and is concentrated on the most disadvantaged regions of the European Union [3]. In particular, the permissible aid ceilings should reflect the relative seriousness of the problems affecting the development of the regions concerned. Furthermore, the advantages of the aid in terms of the development of a less-favoured region must outweigh the resulting distortions of competition [4]. The weight given to the positive effects of the aid is likely to vary according to the applied derogation of Article 107(3) of the Treaty, so that a greater distortion of competition can be accepted in the case of the most disadvantaged regions covered by Article 107(3)(a) than in those covered by Article 107(3)(c) [5].

6. Regional aid can further be effective in promoting the economic development of disadvantaged areas only if it is awarded to induce additional investment or economic activity in those areas. In certain very limited, well-identified cases, the obstacles that these particular areas may encounter in attracting or maintaining economic activity may be so severe or permanent that investment aid alone may not be sufficient to allow the development of that area. Only in such cases may regional investment aid be supplemented by regional operating aid not linked to an investment.

7. In the Communication on State aid modernisation of 8 May 2012 [6], the Commission announced three objectives pursued through the modernisation of State aid control:

(a) to foster sustainable, smart and inclusive growth in a competitive internal market;

(b) to focus Commission *ex ante* scrutiny on cases with the biggest impact on the internal market while strengthening the cooperation with Member States in State aid enforcement;

(c) to streamline the rules and provide for faster decisions.

8. In particular, the Communication called for a common approach to the revision of the different guidelines and frameworks with a view to strengthening the internal market, promoting more effectiveness in public spending through a better contribution of State aid to the objectives of common interest, greater scrutiny of the incentive effect, limiting the aid to the minimum, and avoiding the potential negative effects of the aid on competition and trade. The compatibility conditions set out in these guidelines are based on those common assessment principles and are applicable to notified aid schemes and individual aid.

(3) Each MemberStatemay identify these areas in a regional aid map on the basis of the conditions laid down in Section 5.

(4) See in this respect Case 730/79, Philip Morris [1980], ECR 2671, paragraph 17 and in Case C-169/95, *Spain* v *Commission* [1997], ECR I-148, paragraph 20.

(5) See in this respect Case T-380/94, *AIUFFASS and AKT* v *Commission* [1996], ECR II-2169, paragraph 54.

(6) Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of regions EU State Aid Modernisation (SAM), COM/2012/0209 final.

1. SCOPE AND DEFINITIONS

1.1. Scope of regional aid

9. Regional aid to the steel [7] and synthetic fibres [8] sectors will not be considered to be compatible with the internal market.

10. The Commission will apply the principles set out in these guidelines to regional aid in all sectors of economic activity [9], apart from the fisheries and aquaculture [10], agricultural [11] and the transport sector [12], which are subject to special rules laid down by specific legal instruments, which might derogate partially or totally from these guidelines. The Commission will apply these guidelines for processing and marketing of agricultural products into non-agricultural products. These guidelines apply to aid measures supporting activities outside the scope of Article 42 of the Treaty but covered by the Rural Development Regulation and are either co-financed by the European Agriculture Fund for Rural Development or are being granted as an additional national financing to such co-financed measures, unless sectoral rules provide for otherwise.

11. These guidelines will not apply to State aid granted to airports [13] or in the energy sector [14].

12. Regional investment aid to broadband networks may be considered compatible with the internal market if, in addition to the general conditions laid down in these guidelines, it complies also with the following specific conditions: (i) aid is granted only to areas where there is no network of the same category (either basic broadband or NGA) and where none is likely to be developed in the near future; (ii) the subsidised network operator offers active and passive wholesale access under fair and non-discriminatory conditions with the possibility of effective and full unbundling; (iii) aid should be allocated on the basis of a competitive selection process in accordance with paragraph 78(c) and (d) of the Broadband guidelines [15].

13. Regional investment aid to research infrastructures [16] may be regarded to be compatible with the internal market if, in addition to the general conditions laid down in these guidelines the aid is made conditional on giving transparent and non-discriminatory access to this infrastructure.

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(7) As defined in Annex IV.
(8) As defined in Annex IV.
(9) Following the expiry on 31 December 2013 of the Framework on State aid to shipbuilding (OJ C 364, 14.12.2011, p. 9.), regional aid to shipbuilding is also covered by these guidelines.
(10) As covered by Council Regulation (EC) No 104/2000 of 17 December 1999 on the common organisation of the markets in fishery and aquaculture products (OJ L 17, 21.1.2000, p. 22).
(11) State aid for the primary production, processing and marketing of agricultural products resulting in agricultural products listed in Annex I to the Treaty and forestry is subject to rules laid down in the Guidelines for State aid in the agricultural sector.
(12) Transport means transport of passengers by aircraft, maritime transport, road, railway and by inland waterway or freight transport services for hire or reward.
(13) Community guidelines on the application of Articles 92 and 93 of the EC Treaty and Article 61 of the EEA Agreement to State aid to the aviation sector (OJ C 350, 10.12.1994, p. 5.), Community guidelines on financing of airports and start-up aid to airlines departing from regional airports (OJ C 312, 9.12.2005, p. 1.) as amended or replaced.
(14) The Commission will assess the compatibility of State aid to the energy sector on the basis of the future energy and environmental aid guidelines, amending the current guidelines on State aid for environmental protection, where the specific handicaps of the assisted areas will be taken into account.
(15) Communication from the Commission, EU Guidelines for the application of State aid rules in relation to the rapid deployment of broadband networks (OJ C 25, 26.1.2013, p. 1).
(16) As defined in Council Regulation (EC) No 723/2009 of 25 June 2009 on the Community legal framework for a European Research Infrastructure Consortium (ERIC) (OJ L 206, 8.8.2009, p. 1).

14. Large undertakings tend to be less affected than small and medium enterprises (SMEs) by regional handicaps for investing or maintaining economic activity in a less developed area. Firstly, large companies can more easily obtain capital and credit on global markets and are less constrained by the more limited offer of financial services in a particular disadvantaged region. Secondly, investments by large undertakings can produce economies of scale that reduce location-specific initial costs and, in many respects, are not tied to the region in which the investment takes place. Thirdly, large companies making investments usually possess considerable bargaining power vis-à-vis the authorities, which may lead to aid being awarded without need or due justification. Finally, large companies are more likely to be significant players on the market concerned and, consequently, the investment for which the aid is awarded may distort competition and trade on the internal market.

15. Since regional aid to large undertakings for their investments is unlikely to have an incentive effect, it cannot be regarded to be compatible with the internal market under Article 107(3)(c) of the Treaty, unless it is granted for initial investments that create new economic activities in these areas ([17]), or for the diversification of existing establishments into new products or new process innovations.

16. Regional aid aimed at reducing the current expenses of an undertaking constitutes operating aid and will not be regarded as compatible with the internal market, unless it is awarded to tackle specific or permanent handicaps faced by undertakings in disadvantaged regions. Operating aid may be considered compatible if it aims to reduce certain specific difficulties faced by SMEs in particularly disadvantaged areas falling within the scope of Article 107(3)(a) of the Treaty, or to compensate for additional costs to pursue an economic activity in an outermost regions or to prevent or reduce depopulation in very sparsely populated areas.

17. Operating aid awarded to undertakings whose principal activity falls under Section K 'Financial and insurance activities' of the NACE Rev. 2 statistical classification of economic activities ([18]) or to undertakings that perform intra-group activities and whose principal activity falls under classes 70.10 'Activities of head offices' or 70.22 'Business and other management consultancy activities' of NACE Rev. 2 will not be considered to be compatible with the internal market.

18. Regional aid may not be awarded to firms in difficulties, as defined for the purposes of these guidelines by the Community guidelines on State aid for rescuing and restructuring firms in difficulty ([19]), as amended or replaced.

19. When assessing regional aid awarded to an undertaking which is subject to an outstanding recovery order following a previous Commission decision declaring an aid illegal and incompatible with the internal market, the Commission will take account of the amount of aid still to be recovered ([20]).

([17]) See, paragraph 20(i).

([18]) Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains (OJ L 393, 30.12.2006, p. 1).

([19]) OJ C 244, 1.10.2004, p. 2, as prolonged by OJ C 156, 9.7.2009, p. 3 and OJ C 296, 2.10.2012, p. 3. As explained in paragraph 20 of those guidelines, given that its very existence is in danger, a firm in difficulty cannot be considered an appropriate vehicle for promoting other public policy objectives until such time as its viability is assured.

([20]) See in this respect the joint Cases T-244/93 and T-486/93, *TWD Textilwerke Deggendorf GmbH* v *Commission of the European Communities*, [1995] ECR II-02265.

1.2. Definitions

20. For the purposes of these guidelines, the following definitions apply:

(a) ' "a" areas' mean those areas designated in a regional aid map in application of the provisions of Article 107(3)(a) of the Treaty; ' "c" areas' mean those areas designated in a regional aid map in application of the provisions of Article 107(3)(c) of the Treaty;

(b) 'ad hoc aid' means aid that is not awarded on the basis of a scheme;

(c) 'adjusted aid amount' means the maximum permissible aid amount for a large investment project, calculated according to the following formula:

maximum aid amount = R × (50 + 0,50 × B + 0,34 × C)

where: R is the maximum aid intensity applicable in the area concerned, excluding the increased aid intensity for SMEs. B is the part of eligible costs between EUR 50 million and EUR 100 million. C is the part of eligible costs above EUR 100 million;

(d) 'date of award of the aid' means the date when the Member State took a legally binding commitment to award the aid that can be invoked before the national courts;

(e) 'eligible costs' means, for the purpose of investment aid, tangible and intangible assets related to an initial investment or wage costs;

(f) 'gross grant equivalent' (GGE) means the discounted value of the aid expressed as a percentage of the discounted value of the eligible costs, as calculated at the time of award of the aid on the basis of the reference rate applicable on that date;

(g) 'individual aid' means aid granted either on the basis of a scheme or on an ad hoc basis;

(h) 'initial investment' means:

(a) an investment in tangible and intangible assets related to:

— the setting-up of a new establishment,

— the extension of the capacity of an existing establishment,

— the diversification of the output of an establishment into products not previously produced in the establishment, or

— a fundamental change in the overall production process of an existing establishment; or

(b) an acquisition of assets directly linked to an establishment provided the establishment has closed or would have closed if it had not been purchased, and is bought by an investor unrelated to the seller. The sole acquisition of the shares of an undertaking does not qualify as initial investment;

(i) ‘initial investment in favour of new economic activity’ means:

(a) an investment in tangible and intangible assets related to:

— the setting up of a new establishment, or

— the diversification of the activity of an establishment, under the condition that the new activity is not the same or a similar activity to the activity previously performed in the establishment; or

(b) the acquisition of the assets belonging to an establishment that has closed or would have closed if it had not been purchased, and is bought by an investor unrelated to the seller, under the condition that the new activity to be performed using the acquired assets is not a same or similar activity to the activity performed in the establishment prior to the acquisition;

(j) ‘intangible assets’ means assets acquired through a transfer of technology such as patent rights, licences, know-how or unpatented technical knowledge;

(k) ‘job creation’ means a net increase in the number of employees in the establishment concerned compared with the average over the previous 12 months after deducting from the apparent created number of jobs any job lost during that period;

(l) ‘large investment project’ means an initial investment with eligible costs exceeding EUR 50 million, calculated at prices and exchange rates on the date of award of the aid;

(m) ‘maximum aid intensities’ means the aid intensities in GGE for large undertakings as laid down in subsection 5.4 of these guidelines and reflected in the relevant regional aid map;

(n) ‘notification threshold’ means aid amounts exceeding the thresholds set out in the table below:

Aid intensity	Notification threshold
10 %	EUR 7,5 million
15 %	EUR 11,25 million
25 %	EUR 18,75 million
35 %	EUR 26,25 million
50 %	EUR 37,5 million

(o) ‘number of employees’ means the number of annual labour units (ALU), namely the numbers of persons employed full-time in one year; persons working part-time or employed in seasonal work are counted in ALU fractions;

(p) 'outermost regions' means the regions referred to in Article 349 of the Treaty [21];

(q) 'operating aid' means aid aimed to reduce an undertaking's current expenditure that is not related to an initial investment. This includes costs categories such as personnel costs, materials, contracted services, communications, energy, maintenance, rent, administration, etc., but excludes depreciation charges and the costs of financing if these have been included in the eligible costs when granting regional investment aid;

(r) 'regional aid map' means the list of areas designated by a Member State in accordance with the conditions laid down in these guidelines and approved by the Commission;

(s) 'the same or a similar activity' means an activity falling under the same class (four-digit numerical code) of the NACE Rev. 2 statistical classification of economic activities;

(t) 'single investment project' means any initial investment started by the same beneficiary (at group level) in a period of three years from the date of start of works on another aided investment in the same NUTS 3 region;

(u) 'SMEs' means undertakings that fulfil the conditions laid down in Commission recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises [22];

(v) 'start of works' means either the start of construction works on the investment or the first firm commitment to order equipment or other commitment that makes the investment irreversible, whichever is the first in time. Buying of land and preparatory works such as obtaining permits and conducting preliminary feasibility studies are not considered as start of works. For takeovers, 'start of works' means the moment of acquiring the assets directly linked to the acquired establishment;

(w) 'sparsely populated areas' mean those areas designated by the Member State concerned in accordance with paragraph 161 of these guidelines;

(x) 'tangible assets' means assets such as land, buildings, and plant, machinery and equipment;

(y) 'very sparsely populated areas' means NUTS 2 regions with less than 8 inhabitants per km^2 (based on Eurostat data on population density for 2010) or parts of such NUTS 2 regions designated by the Member State concerned in accordance with paragraph 162 of these guidelines;

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(21) Currently: Guadeloupe, French Guiana, Martinique, Réunion, Saint-Martin, the Azores, Madeira and the Canary Islands. In accordance with European Council Decision (2010/718/EU) of 29 October 2010 amending the status with regard to the European Union of the island of Saint-Barthélemy (OJ L 325, 9.12.2010, p. 4), from 1 January 2012, Saint-Barthélemy ceased to be an outermost region and became an overseas country or territory referred to in Part Four of the Treaty. In accordance with European Council Decision (2012/419/EU) of 11 July 2012 amending the status of Mayotte with regard to the European Union (OJ L 204, 31.7.2012, p. 131), from 1 January 2014, Mayotte ceases to be an overseas country or territory and becomes an outermost region.

(22) OJ L 124, 20.5.2003, p. 36.

(z) 'wage costs' means the total amount actually payable by the beneficiary of the aid in respect of the employment concerned, comprising the gross wage before tax and compulsory contributions such as social security, child care and parent care costs over a defined period of time.

2. NOTIFIABLE REGIONAL AID

21. In principle, Member States must notify regional aid pursuant to Article 108(3) ([23]) of the Treaty, with the exception of measures that fulfil the conditions laid down in a block exemption Regulation adopted by the Commission pursuant to Article 1 of Council Regulation (EC) No 994/98 of 7 May 1998 on the application of Articles 92 and 93 of the Treaty establishing the European Community to certain categories of horizontal State aid (Enabling Regulation) ([24]).

22. The Commission will apply these guidelines to notified regional aid schemes and individual aid.

23. Individual aid granted under a notified scheme remains subject to the notification obligation pursuant to Article 108(3) of the Treaty, if the aid from all sources exceeds the notification threshold ([25]) or if it is granted to a beneficiary that has closed down the same or similar activity in the EEA two years preceding the date of applying for aid or at the moment of aid application has the intention to close down such an activity within a period of two years after the investment to be subsidised is completed.

24. Investment aid granted to a large undertaking to diversify an existing establishment in a 'c' area into new products, remains subject to the notification obligation pursuant to Article 108(3) of the Treaty.

3. COMPATIBILITY ASSESSMENT OF REGIONAL AID

3.1. Common assessment principles

25. To assess whether a notified aid measure can be considered compatible with the internal market, the Commission generally analyses whether the design of the aid measure ensures that the positive impact of the aid towards an objective of common interest exceeds its potential negative effects on trade and competition.

26. The Communication on State aid modernisation of 8 May 2012 called for the identification and definition of common principles applicable to the assessment of compatibility of all the aid measures carried out by the Commission. For this purpose, the Commission will consider an aid measure compatible with the Treaty only if it satisfies each of the following criteria:

(a) contribution to a well-defined objective of common interest: a State aid measure must aim at an objective of common interest in accordance with Article 107(3) Treaty; (Section 3.2)

(b) need for state intervention: a State aid measure must be targeted towards a situation where aid can bring about a material improvement that the market cannot deliver itself, for example by remedying a market failure or addressing an equity or cohesion concern; (Section 3.3)

([23]) The Commission intends to exempt from the notification obligation ad-hoc aid to infrastructure meeting the compatibility criteria of a general block exemption regulation despite the fact that it is not granted as part of a scheme.

([24]) OJ L 142, 14.5.1998, p. 1.

([25]) See paragraph 20(n).

(c) appropriateness of the aid measure: the proposed aid measure must be an appropriate policy instrument to address the objective of common interest; (Section 3.4)

(d) incentive effect: the aid must change the behaviour of the undertaking(s) concerned in such a way that it engages in additional activity which it would not carry out without the aid or it would carry out in a restricted or different manner or location; (Section 3.5)

(e) proportionality of the aid (aid to the minimum): the aid amount must be limited to the minimum needed to induce the additional investment or activity in the area concerned; (Section 3.6)

(f) avoidance of undue negative effects on competition and trade between Member States: the negative effects of aid must be sufficiently limited, so that the overall balance of the measure is positive (Section 3.7)

(g) transparency of aid: Member States, the Commission, economic operators, and the public, must have easy access to all relevant acts and to pertinent information about the aid awarded thereunder. (Section 3.8)

27. The overall balance of certain categories of schemes may further be made subject to a requirement of *ex post* evaluation as described in Section 4 of these guidelines. In such cases, the Commission may limit the duration of those schemes (normally to four years or less) with a possibility to re-notify their prolongation afterwards.

28. If a State aid measure or the conditions attached to it (including its financing method when the financing method forms an integral part of the State aid measure) entail a non-severable violation of EU law, the aid cannot be declared compatible with the internal market ([26]).

29. In assessing the compatibility of any individual aid with the internal market, the Commission will take account of any proceedings concerning infringement to Article 101 or 102 of the Treaty which may concern the beneficiary of the aid and which may be relevant for its assessment under Article 107(3) of the Treaty ([27]).

3.2. Contribution to a common objective

30. The primary objective of regional aid is to reduce the development gap between the different regions in the European Union. Through its equity or cohesion objective regional aid may contribute to the achievement of the Europe 2020 strategy delivering an inclusive and sustainable growth.

3.2.1. *Investment aid schemes*

31. Regional aid schemes should form an integral part of a regional development strategy with clearly defined objectives and should be consistent with and contribute towards these objectives.

32. This would be the case in particular for measures implemented in accordance with regional development strategies defined in the context of the European Regional Development Fund (ERDF), the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development or the European Maritime and Fisheries Fund with a view to contributing towards the objectives of the Europe 2020 strategy.

([26]) See for instance Case C-156/98 *Germany* v *Commission* [2000] ECR I-6857, paragraph 78 and Case C-333/07 *Régie Networks* v *Rhone Alpes Bourgogne*[2008] ECR I-10807, paragraphs 94-116.

([27]) See Case C-225/91 *Matra* v *Commission*, [1993] ECR I-3203, paragraph 42.

33. For aid schemes outside an operational programme financed from the cohesion policy funds, Member States should demonstrate that the measure is consistent and contributes to the development strategy of the area concerned. For this purpose, Member States can rely on evaluations of past State aid schemes, impact assessments made by the granting authorities, or expert opinions. To ensure that the aid scheme contributes to this development strategy, it must include a system that will enable the granting authorities to prioritise and select the investment projects according to the objectives of the scheme (for example, on the basis of a formal scoring approach) ([28]).

34. Regional aid schemes may be put in place in 'a' areas to support initial investments of SMEs or of large undertakings. In 'c' areas schemes may be put in place to support initial investments of SMEs and initial investment in favour of new activity of large undertakings.

35. When awarding aid to individual investment projects on the basis of a scheme, the granting authority must confirm that the selected project will contribute towards the objective of the scheme and thus towards the development strategy of the area concerned. For this purpose, Member State can rely on the information provided by the applicant for aid in the form annexed to these guidelines where the positive effects of the investment on the area concerned must be described ([29]).

36. To ensure that the investment makes a real and sustained contribution to the development of the area concerned, the investment must be maintained in the area concerned for at least five years, or three years for SMEs, after its completion ([30]).

37. If the aid is calculated on the basis of wage costs, the posts must be filled within three years of the completion of works. Each job created through the investment must be maintained within the area concerned for a period of five years from the date the post was first filled. For investments carried out by all SMEs, Member States may reduce this five-year period for the maintenance of an investment or jobs to a minimum of three years.

38. To ensure that the investment is viable, the Member State must ensure that the beneficiary provides a financial contribution of at least 25 % ([31]) of the eligible costs, through its own resources or by external financing, in a form that is exempted of any public financial support ([32]).

39. To avoid that State aid measures would lead to environmental harm, Member States must also ensure compliance with Union environmental legislation, including in particular the need to carry out an environmental impact assessment when required by law and ensure all relevant permits.

([28]) For broadband network infrastructure the aid beneficiary must be selected on the basis of a competitive selection process in accordance paragraph 78(c) and (d) of the Broadband Guidelines, see footnote 15.

([29]) See Annex V to these guidelines.

([30]) The obligation to maintain the investment in the area concerned for a minimum period of five years (three years for SMEs) should not prevent the replacement of plant or equipment that has become outdated or broken within this period, provided that the economic activity is retained in the area concerned for the minimum period. However, regional aid may not be awarded to replace that plant or equipment.

([31]) The 25 % own contribution requirement in paragraph 38 does not apply to investment aid granted for investments in outermost regions where the maximum aid intensities can exceed 75 % GGE and go up to 90 % for SMEs in accordance with paragraph 173 of these guidelines.

([32]) This is not the case for example for subsidised loans, public equity-capital loans or public participations which do not meet the market investor principle, state guarantees containing elements of aid, or public support granted within the scope of *de minimis* rule.

3.2.2. *Notified individual investment aid*

40. To demonstrate the regional contribution of individual investment aid notified to the Commission, Member States may use a variety of indicators such as the ones mentioned below that can be both direct (for example. direct jobs created) and indirect (for example. local innovation):

(a) The number of direct jobs created by the investment is an important indicator of the contribution to regional development. The quality of the jobs created and the required skill level should also be considered.

(b) An even higher number of new jobs might be created in the local (sub-)supplier network, helping to better integrate the investment in the region concerned and ensuring more widespread spillover effects. The number of indirect jobs created will therefore also be taken into account.

(c) A commitment by the beneficiary to enter into widespread training activities to improve the skills (general and specific) of its workforce will be considered as a factor that contributes to regional development. Emphasis will also be put on providing traineeships or apprenticeships, especially for young people and on training that improves the knowledge and employability of workers outside the undertaking. General or specific training for which training aid is approved will not be counted as a positive effect of the regional aid to avoid double counting.

(d) External economies of scale or other benefits from a regional development viewpoint may arise as a result of proximity (clustering effect). Clustering of undertakings in the same industry allows individual plants to specialise more, which leads to increased efficiency. However, the importance of this indicator in determining the contribution to regional development depends on the state of development of the cluster.

(e) Investments embody technical knowledge and can be the source of a significant transfer of technology (knowledge spillovers). Investments taking place in technology intensive industries are more likely to involve technology transfer to the recipient region. The level and the specificity of the knowledge dissemination are also important in this regard.

(f) The projects' contribution to the region's ability to create new technology through local innovation can also be considered. Cooperation of the new production facility with local higher education institutions can be considered positively in this respect.

(g) The duration of the investment and possible future follow-on investments are an indication of a durable engagement of a company in the region concerned.

41. Member States can also refer to the business plan of the aid beneficiary which could provide information on the number of jobs to be created, salaries to be paid (increase in household wealth as spill-over effect), volume of acquisition from local producers, turnover generated by the investment and benefiting the area possibly through additional tax revenues.

42. For ad hoc aid ([33]), the Member State must demonstrate, in addition to the requirements laid down in paragraphs 35 to 39, that the project is coherent with and contributes towards the development strategy of the area concerned.

([33]) Ad hoc aid is subject to the same requirements as individual aid granted on the basis of a scheme, unless otherwise mentioned.

3.2.3. *Operating aid schemes*

43. Operating aid schemes will promote the development of disadvantaged areas only if the challenges facing these areas are clearly identified in advance. The obstacles to attracting or maintaining economic activity may be so severe or permanent that investment aid alone is not sufficient to allow the development of those areas.

44. As regards aid to reduce certain specific difficulties faced by SMEs in 'a' areas, the Member States concerned must demonstrate the existence and importance of those specific difficulties and must demonstrate that an operating aid scheme is needed as those specific difficulties cannot be overcome with investment aid.

45. As regards operating aid to compensate certain additional costs in the outermost regions, the permanent handicaps which severely restrain the development of the outermost regions are set out in Article 349 of the Treaty and include remoteness, insularity, small size, difficult topography and climate, and economic dependence on a few products. The Member State concerned must however identify the specific additional costs related to these permanent handicaps that the operating aid scheme is intended to compensate.

46. As regards operating aid to prevent or reduce depopulation in very sparsely populated areas, the Member State concerned must demonstrate the risk of depopulation of the relevant area in the absence of the operating aid.

3.3. **Need for State intervention**

47. In order to assess whether State aid is necessary to achieve the objective of common interest, it is necessary first to diagnose the problem to be addressed. State aid should be targeted towards situations where aid can bring about a material improvement that the market cannot deliver itself. This holds especially in a context of scarce public resources.

48. State aid measures can indeed, under certain conditions, correct market failures thereby contributing to the efficient functioning of markets and enhancing competitiveness. Furthermore, where markets provide efficient outcomes but these are deemed unsatisfactory from an equity or cohesion point of view, State aid may be used to obtain a more desirable, equitable market outcome.

49. As regards aid granted for the development of areas included in the regional aid map in accordance with the rules developed in Section 5 of these guidelines, the Commission considers that the market is not delivering the expected cohesion objectives set out in the Treaty without state intervention. Therefore, aid granted in those areas should be considered compatible with the internal market pursuant to Article 107(3)(a) and (c) of the Treaty.

3.4. **Appropriateness of regional aid**

50. The notified aid measure must be an appropriate policy instrument to address the policy objective concerned. An aid measure will not be considered compatible if other less distortive policy instruments or other less distortive types of aid instrument make it possible to achieve the same positive contribution to regional development.

3.4.1. *Appropriateness among alternative policy instruments*

3.4.1.1. Investment aid schemes

51. Regional investment aid is not the only policy instrument available to Member States to support investment and job creation in disadvantaged regions. Member States can use other measures such as infrastructure development, enhancing the quality of education and training, or improvements in the business environment.

52. Member States must indicate why regional aid is an appropriate instrument to tackle the common objective of equity or cohesion when introducing a scheme outside an operational programme financed from the cohesion policy funds.

53. If a Member State decides to put in place a sectoral aid scheme outside an operational programme financed from the Union funds mentioned in paragraph 32 above, it must demonstrate the advantages of such an instrument compared to a multi-sectoral scheme or other policy options.

54. The Commission will in particular take account of any impact assessments of the proposed aid scheme that the Member State may make available. Likewise, the results of *ex post* evaluations as described in Section 4 may be taken into account to assess the appropriateness of the proposed scheme.

3.4.1.2. Individual investment aid

55. For ad hoc aid, the Member State must demonstrate how the development of the area concerned is better ensured by such aid than by aid under a scheme or other types of measures.

3.4.1.3. Operating aid schemes

56. The Member State must demonstrate that the aid is appropriate to achieve the objective of the scheme for the problems that the aid is intended to address. To demonstrate that the aid is appropriate, the Member State may calculate the aid amount *ex ante* as a fixed sum covering the expected additional costs over a given period, to incentivise undertakings to contain costs and develop their business in a more efficient manner over time ([34]).

3.4.2. *Appropriateness among different aid instruments*

57. Regional aid can be awarded in various forms. The Member State should however ensure that the aid is awarded in the form that is likely to generate the least distortions of trade and competition. In this respect, if the aid is awarded in forms that provide a direct pecuniary advantage (for example, direct grants, exemptions or reductions in taxes, social security or other compulsory charges, or the supply of land, goods or services at favourable prices, etc.), the Member State must demonstrate why other potentially less distortive forms of aid such as repayable advances or forms of aid that are based on debt or equity instruments (for example, low-interest loans or interest rebates, state guarantees, the purchase of a share-holding or an alternative provision of capital on favourable terms) are not appropriate.

58. For aid schemes implementing the objectives and priorities of operational programmes, the financing instrument chosen in this programme is considered to be an appropriate instrument.

59. The results of *ex post* evaluations as described in Section 4 may be taken into account to assess the appropriateness of the proposed aid instrument.

([34]) However, where future costs and revenue developments are surrounded by a high degree of uncertainty and there is a strong asymmetry of information, the public authority may also wish to adopt compensation models that are not entirely *ex ante*, but rather a mix of *ex ante* and *ex post* (for example,. using claw backs such as to allow sharing of unanticipated gains).

3.5. **Incentive effect**

60. Regional aid can only be found compatible with the internal market, if it has an incentive effect. An incentive effect is present when the aid changes the behaviour of an undertaking in a way it engages in additional activity contributing to the development of an area which it would not have engaged in without the aid or would only have engaged in such activity in a restricted or different manner or in another location. The aid must not subsidise the costs of an activity that an undertaking would have incurred in any event and must not compensate for the normal business risk of an economic activity.

61. The existence of an incentive effect can be proven in two possible scenarios:

(a) the aid gives an incentive to adopt a positive investment decision because an investment that would otherwise not be sufficiently profitable for the beneficiary can take place in the area concerned ([35]) (*scenario 1*, investment decision); or

(b) the aid gives an incentive to opt to locate a planned investment in the relevant area rather than elsewhere because it compensates for the net disadvantages and costs linked to a location in the area concerned (*scenario 2*, location decision).

62. If the aid does not change the behaviour of the beneficiary by stimulating (additional) investment in the area concerned, it can be considered that the same investment would take place in the region even without the aid. Such aid lacks incentive effect to achieve the regional objective and cannot be approved as compatible with the internal market.

63. However, for regional aid awarded through cohesion policy funds in 'a' regions to investments necessary to achieve standards set by Union law, the aid may be considered to have an incentive effect, if in absence of the aid, it would not have been sufficiently profitable for the beneficiary to make the investment in the area concerned, thereby leading to the closure of an existing establishment in that area.

3.5.1. *Investment aid schemes*

64. Works on an individual investment can start only after submitting the application form for aid.

65. If works begin before submitting the application form for aid, any aid awarded in respect of that individual investment will not be considered compatible with the internal market.

66. Member States must introduce a standard application form for aid annexed to these guidelines ([36]). In the application form, SMEs and large companies must explain counterfactually what would have happened had they not received the aid indicating which of the scenarios described in paragraph 61 applies.

67. In addition, large companies must submit documentary evidence in support of the counterfactual described in the application form. SMEs are not subject to such obligation.

([35]) Such investments may create conditions allowing further investments that are viable without additional aid.
([36]) See Annex V.

68. The granting authority must carry out a credibility check of the counterfactual and confirm that regional aid has the required incentive effect corresponding to one of the scenarios described in paragraph 61. A counterfactual is credible if it is genuine and relates to the decision-making factors prevalent at the time of the decision by the beneficiary regarding the investment.

3.5.2. *Notified individual investment aid*

69. In addition to the requirements of paragraphs 64 to 67, for notified individual aid ([37]), the Member State must provide clear evidence that the aid effectively has an impact on the investment choice or the location choice ([38]). It must specify which scenario described in paragraph 61 applies. To allow a comprehensive assessment, the Member State must provide not only information concerning the aided project but also a comprehensive description of the counterfactual scenario, in which no aid is awarded to the beneficiary by any public authority in the EEA.

70. In *scenario 1*, the Member State could prove the existence of the incentive effect of the aid by providing company documents that show that the investment would not be sufficiently profitable without the aid.

71. In *scenario 2*, the Member State could prove the incentive effect of the aid by providing company documents showing that a comparison has been made between the costs and benefits of locating in the area concerned and those in alternative area(s). The Commission verifies whether such comparisons have a realistic basis.

72. The Member States are, in particular, invited to rely on official board documents, risk assessments (including the assessment of location-specific risks), financial reports, internal business plans, expert opinions and other studies related to the investment project under assessment. Documents containing information on demand forecasts, cost forecasts, financial forecasts, documents that are submitted to an investment committee and that elaborate on various investment scenarios, or documents provided to the financial institutions could help the Member States to demonstrate the incentive effect.

73. In this context, and in particular in *scenario 1*, the level of profitability can be evaluated by reference to methodologies which are standard practice in the particular industry concerned, and which may include methods to evaluate the net present value of the project (NPV) ([39]), the internal rate of return (IRR) ([40]) or the average return on capital employed (ROCE). The profitability of the project is to be compared with normal rates of return applied by the company in other investment projects of a similar kind. Where these rates are not available, the profitability of the project is to be compared with the cost of capital of the company as a whole or with the rates of return commonly observed in the industry concerned.

74. If the aid does not change the behaviour of the beneficiary by stimulating (additional) investment in the area concerned, there is no positive effect for the region. Therefore, aid will not be considered compatible with the internal market in cases where it appears that the same investment would take place in the region even without the aid having been granted.

([37]) Ad hoc aid must also respect the requirements laid down in paragraphs 64 to 67 of these guidelines, in addition to the requirements of Section 3.5.2.
([38]) The counterfactual scenarios are described in paragraph 61.
([39]) The net present value of a project is the difference between the positive and negative cash flows over the lifetime of the investment, discounted to their current value (typically using the cost of capital).
([40]) The internal rate of return is not based on accounting earnings in a given year, but takes into account the stream of future cash flows that the investor expects to receive over the entire lifetime of the investment. It is defined as the discount rate for which the NPV of a stream of cash flows equals zero.

3.5.3. *Operating aid schemes*

75. For operating aid schemes, the incentive effect of the aid will be considered to be present if it is likely that, in the absence of aid, the level of economic activity in the area or region concerned would be significantly reduced due to the problems that the aid is intended to address.

76. The Commission will therefore consider that the aid induces additional economic activity in the areas or regions concerned, if the Member State has demonstrated the existence and substantial nature of those problems in the area concerned (see paragraphs 44 to 46).

3.6. **Proportionality of the aid amount (aid limited to the minimum)**

77. In principle, the amount of the regional aid must be limited to the minimum needed to induce additional investment or activity in the area concerned.

78. As a general rule, notified individual aid will be considered to be limited to the minimum, if the aid amount corresponds to the net extra costs of implementing the investment in the area concerned, compared to the counterfactual in the absence of aid. Likewise, in the case of investment aid granted to large undertakings under notified schemes, Member States must ensure that the aid amount is limited to the minimum on the basis of a 'net-extra cost approach'.

79. For *scenario 1* situations (investment decisions) the aid amount should therefore not exceed the minimum necessary to render the project sufficiently profitable, for example to increase its IRR beyond the normal rates of return applied by the undertaking concerned in other investment projects of a similar kind or, when available, to increase its IRR beyond the cost of capital of the company as a whole or beyond the rates of return commonly observed in the industry concerned.

80. In *scenario 2* situations (location incentives), the aid amount should not exceed the difference between the net present value of the investment in the target area with the net present value in the alternative location. All relevant costs and benefits must be taken into account, including for example administrative costs, transport costs, training costs not covered by training aid and also wage differences. However, where the alternative location is in the EEA, subsidies granted in that other location are not to be taken into account.

81. To ensure predictability and a level playing field, the Commission further applies maximum aid intensities ([41]) for investment aid. These maximum aid intensities serve a dual purpose.

82. First, for notified schemes, these maximum aid intensities serve as safe harbours for SMEs: as long as the aid intensity remains below the maximum permissible, the criterion of 'aid limited to the minimum' is deemed to be fulfilled.

83. Second, for all other cases, the maximum aid intensities are used as a cap to the net-extra costs approach described in paragraphs 79 and 80.

84. The maximum aid intensities are modulated in function of three criteria:

(a) the socioeconomic situation of the area concerned, as a proxy for the extent to which the area is in need of further development and, potentially, the extent to which it suffers from a handicap in attracting and maintaining economic activity;

([41]) See subsection 5.4 on regional aid maps.

(b) the size of the beneficiary as proxy for the specific difficulties to finance or implement a project in the area; and

(c) the size of the investment project, as indicator for the expected level of distortion of competition and trade.

85. Accordingly, higher aid intensities (and, potentially, higher resulting distortions of trade and competition) are allowed the less developed the target region is, and if the aid beneficiary is an SME.

86. In view of the expected higher distortions of competition and trade, the maximum aid intensity for large investment projects must be scaled down using the mechanism as defined in paragraph 20(c).

3.6.1. *Investment aid schemes*

87. For aid to SMEs, the increased maximum aid intensities described in Section 5.4 may be used. However, SMEs may not benefit from these increased intensities where the investment relates to a large investment project.

88. For aid to large undertakings, the Member State must ensure that the aid amount corresponds to the net extra costs of implementing the investment in the area concerned, compared to the counterfactual in the absence of aid. The method explained in paragraphs 79 and 80 must be used together with maximum aid intensities as a cap.

89. For aid to large investment projects, it must be ensured that the aid does not exceed the scaled down intensity. Where aid is awarded to a beneficiary for an investment that is considered to be part of a single investment project, the aid must be scaled down for the eligible costs exceeding EUR 50 million ([42]).

90. The maximum aid intensity and aid amount per project must be calculated by the granting authority when awarding the aid. The aid intensity must be calculated on the basis of a gross grant equivalent either in relation to the total eligible costs of the investment or eligible wage costs declared by the aid beneficiary when applying for aid.

91. If investment aid calculated on the basis of investment costs is combined with regional investment aid calculated on the basis of wage costs, the total aid must not exceed the highest aid amount resulting from either calculation up to the maximum permissible aid intensity for the area concerned.

92. Investment aid may be awarded concurrently under several regional aid schemes or cumulated with ad hoc aid, provided that the total aid from all sources does not exceed the maximum permissible aid intensity per project that must be calculated in advance by the first granting authority.

([42]) Scaled down aid intensities are the result of the mechanism defined in paragraph 20(c).

93. For an initial investment linked to European Territorial Cooperation (ETC) projects meeting the criteria of the Regulation laying down the specific provisions for the support of the European Regional Development Fund to the ETC cooperation goal ([43]), the aid intensity which applies to the area in which the initial investment is located will apply to all beneficiaries participating in the project. If the initial investment is located in two or more assisted areas, the maximum aid intensity for the initial investment will be the one applicable in the assisted area where the largest part of the eligible costs are incurred. Initial investments carried out by large undertakings in 'c' areas may only benefit from regional aid in the context of ETC projects if they are initial investments in favour of new activities or new products.

3.6.1.1. Eligible costs calculated on the basis of investment costs

94. The assets acquired should be new, except for SMEs or in the case of acquisition of an establishment ([44]).

95. For SMEs, up to 50 % of the costs of preparatory studies or consultancy costs linked to the investment may also be considered as eligible costs.

96. For aid awarded for a fundamental change in the production process, the eligible costs must exceed the depreciation of the assets linked to the activity to be modernised in the course of the preceding three fiscal years.

97. For aid awarded for a diversification of an existing establishment, the eligible costs must exceed by at least 200 % the book value of the assets that are reused, as registered in the fiscal year preceding the start of works.

98. Costs related to the lease of tangible assets may be taken into account under the following conditions:

(a) for land and buildings, the lease must continue for at least five years after the expected date of completion of the investment for large companies, and three years for SMEs;

(b) for plant or machinery, the lease must take the form of financial leasing and must contain an obligation for the beneficiary of the aid to purchase the asset at the expiry of the term of the lease.

99. In the case of acquisition of an establishment only the costs of buying the assets from third parties unrelated to the buyer should be taken into consideration. The transaction must take place under market conditions. Where aid has already been granted for the acquisition of assets prior to their purchase, the costs of those assets should be deducted from the eligible costs related to the acquisition of an establishment. If the acquisition of an establishment is accompanied by an additional investment eligible for aid, the eligible costs of this latter investment should be added to the costs of purchase of the assets of the establishment.

100. For large undertakings, costs of intangible assets are eligible only up to a limit of 50 % of the total eligible investment costs for the project. For SMEs, the full costs related to intangible assets may be taken into consideration.

([43]) Regulation of the European Parliament and of the Council on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal. Commission proposal COM(2011) 611 ERDF/ETC Regulation.

([44]) Defined in paragraph 20(h) and (i).

101. Intangible assets which are eligible for the calculation of the investments costs must remain associated with the assisted area concerned and must not be transferred to other regions. To this end, the intangible assets must fulfil the following conditions:

(a) they must be used exclusively in the establishment receiving the aid;

(b) they must be amortisable;

(c) they must be purchased under market conditions from third parties unrelated to the buyer.

102. The intangible assets must be included in the assets of the undertaking receiving the aid and must remain associated with the project for which the aid is awarded for at least five years (three years for SMEs).

3.6.1.2. Eligible costs calculated on the basis of wage costs

103. Regional aid may also be calculated by reference to the expected wage costs arising from job creation as a result of an initial investment. Aid can compensate only the wage costs of the person hired calculated over a period of two years and the resulting intensity cannot exceed the applicable aid intensity in the area concerned.

3.6.2. *Notified individual investment aid*

104. For *scenario 1* situations (investment decision) the Commission will verify whether the aid amount exceeds the minimum necessary to render the project sufficiently profitable, by using the method set out in paragraph 79.

105. In *scenario 2* situations (location decision), for a location incentive, the Commission will compare the net present value of the investment for the target area with the net present value of the investment in the alternative location, by using the method set out in paragraph 80.

106. Calculations used for the analysis of the incentive effect can also be used to assess if the aid is proportionate. The Member State must demonstrate the proportionality on the basis of documentation such as that referred to in paragraph 72.

107. The aid intensity must not exceed the permissible adjusted aid intensity.

3.6.3. *Operating aid schemes*

108. The Member State must demonstrate that the level of the aid is proportionate to the problems that the aid is intended to address.

109. In particular, the following conditions must be fulfilled:

(a) the aid must be determined in relation to a predefined set of eligible costs that are fully attributable to the problems that the aid is intended to address, as demonstrated by the Member State;

(b) the aid must be limited to a certain proportion of those predefined set of eligible costs and must not exceed those costs;

(c) the aid amount per beneficiary must be proportional to the level of the problems actually experienced by each beneficiary.

110. As regards aid to compensate for certain additional costs in the outermost regions, the eligible costs must be fully attributable to one or several of the permanent handicaps referred to in Article 349 of the Treaty. Those additional costs must exclude transport costs and any additional costs that may be attributable to other factors and must be quantified in relation to the level of costs incurred by similar undertakings established in other regions of the Member State concerned.

111. As regards aid to reduce certain specific difficulties faced by SMEs in ‘a’ areas, the level of the aid must be progressively reduced over the duration of the scheme [45].

3.7. Avoidance of undue negative effects on competition and trade

112. For the aid to be compatible, the negative effects of the aid measure in terms of distortions of competition and impact on trade between Member States must be limited and outweighed by the positive effects in terms of contribution to the objective of common interest. Certain situations can be identified where the negative effects manifestly outweigh any positive effects, meaning that the aid cannot be found compatible with the internal market.

3.7.1. *General considerations*

113. Two main potential distortions of competition and trade may be caused by regional aid. These are product market distortions and location effects. Both types may lead to allocative inefficiencies (undermining the economic performance of the internal market) and to distributional concerns (distribution of economic activity across regions).

114. One potentially harmful effect of State aid is that it prevents the market mechanism from delivering efficient outcomes by rewarding the most efficient producers and putting pressure on the least inefficient to improve, restructure or exit the market. A substantial capacity expansion induced by State aid in an underperforming market might in particular unduly distort competition, as the creation or maintenance of overcapacity could lead to a squeeze on profit margins, a reduction of competitors’ investments or even the exit of competitors from the market. This might lead to a situation where competitors that would otherwise be able to stay on the market are forced out of the market. It may also prevent undertakings from entering or expanding in the market and it may weaken incentives for competitors to innovate. This results in inefficient market structures which are also harmful to consumers in the long run. Further, the availability of aid may induce complacent or unduly risky behaviour on the part of potential beneficiaries. The long term run effect on the overall performance of the sector is likely to be negative.

115. Aid may also have distortive effects in terms of increasing or maintaining substantial market power on the part of the beneficiary. Even where aid does not strengthen substantial market power directly, it may do so indirectly, by discouraging the expansion of existing competitors or inducing their exit or discouraging the entry of new competitors.

[45] Including when operating aid schemes are notified to prolong existing aid measures.

116. Apart from distortions on the product markets, regional aid by nature also affects the location of economic activity. Where one area attracts an investment due to the aid, another area loses out on that opportunity. These negative effects in the areas adversely affected by aid may be felt through lost economic activity and lost jobs including those at the level of subcontractors. It may also be felt in a loss of positive externalities (for example, clustering effect, knowledge spillovers, education and training, etc.).

117. The geographical specificity of regional aid distinguishes it from other forms of horizontal aid. It is a particular characteristic of regional aid that it is intended to influence the choice made by investors about where to locate investment projects. When regional aid off-sets the additional costs stemming from the regional handicaps and supports additional investment in assisted areas without attracting it away from other assisted areas, it contributes not only to the development of the region, but also to cohesion and ultimately benefits the whole Union. With regard to the potential negative location effects of regional aid, these are already limited to a certain degree by regional aid maps, which define exhaustively the areas where regional aid may be granted, taking account of the equity and cohesion policy objectives, and the maximum permissible aid intensities. However, an understanding of what would have happened in the absence of the aid remains important to appraise the actual impact of the aid in the cohesion objective.

3.7.2. *Manifest negative effects*

118. The Commission identifies a number of situations where the negative effects of the aid manifestly outweigh any positive effects, so that the aid cannot be declared compatible with the internal market.

119. The Commission establishes maximum aid intensities. These constitute a basic requirement for compatibility, the aim of which is to prevent the use of State aid for projects where the ratio between aid amount and eligible costs is considered very high and particularly likely to be distortive. In general, the greater the positive effects to which the aided project is likely to give rise and the higher the likely need for aid, the higher the cap on aid intensity will be.

120. For scenario 1 cases (investment decisions), where the creation of capacity by the project takes place in a market which is structurally in absolute decline, the Commission considers it to be a negative effect, which is unlikely to be compensated by any positive effect.

121. In scenario 2 cases (location decisions), where without aid the investment would have been located in a region with a regional aid intensity which is higher or the same as the target region this will constitute a negative effect that is unlikely to be compensated by any positive effect because it runs counter to the very rationale of regional aid ([46]).

122. Where the beneficiary closes down the same or a similar activity in another area in the EEA and relocates that activity to the target area, if there is a causal link between the aid and the relocation, this will constitute a negative effect that is unlikely to be compensated by any positive elements.

([46]) For the purpose of this provision, the Commission will use the standard applicable aid ceiling in ‘c’ areas bordering ‘a’ areas regardless of the increased aid intensities in accordance with paragraph 176.

123. When appraising notified measures, the Commission will request all necessary information to consider whether the State aid would result in a substantial loss of jobs in existing locations within the EEA.

3.7.3. *Investment aid schemes*

124. Investment aid schemes must not lead to significant distortions of competition and trade. In particular, even where distortions may be considered limited at an individual level (provided all conditions for investment aid are fulfilled), on a cumulative basis schemes might still lead to high levels of distortions. Such distortions might concern the output markets by creating or aggravating a situation of overcapacity or creating, increasing or maintaining the substantial market power of some recipients in a way that will negatively affect dynamic incentives. Aid available under schemes might also lead to a significant loss of economic activity in other areas of the EEA. In case of a scheme focussing on certain sectors, the risk of such distortions is even more pronounced.

125. Therefore, the Member State has to demonstrate that these negative effects will be limited to the minimum taking into account, for example, the size of the projects concerned, the individual and cumulative aid amounts, the expected beneficiaries as well as the characteristics of the targeted sectors. In order to enable the Commission to assess the likely negative effects, the Member State could submit any impact assessment at its disposal as well as *ex-post* evaluations carried out for similar predecessor schemes.

126. When awarding aid under a scheme to individual projects, the granting authority must verify and confirm that the aid does not result in the manifest negative effects described in paragraph 121. This verification can be based on the information received from the beneficiary when applying for aid and on the declaration made in the standard application form for aid where the alternative location in absence of aid should be indicated.

3.7.4. *Notified individual investment aid*

127. In appraising the negative effects of notified aid, the Commission distinguishes between the two counterfactual scenarios described in paragraphs 104 and 105 above.

3.7.4.1. Scenario 1 cases (investment decisions)

128. In scenario 1 cases, the Commission places particular emphasis on the negative effects linked with the build-up of overcapacity in declining industries, the prevention of exit, and the notion of substantial market power. These negative effects are described below in paragraphs 129 to 138 and must be counterbalanced with the positive effects of the aid. However, if it is established that the aid would result in the manifest negative effects described in paragraph 120 the aid cannot be found compatible with the internal market because it is unlikely to be compensated by any positive element.

129. In order to identify and assess the potential distortions of competition and trade, Member States should provide evidence permitting the Commission to identify the product markets concerned (that is to say, products affected by the change in behaviour of the aid beneficiary) and to identify the competitors and customers/consumers affected.

130. The Commission will use various criteria to assess these potential distortions, such as market structure of the product concerned, performance of the market (declining or growing market), process for selection of the aid beneficiary, entry and exit barriers, product differentiation.

131. A systematic reliance on State aid by an undertaking might indicate that the undertaking is not able to withstand competition on its own or that it enjoys undue advantages compared to its competitors.

132. The Commission distinguishes two main sources of potential negative effects on product markets:

(a) cases of significant capacity expansion which leads to or deteriorates an existing situation of overcapacity, especially in a declining market; and

(b) cases where the aid beneficiary holds substantial market power.

133. In order to evaluate whether the aid may serve to create or maintain inefficient market structures, the Commission will take into account the additional production capacity created by the project and whether the market is underperforming.

134. Where the market in question is growing, there is normally less reason to be concerned that the aid will negatively affect dynamic incentives or will unduly impede exit or entry.

135. More concern is warranted when markets are in decline. In this respect the Commission distinguishes between cases for which, from a long-term perspective, the relevant market is structurally in decline (that is to say, shows a negative growth rate), and cases for which the relevant market is in relative decline (that is to say, shows a positive growth rate, but does not exceed a benchmark growth rate).

136. Underperformance of the market will normally be measured compared to the EEA GDP over the last three years before the start of the project (benchmark rate); it can also be established on the basis of projected growth rates in the coming three to five years. Indicators may include the foreseeable future growth of the market concerned and the resulting expected capacity utilisation rates, as well as the likely impact of the capacity increase on competitors through its effects on prices and profit margins.

137. In certain cases, assessing the growth of the product market in the EEA may not be appropriate to entirely assess the effects of aid, in particular if the geographic market is worldwide. In such cases, the Commission will consider the effect of the aid on the market structures concerned, in particular, its potential to crowd out producers in the EEA.

138. In order to evaluate the existence of substantial market power, the Commission will take into account the position of the beneficiary over a period of time before receiving the aid and the expected market position after finalising the investment. The Commission will take account of market shares of the beneficiary, as well as of market shares of its competitors and other relevant factors, including, for example the market structure by looking at the concentration in the market, possible barriers to entry ([47]), buyer power ([48]) and barriers to expansion or exit.

3.7.4.2. Scenario 2 cases (location decisions)

139. If the counterfactual analysis suggests that without the aid the investment would have gone ahead in another location (scenario 2) which belongs to the same geographical market considering the product concerned, and if the aid is proportional, possible outcomes in terms of overcapacity or substantial market power would in principle be the same regardless of the aid. In such cases, the positive effects of the aid are likely to outweigh the limited negative effects on competition. However, where the alternative location is in the EEA, the Commission is particularly concerned with negative effects linked with the alternative location and therefore if the aid results in the manifest negative effects described in paragraphs 121 and 122 the aid cannot be found compatible with the internal market because it is unlikely to be compensated by any positive element.

3.7.5. *Operating aid schemes*

140. If the aid is necessary and proportional to achieve the common objective described in subsection 3.2.3, the negative effects of the aid are likely to be compensated by positive effects. However, in some cases, the aid may result in changes to the structure of the market or to the characteristics of a sector or industry which could significantly distort competition through barriers to market entry or exit, substitution effects, or displacement of trade flows. In those cases, the identified negative effects are unlikely to be compensated by any positive effects.

3.8. **Transparency**

141. Member States must publish on a central website, or on a single website retrieving information from several websites (for example, regional websites), at least the following information on the notified State aid measures: the text of the notified aid scheme and its implementing provisions, granting authority, individual beneficiaries, aid amount per beneficiary, and aid intensity. These requirements apply to individual aid granted under notified schemes and as well as for ad hoc aid. Such information must be published after the granting decision has been taken, must be kept for at least 10 years and must be available for the general public without restrictions ([49]).

4. **EVALUATION**

142. To further ensure that distortions of competition and trade are limited, the Commission may require that certain schemes be subject to a time limitation (of normally four years or less) and to the evaluation referred to in paragraph 27.

143. Evaluations will be carried out for schemes where the potential distortions are particularly high, that is to say, that may restrict competition significantly, if their implementation is not reviewed in due time.

([47]) These entry barriers include legal barriers (in particular intellectual property rights), economies of scale and scope, access barriers to networks and infrastructure. Where the aid concerns a market where the aid beneficiary is an incumbent, possible barriers to entry may exacerbate the potential substantial market power wielded by the aid beneficiary and thus the possible negative effects of that market power.
([48]) Where there are strong buyers in the market, it is less likely that an aid beneficiary can increase prices. vis-à-vis these strong buyers.
([49]) This information should be regularly updated (for example every six months) and should be available in non-proprietary formats.

144. Given the objectives of the evaluation and in order not to impose disproportionate burden on Member States in respect of smaller aid amounts, this obligation may be imposed only for aid schemes with large aid budgets, containing novel characteristics or when significant market, technology or regulatory changes are foreseen. The evaluation must be carried out by an expert independent from the State aid granting authority on the basis of a common methodology ([50]) and must be made public. The evaluation must be submitted to the Commission in sufficient time to allow for the assessment of the possible prolongation of the aid scheme and in any case upon expiry of the scheme. The precise scope and the methodology of this evaluation to be carried out will be defined in the decision approving the aid scheme. Any subsequent aid measure with a similar objective must take into account the results of the evaluation.

5. REGIONAL AID MAPS

145. In this section, the Commission lays down the criteria for identifying the areas that fulfil the conditions of Article 107(3)(a) and (c) of the Treaty. The areas that fulfil these conditions and which a Member State wishes to designate as 'a' or 'c' areas must be identified in a regional aid map which must be notified to the Commission and approved by the Commission before regional aid can be awarded to undertakings located in the designated areas. The maps must also specify the maximum aid intensities applicable in these areas.

5.1. Population coverage eligible for regional aid

146. Given that the award of regional State aid derogates from the general prohibition of State aid laid down in Article 107(1) of the Treaty, the Commission considers that the combined population of 'a' and 'c' areas in the Union must be lower than that of the non-designated areas. The total coverage of those designated areas should therefore be less than 50 % of the Union's population.

147. In the Guidelines on national regional aid for 2007-2013 ([51]) the overall coverage of the 'a' and 'c' areas was set at 42 % of the EU-25 population (45,5 % of the EU-27 population). The Commission considers that this initial level of overall population coverage should be adapted to reflect the current difficult economic situation of many Member States.

148. Accordingly, the overall coverage ceiling of the 'a' and 'c' areas should be set at 46,53 % of the EU-27 population for the period 2014-2020 ([52]).

5.2. The derogation in Article 107(3)(a)

149. Article 107(3)(a) of the Treaty provides that 'aid to promote the economic development of areas where the standard of living is abnormally low or where there is serious underemployment, and of the regions referred to in Article 349, in view of their structural, economic and social situation' may be considered to be compatible with the internal market. According to the Court of Justice, 'the use of the words "abnormally" and "serious" in Article (107)(3)(a) shows that the exemption concerns only areas where the economic situation is extremely unfavourable in relation to the [Union] as a whole' ([53]).

([50]) Such a common methodology may be provided by the Commission.
([51]) OJ C 54, 4.3.2006, p. 13.
([52]) This ceiling is set using Eurostat population data for 2010. The ceiling will correspond to 47,00 % of the EU-28 population following the accession of Croatia to the Union.
([53]) Judgment of 14 October 1987 in Case 248/84 *Germany* v *Commission* (ECR 1987, p. 4036, paragraph 19); judgment of 14 January 1997 in Case C-169/95 *Spain* v *Commission* (ECR 1997, p. I-148, paragraph 15); and judgment of 7 March 2002 in Case C-310/99 *Italy* v *Commission* (ECR 2002, p. I-2289, paragraph 77).

150. The Commission considers that the conditions of Article 107(3)(a) of the Treaty are fulfilled in NUTS 2 regions ([54]) that have a gross domestic product (GDP) per capita below or equal to 75 % of the Union's average ([55]).

151. Accordingly, a Member State may designate the following areas as 'a' areas:

(a) NUTS 2 regions whose GDP per capita in purchasing power standards (PPS) ([56]) is below or equal to 75 % of the EU-27 average (based on the average of the last three years for which Eurostat data are available ([57]));

(b) the outermost regions.

152. The eligible 'a' areas are set out by Member State in Annex I.

5.3. **The derogation in Article 107(3)(c)**

153. Article 107(3)(c) of the Treaty provides that 'aid to facilitate the development of certain economic activities or of certain economic areas, where such aid does not adversely affect trading conditions to an extent contrary to the common interest' may be considered to be compatible with the internal market. According to the Court of Justice, '[t]he exemption in Article (107)(3)(c) […] permits the development of certain areas without being restricted by the economic conditions laid down in Article (107)(3)(a), provided such aid "does not adversely affect trading conditions to an extent contrary to the common interest" '. That provision gives the Commission power to authorise aid intended to further the economic development of areas of a Member State which are disadvantaged in relation to the national average' ([58]).

154. The total coverage ceiling for 'c' areas in the Union (' "c" coverage') is obtained by subtracting the population of the eligible 'a' areas in the Union from the overall coverage ceiling laid down in paragraph 148.

155. There are two categories of 'c' areas:

(a) areas that fulfil certain pre-established conditions and that a Member State may therefore designate as 'c' areas without any further justification ('predefined "c" areas');

(b) areas that a Member State may, at its own discretion, designate as 'c' areas provided that the Member State demonstrates that such areas fulfil certain socioeconomic criteria ('non-predefined "c" areas').

([54]) Commission Regulation (EU) No 31/2011 of 17 January 2011 amending annexes to Regulation (EC) No 1059/2003 of the European Parliament and of the Council on the establishment of a common classification of territorial units for statistics (NUTS) (OJ L 13, 18.1.2011, p. 3). The data used in these guidelines are based on the NUTS 2010 nomenclature.

([55]) The reference to regions with a GDP per capita below 75 % of the [Community] average was introduced by the Commission communication on the method for the application of Article 92(3)(a) and (c) to regional aid (OJ C 212, 12.8.1988, p. 2).

([56]) In all subsequent references to GDP per capita, GDP is measured in PPS.

([57]) The data cover the period 2008-2010. In all subsequent references to GDP per capita in relation the EU-27 average, data are based on the average of Eurostat regional data for 2008-2010.

([58]) Judgment of 14 October 1987 in Case 248/84 *Germanyv Commission* (ECR 1987, p. 4036, paragraph 19).

5.3.1. *Predefined 'c' areas*

5.3.1.1. Specific allocation of 'c' coverage for predefined 'c' areas

156. The Commission considers that each Member State concerned must have sufficient 'c' coverage to be able to designate as 'c' areas the regions that were 'a' areas in the regional aid map during the period 2011-2013 [59].

157. The Commission also considers that each Member State concerned must have sufficient 'c' coverage to be able to designate as 'c' areas the regions that have a low population density.

158. Accordingly, the following areas will be considered as predefined 'c' areas:

(a) former 'a' areas: NUTS 2 regions that were designated as 'a' areas during the period 2011-2013 [60];

(b) sparsely populated areas: NUTS 2 regions with less than 8 inhabitants per km^2 or NUTS 3 regions with less than 12,5 inhabitants per km^2 (based on Eurostat data on population density for 2010).

159. The specific allocation of predefined 'c' coverage is set out by Member State in Annex I. This specific population allocation may only be used to designate predefined 'c' areas.

5.3.1.2. Designation of predefined 'c' areas

160. A Member State may designate as 'c' areas the predefined 'c' areas referred to in paragraph 158.

161. For sparsely populated areas, a Member State should in principle designate NUTS 2 regions with less than 8 inhabitants per km^2 or NUTS 3 regions with less than 12,5 inhabitants per km^2. However, a Member State may designate parts of NUTS 3 regions with less than 12,5 inhabitants per km^2 or other contiguous areas adjacent to those NUTS 3 regions, provided that the areas designated have less than 12,5 inhabitants per km^2 and that their designation does not exceed the specific allocation of 'c' coverage referred to in paragraph 160.

5.3.2. *Non-predefined 'c' areas*

5.3.2.1. Method for the allocation of non-predefined 'c' coverage among Member States

162. The total coverage ceiling for non-predefined 'c' areas in the Union is obtained by subtracting the population of the eligible 'a' areas and of the predefined 'c' areas from the overall coverage ceiling laid down in paragraph 148. The non-predefined 'c' coverage is allocated among the Member States by applying the method set out in Annex II.

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(59) The list of 'a' areas was amended in 2011 (see Communication of the Commission on the review of the State aid status and the aid ceiling of the statistical effect regions for the period 1.1.2011-31.12.2013 (OJ C 222, 17.8.2010, p. 2)).

(60) Considering that the former 'a' areas were designated on the basis of the NUTS 2 regions listed in NUTS 2003 nomenclature, only those regions that were 'a' areas in the period 2011-2013 can be designated as predefined 'c' areas, regardless of the changes brought by the NUTS 2006 nomenclature or by the NUTS 2010 nomenclature for those regions.

5.3.2.2. Safety net and minimum population coverage

163. To address the difficulties of Member States that have been particularly affected by the economic crisis, the Commission considers that the total coverage of each Member State that is benefitting from financial assistance under the facility providing medium-term financial assistance for non-euro-area Member States, as established by Council Regulation (EC) No 332/2002 ([61]), the European Financial Stability Facility (EFSF) ([62]), the European Financial Stabilisation Mechanism (EFSM) ([63]) or the European Stability Mechanism (ESM) ([64]) should not be reduced compared to the period 2007-2013.

164. To ensure continuity in the regional aid maps and a minimum scope of action for all Member States, the Commission considers that each Member State should not lose more than half of its total coverage compared to the period 2007-2013 and that each Member State should have a minimum population coverage.

165. Accordingly, by way of derogation from the overall coverage ceiling laid down in paragraph 148, the 'c' coverage for each Member State concerned is increased as necessary so that:

(a) the total 'a' and 'c' coverage of each Member State, which, on the date of adoption of these guidelines, is benefitting from financial assistance under the facility providing medium-term financial assistance for non-euro-area Member States, the EFSF, the EFSM or the ESM is not reduced compared to the period 2007-2013;

(b) the total 'a' and 'c' coverage of each Member State concerned is not reduced by more than 50 % compared to the period 2007-2013 ([65]);

(c) each Member State has a population coverage of at least 7,5 % of its national population ([66]).

166. The non-predefined 'c' coverage, including the safety net and the minimum population coverage, is set out by Member State in Annex I.

5.3.2.3. Designation of non-predefined 'c' areas

167. The Commission considers that the criteria used by Member States for designating 'c' areas should reflect the diversity of situations in which the award of regional aid may be justified. The criteria should therefore address certain socioeconomic, geographical or structural problems likely to be encountered in 'c' areas and should provide sufficient safeguards that the award of regional State aid will not adversely affect trading conditions to an extent contrary to the common interest.

([61]) Council Regulation (EC) No 332/2002 of 18 February 2002 establishing a facility providing medium-term financial assistance for Member States' balances of payments (OJ L 53, 23.2.2002, p. 1).
([62]) See http://www.efsf.europa.eu/about/legal-documents/index.htm
([63]) Council Regulation (EU) No 407/2010 of 11 May 2010 establishing a European Financial Stabilisation Mechanism (OJ L 118, 12.5.2010, p. 1).
([64]) Treaty establishing the European Stability Mechanism.
([65]) This element of the safety net applies to Cyprus and to Luxembourg.
([66]) This minimum population coverage applies to the Netherlands.

168. Accordingly, a Member State may designate as 'c' areas the non-predefined 'c' areas defined on the basis of the following criteria:

(a) Criterion 1: contiguous areas of at least 100 000 inhabitants [67] located in NUTS 2 or NUTS 3 regions that have:

— a GDP per capita below or equal to the EU-27 average, or

— an unemployment rate above or equal to 115 % of the national average [68].

(b) Criterion 2: NUTS 3 regions of less than 100 000 inhabitants that have:

— a GDP per capita below or equal to the EU-27 average, or

— an unemployment rate above or equal to 115 % of the national average.

(c) Criterion 3: islands or contiguous areas characterised by similar geographical isolation (for example, peninsulas or mountain areas) that have:

— a GDP per capita below or equal to the EU-27 average [69], or

— an unemployment rate above or equal to 115 % of the national average [70], or

— less than 5 000 inhabitants.

(d) Criterion 4: NUTS 3 regions, or parts of NUTS 3 regions that form contiguous areas, that are adjacent to an 'a' area or that share a land border with a country outside the EEA or the European Free Trade Association (EFTA).

(e) Criterion 5: contiguous areas of at least 50 000 inhabitants [71] that are undergoing major structural change or are in serious relative decline, provided that such areas are not located in NUTS 3 regions or contiguous areas that fulfil the conditions to be designated as predefined areas or under Criteria 1 to 4 [72].

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(67) This population threshold will be reduced to 50 000 inhabitants for Member States that have a non-predefined 'c' coverage of less than 1 million inhabitants or to 10 000 inhabitants for Member States whose national population is below 1 million inhabitants.

(68) For unemployment, calculations should be based on regional data published by the national statistical office, using the average of the last three years for which such data are available (at the moment of the notification of the regional aid map). Except as otherwise indicated in these guidelines, the unemployment rate in relation to the national average is calculated on this basis.

(69) To determine if such islands or contiguous areas have a GDP per capita below or equal to the EU-27 average, the Member State may refer to data provided by its national statistical office or other recognised sources.

(70) To determine if such islands or contiguous areas have an unemployment rate above or equal to 115 % of the national average, the MemberStatemay refer to data provided by its national statistical office or other recognised sources.

(71) This population threshold will be reduced to 25 000 inhabitants for Member States that have a non-predefined 'c' coverage of less than 1 million inhabitants, to 10 000 inhabitants for Member States whose total population is below 1 million inhabitants, or to 5 000 inhabitants for islands or contiguous areas characterised by similar geographical isolation.

(72) For the purpose of applying Criterion 5, the Member State must demonstrate that the applicable conditions are fulfilled by comparing the areas concerned with the situation of other areas in the same MemberStateor in other Member States on the basis of socioeconomic indicators concerning structural business statistics, labour markets, household accounts, education, or other similar indicators. For this purpose, the MemberStatemay refer to data provided by its national statistical office or other recognised sources.

169. For the purpose of applying the criteria set out in paragraph 168, the notion of contiguous areas refers to whole local administrative unit 2 (LAU 2) [73] areas or to a group of whole LAU 2 areas [74]. A group of LAU 2 areas will be considered to form a contiguous area if each of those areas in the group shares an administrative border with another area in the group [75].

170. Compliance with the population coverage allowed for each Member State will be determined on the basis of the most recent data on the total resident population of the areas concerned, as published by the national statistical office.

5.4. Maximum aid intensities applicable to regional investment aid

171. The Commission considers that the maximum aid intensities applicable to regional investment aid must take into account the nature and scope of the disparities between the levels of development of the different regions in the Union. The aid intensities should therefore be higher in 'a' areas than in 'c' areas.

5.4.1. *Maximum aid intensities in 'a' areas*

172. The aid intensity in 'a' areas must not exceed:

(a) 50 % GGE in NUTS 2 regions whose GDP per capita is below or equal to 45 % of the EU-27 average;

(b) 35 % GGE in NUTS 2 regions whose GDP per capita is between or equal to 45 % and 60 % of the EU-27 average;

(c) 25 % GGE in NUTS 2 regions with a GDP per capita above 60 % of the EU-27 average.

173. The maximum aid intensities laid down in paragraph 172 may be increased by up to 20 percentage points in outermost regions that have a GDP per capita below or equal to 75 % of the EU-27 average or by up to 10 percentage points in other outermost regions.

5.4.2. *Maximum aid intensities in 'c' areas*

174. The aid intensity must not exceed:

(a) 15 % GGE in sparsely populated areas and in areas (NUTS 3 regions or parts of NUTS 3 regions) that share a land border with a country outside the EEA or the EFTA;

(b) 10 % GGE in non-predefined 'c' areas.

175. In the former 'a' areas the aid intensity of 10 % GGE may be increased by up to 5 percentage points from 1 July 2014 to 31 December 2017.

176. If a 'c' area is adjacent to an 'a' area, the maximum aid intensity in the NUTS 3 regions or parts of NUTS 3 regions within that 'c' area which are adjacent to the 'a' area may be increased as necessary so that the difference in aid intensity between the two areas does not exceed 15 percentage points.

(73) The Member State may refer to LAU 1 areas in place of LAU 2 areas if those LAU 1 areas have a smaller population than the LAU 2 area which they form part of.

(74) The Member State may nevertheless designate parts of an LAU 2 area (or LAU 1 area), provided that the population of the LAU area concerned exceeds the minimum population required for contiguous areas under Criterion 1 or 5 (including the reduced population thresholds for those criteria) and that the population of the parts of that LAU area is at least 50 % of the minimum population required under the applicable criterion.

(75) In the case of islands, administrative borders include maritime borders with other administrative units of the MemberStateconcerned.

5.4.3. *Increased aid intensities for SMEs*

177. The maximum aid intensities laid down in subsections 5.4.1 and 5.4.2 may be increased by up to 20 percentage points for small enterprises or by up to 10 percentage points for medium-sized enterprises ([76]).

5.5. **Notification and declaration of compatibility**

178. Following the publication of these guidelines in the *Official Journal of the European Union*, each Member State should notify to the Commission a single regional aid map applicable from 1 July 2014 to 31 December 2020. Each notification should include the information specified in the form in Annex III.

179. The Commission will examine each notified regional aid map on the basis of these guidelines and will adopt a decision approving the regional aid map for the Member State concerned. Each regional aid map will be published in the *Official Journal of the European Union* and will constitute an integral part of these guidelines.

5.6. **Amendments**

5.6.1. *Population reserve*

180. On its own initiative, a Member State may decide to establish a reserve of national population coverage consisting of the difference between the population coverage ceiling for that Member State, as allocated by the Commission ([77]), and the coverage used for the 'a' and 'c' areas designated in its regional aid map.

181. If a Member State has decided to establish such a reserve, it may, at any time, use the reserve to add new 'c' areas in its map until its national coverage ceiling is reached. For this purpose, the Member State may refer to the most recent socioeconomic data provided by Eurostat or by its national statistical office or other recognised sources. The population of the 'c' areas concerned should be calculated on the basis of the population data used for establishing the initial map.

182. The Member State must notify the Commission each time it intends to use its population reserve to add new 'c' areas prior to putting into effect such amendments.

5.6.2. *Mid-term review*

183. The Commission will establish in June 2016 ([78]), whether any NUTS 2 region ([79]), which is not listed in Annex I to these guidelines as an 'a' area, has a GDP per capita below 75 % of the EU-28 average, and will publish a communication on the results of this analysis. The Commission will establish at that moment whether these identified areas may become eligible for regional aid under Article 107(3)(a) of the Treaty and the level of the aid intensity corresponding to their GDP per capita. If these identified areas are designated either as pre-defined 'c' areas or as non-predefined 'c' areas in the national regional aid map approved by the Commission in accordance with these

([76]) The increased aid intensities for SMEs will not apply to aid awarded for large investment projects.
([77]) See Annex I.
([78]) For the purpose of this provision, the Commission will use the most recent GDP per capita data published by Eurostat at NUTS 2 level on the basis of three-year average.
([79]) Defined on the basis of the NUTS nomenclature in force at the time of the review.

guidelines, the percentage of the specific population allocation for 'c' areas indicated in Annex I will be adjusted accordingly. The Commission will publish the amendments to Annex I. A Member State may, within the limit of its adjusted specific allocation for 'c' areas ([80]), amend the list of 'c' areas contained in its regional aid map for the period from 1 January 2017 to 31 December 2020. These amendments may not exceed 50 % of each Member State's adjusted 'c' coverage.

184. For the purpose of amending the list of 'c' areas, the Member State may refer to data on GDP per capita and unemployment rate provided by Eurostat or by its national statistical office or other recognised sources, using the average of the last three years for which such data are available (at the moment of the notification of the amended map). The population of the 'c' areas concerned should be calculated on the basis of the population data used for establishing the initial map.

185. The Member State must notify the amendments to its map resulting from the inclusion of additional 'a' areas and from the exchange of 'c' areas to the Commission prior to putting them into effect and by 1 September 2016 at the latest.

6. APPLICABILITY OF REGIONAL AID RULES

186. The Commission extends the guidelines on national regional aid for 2007-2013 ([81]) and the Communication concerning the criteria for an in-depth assessment of regional aid to large investment projects ([82]) until 30 June 2014.

187. The regional aid maps approved on the basis of the guidelines on national regional aid for 2007-2013 expire on 31 December 2013. The transition period of six months laid down in Article 44(3) of the general block exemption regulation (GBER) ([83]) therefore does not apply to regional aid schemes implemented under the GBER. To grant regional aid after 31 December 2013 on the basis of existing block exempted schemes, Member States are invited to notify the prolongation of the regional aid maps in due time to allow the Commission to approve a prolongation of those maps before 31 December 2013. In general, the schemes approved on the basis of the regional aid guidelines 2007-2013 expire at the end of 2013 as stated in the corresponding Commission decision. Any prolongation of such schemes must be notified to the Commission in due time.

188. The Commission will apply the principles set out in these guidelines for assessing the compatibility of all regional aid intended to be awarded after 30 June 2014. Regional aid awarded unlawfully or regional aid intended to be awarded after 31 December 2013 and before 1 July 2014 will be assessed in accordance with the guidelines on national regional aid for 2007-2013.

189. Since they must be consistent with the regional aid map, notifications of regional aid schemes or of aid measures intended to be awarded after 30 June 2014, cannot be considered complete until the Commission has adopted a decision approving the regional aid map for the Member State concerned in accordance with the arrangements described in subsection 5.5. Accordingly, the Commission will in principle not examine notifications of regional aid schemes which are intended to apply after 30 June 2014 or notifications of individual aid intended to be awarded after that date before it has adopted a decision approving the regional aid map for the Member State concerned.

([80]) The adjusted population ceiling will be calculated on the basis of the population data used for establishing its initial map.
([81]) OJ C 54, 4.3.2006, p. 13.
([82]) OJ C 223, 16.9.2009, p. 3.
([83]) Commission Regulation (EC) No 800/2008 of 6 August 2008 declaring certain categories of aid compatible with the common market in application of Articles 87 and 88 of the Treaty (General block exemption Regulation) (OJ L 214, 9.8.2008, p. 3).

190. The Commission considers that the implementation of these guidelines will lead to substantial changes in the rules applicable to regional aid in the Union. Furthermore, in the light of the changed economic and social conditions in the Union, it appears necessary to review the continuing justification for and effectiveness of all regional aid schemes, including both investment aid and operating aid schemes.

191. For these reasons, the Commission proposes the following appropriate measures to Member States pursuant to Article 108(1) of the Treaty:

(a) Member States must limit the application of all existing regional aid schemes which are not covered under a block exemption regulation and of all regional aid map to aid intended to be awarded on or before 30 June 2014;

(b) Member States must amend other existing horizontal aid schemes providing specific treatment for aid to projects in assisted areas in order to ensure that aid to be awarded after 30 June 2014 complies with the regional aid map applicable on the date the aid is awarded;

(c) Member States should confirm their acceptance of the proposals above by 31 December 2013.

7. REPORTING AND MONITORING

192. In accordance with Council Regulation (EC) No 659/1999 of 22 March 1999 laying down detailed rules for the application of Article 93 of the EC Treaty and Commission Regulation (EC) No 794/2004 of 21 April 2004 implementing Regulation (EC) No 659/1999, Member States must submit annual reports to the Commission.

193. Member States shall transmit to the Commission information on each individual aid exceeding EUR 3 million granted under a scheme, in the format laid down in Annex VI, within 20 working days from the day on which the aid is granted.

194. Member States must maintain detailed records regarding all aid measures. Such records must contain all information necessary to establish that the conditions regarding eligible costs and maximum aid intensities have been fulfilled. These records must be maintained for 10 years from the date of award of the aid and must be provided to the Commission upon request.

8. REVISION

195. The Commission may decide to amend these guidelines at any time if this should be necessary for reasons associated with competition policy or to take account of other Union policies and international commitments or for any other justified reason.

ANNEX I

Regional aid coverage by Member States for 2014-2020

Belgium	NUTS regions	GDP per capita (¹)	Percentage of national population (²)
Predefined ‘c’ areas (former ‘a’ areas)	BE32 Prov. Hainaut	77,33	12,06 %
Non-predefined ‘c’ areas	—	—	17,89 %
Total population coverage 2014-2020	—	—	29,95 %

Bulgaria	NUTS regions	GDP per capita	Percentage of national population
‘a’ areas	BG31 Северозападен/Severozapaden	27,00	11,88 %
	BG32 Северен централен/Severen tsentralen	29,33	12,06 %
	BG33 Североизточен/Severoiztochen	36,33	13,08 %
	BG34 Югоизточен/Yugoiztochen	36,00	14,75 %
	BG41 Югозападен/Yugozapaden	74,33	28,05 %
	BG42 Южен централен/Yuzhen tsentralen	30,00	20,19 %
Total population coverage 2014-2020	—	—	100,00 %

Czech Republic	NUTS regions	GDP per capita	Percentage of national population
‘a’ areas	CZ02 Střední Čechy	73,00	11,95 %
	CZ03 Jihozápad	69,33	11,50 %
	CZ04 Severozápad	64,33	10,87 %
	CZ05 Severovýchod	65,67	14,36 %
	CZ06 Jihovýchod	73,33	15,86 %
	CZ07 Střední Morava	64,67	11,72 %
	CZ08 Moravskoslezsko	68,00	11,83 %
Total population coverage 2014-2020	—	—	88,10 %

Denmark	NUTS regions	GDP per capita	Percentage of national population
Non-predefined ‘cO’ areas	—	—	7,97 %
Total population coverage 2014-2020	—	—	7,97 %

(¹) Measured in PPS, three-year average for 2008-2010 (EU-27 = 100).
(²) Based on Eurostat population data for 2010.

Germany	NUTS regions	GDP per capita	Percentage of national population
Predefined 'c' areas (former 'a' areas)	DE40 Brandenburg (*)	81,67	1,37 %
	DE80 Mecklenburg-Vorpommern	80,00	2,01 %
	DED2 Dresden	86,00	1,99 %
	DED4 Chemnitz	81,33	1,88 %
	DEE0 Sachsen-Anhalt (*)	81,67	1,89 %
	DEG0 Thüringen	78,67	2,74 %
Non-predefined 'c' areas	—	—	13,95 %
Total population coverage 2014-2020	—	—	25,85 %

(*) Only the part of DE40 Brandenburg corresponding to the former NUTS 2 region DE41 Brandenburg – Nordost and the part of DEE0 Sachsen-Anhalt corresponding to the former the NUTS 3 regions DEE1 Dessau and DEE3 Magdeburg (as set out in the NUTS 2003 nomenclature) are included as predefined 'c' areas. When notifying the regional aid map, and in order to facilitate the mid-term review foreseen at NUTS 2 level in subsection 5.6.2 of these guidelines, Germany can decide to designate as predefined 'c' areas the whole of the NUTS 2 regions of DE40 Brandenburg and DEE0 Sachsen-Anhalt, provided that the percentage of the national population available for non-predefined 'c' areas is reduced accordingly.

Estonia	NUTS regions	GDP per capita	Percentage of national population
'a' areas	EE00 Eesti	65,00	100,00 %
Total population coverage 2014-2020	—	—	100,00 %

Ireland	NUTS regions	GDP per capita	Percentage of national population
Non-predefined 'c' areas	—	—	51,28 %
Total population coverage 2014-2020	—	—	51,28 %

Greece	NUTS regions	GDP per capita	Percentage of national population
'a' areas	EL11 Ανατολική Μακεδονία, Θράκη/Anatoliki Makedonia, Thraki	68,00	5,36 %
	EL12 Κεντρική Μακεδονία/Kentriki Makedonia	72,33	17,29 %
	EL14 Θεσσαλία/Thessalia	69,33	6,51 %
	EL21 Ήπειρος/Ipeiros	63,33	3,17 %
	EL23 Δυτική Ελλάδα/Dytiki Ellada	65,00	6,59 %
	EL25 Πελοπόννησος/Peloponnisos	74,00	5,22 %
	EL41 Βόρειο Αιγαίο/Voreio Aigaio	75,00	1,77 %

Predefined 'c' areas (former 'a' areas)	EL13 Δυτική Μακεδονία/Dytiki Makedonia	83,67	2,59 %
	EL22 Ιόνια Νησιά/Ionia Nisia	82,67	2,07 %
	EL43 Κρήτη/Kriti	83,33	5,42 %
Predefined 'c' areas (sparsely populated areas)	EL243 Ευρυτανία/Evrytania		0,17 %
Non-predefined 'c' areas	—	—	43,84 %
Total population coverage 2014-2020			100,00 %

Spain	NUTS regions	GDP per capita	Percentage of national population
'a' areas	ES43 Extremadura	70,67	2,35 %
	ES70 Canarias	87,33	4,55 %
Predefined 'c' areas (former 'a' areas)	ES11 Galicia	91,33	5,94 %
	ES42 Castilla-La Mancha	82,33	4,43 %
	ES61 Andalucía	78,00	17,88 %
Predefined 'c' areas (sparsely populated areas)	ES242 Teruel	—	0,31 %
	ES417 Soria	—	0,20 %
Non-predefined 'c' areas	—	—	33,00 %
Total population coverage 2014-2020	—	—	68,66 %

France	NUTS regions	GDP per capita	Percentage of national population
'a' areas	FR91 Guadeloupe	60,67	0,69 %
	FR92 Martinique	73,67	0,61 %
	FR93 Guyane	52,33	0,36 %
	FR94 Réunion	68,00	1,27 %
	Saint-Martin (*)	:	:
	Mayotte (*)	:	:
Non-predefined 'c' areas	—	—	21,24 %
Total population coverage 2014-2020	—	—	24,17 %

(*) Saint-Martin and Mayotte are outermost regions but are not included in the 2010 NUTS nomenclature as their administrative status was modified under national law in 2007 and 2011 respectively. To determine the maximum aid intensity applicable in these two outermost regions, France may refer to data provided by its national statistical office or other recognised sources.

Italy	NUTS regions	GDP per capita	Percentage of national population
'a' areas	ITF3 Campania	65,67	9,64 %
	ITF4 Puglia	67,67	6,76 %
	ITF5 Basilicata	72,67	0,97 %
	ITF6 Calabria	66,67	3,32 %
	ITG1 Sicilia	67,33	8,34 %
Non-predefined 'c' areas	—	—	5,03 %
Total population coverage 2014-2020	—	—	34,07 %

Cyprus	NUTS regions	GDP per capita	Percentage of national population
Non-predefined 'c' areas	—	—	50,00 %
Total population coverage 2014-2020	—	—	50,00 %

Latvia	NUTS regions	GDP per capita	Percentage of national population
'a' areas	LV00 Latvija	55,33	100,00 %
Total population coverage 2014-2020	—	—	100,00 %

Lithuania	NUTS regions	GDP per capita	Percentage of national population
'a' areas	LT00 Lietuva	61,33	100,00 %
Total population coverage 2014-2020	—	—	100,00 %

Luxembourg	NUTS regions	GDP per capita	Percentage of national population
Non-predefined 'c' areas	—	—	8,00 %
Total population coverage 2014-2020	—	—	8,00 %

Hungary	NUTS regions	GDP per capita	Percentage of national population
'a' areas	HU21 Közép-Dunántúl	56,33	10,96 %
	HU22 Nyugat-Dunántúl	62,67	9,96 %
	HU23 Dél-Dunántúl	44,33	9,44 %
	HU31 Észak-Magyarország	40,00	12,02 %
	HU32 Észak-Alföld	41,00	14,87 %
	HU33 Dél-Alföld	42,67	13,13 %
Non-predefined 'c' areas	—	—	6,33 %
Total population coverage 2014-2020	—	—	76,71 %

Malta	NUTS regions	GDP per capita	Percentage of national population
Predefined 'c' areas (former 'a' areas)	MT00 Malta	83,67	100,00 %
Total population coverage 2014-2020	—	—	100,00 %

Netherlands	NUTS regions	GDP per capita	Percentage of national population
Non-predefined 'c' areas	—	—	7,5 %
Total population coverage 2014-2020	—	—	7,5 %

Austria	NUTS regions	GDP per capita	Percentage of national population
Non-predefined 'c' areas	—	—	25,87 %
Total population coverage 2014-2020	—	—	25,87 %

Poland	NUTS regions	GDP per capita	Percentage of national population
'a' areas	PL11 Łódzkie	55,00	6,65 %
	PL21 Małopolskie	51,33	8,65 %
	PL22 Śląskie	64,33	12,15 %
	PL31 Lubelskie	40,67	5,64 %
	PL32 Podkarpackie	40,67	5,51 %
	PL33 Świętokrzyskie	46,33	3,32 %
	PL34 Podlaskie	43,67	3,11 %
	PL41 Wielkopolskie	62,67	8,94 %
	PL42 Zachodniopomorskie	52,67	4,43 %
	PL43 Lubuskie	51,00	2,65 %
	PL51 Dolnośląskie	65,33	7,53 %
	PL52 Opolskie	49,00	2,70 %
	PL61 Kujawsko-Pomorskie	50,67	5,42 %
	PL62 Warmińsko-Mazurskie	44,33	3,74 %
	PL63 Pomorskie	57,33	5,85 %
Predefined 'c' areas (former 'a' areas)	PL12 Mazowieckie	96,00	13,70 %
Total population coverage 2014-2020	—	—	100,00 %

Portugal	NUTS regions	GDP per capita	Percentage of national population
'a' areas	PT11 Norte	63,67	35,19 %
	PT16 Centro (PT)	66,00	22,36 %
	PT18 Alentejo	72,33	7,06 %
	PT20 Região Autónoma dos Açores	74,33	2,31 %
	PT30 Região Autónoma da Madeira	104,00	2,33 %
Non-predefined 'c' areas	—	—	15,77 %
Total population coverage 2014-2020	—	—	85,02 %

Romania	NUTS regions	GDP per capita	Percentage of national population
'a' areas	RO11 Nord-Vest	42,33	12,68 %
	RO12 Centru	45,00	11,77 %
	RO21 Nord-Est	29,33	17,30 %
	RO22 Sud-Est	37,67	13,09 %
	RO31 Sud – Muntenia	39,33	15,21 %
	RO41 Sud-Vest Oltenia	35,67	10,45 %
	RO42 Vest	52,00	8,94 %
Predefined 'c' areas (former 'a' areas)	RO32 București – Ilfov	113,00	10,56 %
Total population coverage 2014-2020	—	—	100,00 %

Slovenia	NUTS regions	GDP per capita	Percentage of national population
'a' areas	SI01 Vzhodna Slovenija	71,67	52,92 %
Predefined 'c' areas (former 'a' areas)	SI02 Zahodna Slovenija	104,00	47,08 %
Total population coverage 2014-2020	—	—	100,00 %

Slovakia	NUTS regions	GDP per capita	Percentage of national population
'a' areas	SK02 Západné Slovensko	68,33	34,37 %
	SK03 Stredné Slovensko	58,67	24,87 %
	SK04 Východné Slovensko	49,67	29,24 %
Total population coverage 2014-2020	—	—	88,48 %

Finland	NUTS regions	GDP per capita	Percentage of national population
Predefined ‘c’ areas (sparsely populated areas)	FI1D1 Etelä-Savo	—	2,89 %
	FI1D2 Pohjois-Savo	—	4,63 %
	FI1D3 Pohjois-Karjala	—	3,09 %
	FI1D4 Kainuu	—	1,54 %
	FI1D5 Keski-Pohjanmaa	—	1,27 %
	FI1D6 Pohjois-Pohjanmaa	—	7,34 %
	FI1D7 Lappi	—	3,42 %
Non-predefined ‘c’ areas	—	—	1,85 %
Total population coverage 2014-2020	—	—	26,03 %

Sweden	NUTS regions	GDP per capita	Percentage of national population
Predefined ‘c’ areas (sparsely populated areas)	SE312 Dalarnas län	—	2,94 %
	SE321 Västernorrlands län	—	2,58 %
	SE322 Jämtlands län	—	1,35 %
	SE331 Västerbottens län	—	2,75 %
	SE332 Norrbottens län	—	2,64 %
Total population coverage 2014-2020	—	—	12,26 %

United Kingdom	NUTS regions	GDP per capita	Percentage of national population
‘a’ areas	UKK3 Cornwall and the Isles of Scilly	72,67	0,86 %
	UKL1 West Wales and The Valleys	69,67	3,05 %
Predefined ‘c’ areas (sparsely populated areas)	UKM61 Caithness & Sutherland and Ross & Cromarty	—	0,15 %
	UKM63 Lochaber, Skye & Lochalsh, Arran & Cumbrae and Argyll & Bute	—	0,16 %
	UKM64 Eilean Siar (Western Isles)	—	0,04 %
Non-predefined ‘c’ areas	—	—	22,79 %
Total population coverage 2014-2020	—	—	27,05 %

ANNEX II

Method to be used for the allocation of non-predefined 'c' coverage among Member States

The Commission will determine the non-predefined 'c' coverage for each Member State concerned by applying the following method:

(1) For each Member State, the Commission will identify those NUTS 3 regions in the Member State concerned that are not situated in any of the following areas:

— eligible 'a' areas set out in Annex I,

— former 'a' areas set out in Annex I,

— sparsely populated areas set out in Annex I.

(2) Within the NUTS 3 regions identified under Step 1, the Commission will identify those that have either:

— a GDP per capita (1) below or equal to the national GDP per capita disparity threshold (2), or

— an unemployment (3) rate above or equal to the national unemployment disparity threshold (4), or above or equal to 150 % of the national average, or

— a GDP per capita below or equal to 90 % of the EU-27 average, or

— an unemployment rate above or equal to 125 % of the EU-27 average.

(3) The allocation of non-predefined 'c' coverage for Member State *i* (A_i) is determined according to the following formula (expressed as a percentage of the EU-27 population):

$$A_i = p_i/P \times 100$$

where:

p_i is the population (5) of the NUTS 3 regions in Member State *i* identified under Step 2.

P is the sum of the population of the NUTS 3 regions in the EU-27 identified under Step 2.

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(1) All GDP per capita referred to in this Annex are based on the average of the last three years for which Eurostat data are available, that is to say 2008-2010 for GDP per capita.

(2) The national GDP per capita disparity threshold for MemberState *i* (TG_i) is determined according to the following formula (expressed as a percentage of national GDP per capita):

$$(TG)_i = 85 \times ((1 + 100/g_i)/2)$$

where: g_i is the GDP per capita of MemberState *i*, expressed as a percentage of the EU-27 average.

(3) All unemployment data referred to in this Annex are based on the average of the last three years for which Eurostat data are available, that is to say 2010-2012. However, these data do not contain information at NUTS 3 level and therefore unemployment data for the NUTS 2 region in which those NUTS 3 regions are situated are used.

(4) The national unemployment rate disparity threshold for MemberState *i* (TU_i) is determined according to the following formula (expressed as a percentage of the national unemployment rate):

$$(TU)_i = 115 \times ((1 + 100/u_i)/2)$$

where: u_i is the national unemployment rate of MemberState *i*, expressed as a percentage of the EU-27 average.

(5) Population figures for NUTS 3 regions are established on the basis of the population data used by Eurostat to calculate the regional GDP per capita for 2010.

ANNEX III

Form for providing information on the regional aid maps

(1) Member States must provide information for each of the following categories of areas proposed for designation, if applicable:

— ‘a’ areas,

— former ‘a’ areas,

— sparsely populated areas,

— non-predefined areas ‘c’ areas designated on the basis of Criterion 1,

— non-predefined areas ‘c’ areas designated on the basis of Criterion 2,

— non-predefined areas ‘c’ areas designated on the basis of Criterion 3,

— non-predefined areas ‘c’ areas designated on the basis of Criterion 4,

— non-predefined areas ‘c’ areas designated on the basis of Criterion 5.

(2) Under each category, the Member State concerned must provide the following information for each proposed area:

— identification of the area (using the NUTS 2 or NUTS 3 region code of the area, the LAU 2 or LAU 1 code of the areas that form the contiguous area or other official denominations of the administrative units concerned),

— the proposed aid intensity in the area for the period 2014-2020 or, for former ‘a’ areas, for the periods 2014-2017 and 2018-2020 (indicating any increase of aid intensity as under paragraphs 173, 175 or 176 and 177, if applicable),

— the total resident population of the area, as stated in paragraph 170.

(3) For the sparsely populated areas and the non-predefined areas designated on the basis of Criteria 1-5, a Member State must provide adequate proof that each of the applicable conditions laid down in paragraphs 161 and 168-170 is fulfilled.

ANNEX IV

Definition of the steel sector

For the purpose of these guidelines, 'steel sector' means all activities related to the production of one or more of the following products:

(a) pig iron and ferro-alloys: pig iron for steelmaking, foundry and other pig iron, spiegeleisen and high-carbon ferromanganese, not including other ferro-alloys;

(b) crude and semi-finished products of iron, ordinary steel or special steel: liquid steel cast or not cast into ingots, including ingots for forging semi-finished products: blooms, billets and slabs; sheet bars and tinplate bars; hot-rolled wide coils, with the exception of production of liquid steel for castings from small and medium-sized foundries;

(c) hot finished products of iron, ordinary steel or special steel: rails, sleepers, fishplates, soleplates, joists, heavy sections 80 mm and over, sheet piling, bars and sections of less than 80 mm and flats of less than 150 mm, wire rod, tube rounds and squares, hot-rolled hoop and strip (including tube strip), hot-rolled sheet (coated or uncoated), plates and sheets of 3 mm thickness and over, universal plates of 150 mm and over, with the exception of wire and wire products, bright bars and iron castings;

(d) cold finished products: tinplate, terneplate, blackplate, galvanised sheets, other coated sheets, cold-rolled sheets, electrical sheets and strip for tinplate, cold-rolled plate, in coil and in strip;

(e) tubes: all seamless steel tubes, welded steel tubes with a diameter of over 406,4 mm.

Definition of the synthetic fibres sector

For the purpose of these guidelines, 'synthetic fibres sector' means:

(a) extrusion/texturisation of all generic types of fibre and yarn based on polyester, polyamide, acrylic or polypropylene, irrespective of their end-uses; or

(b) polymerisation (including polycondensation) where it is integrated with extrusion in terms of the machinery used; or

(c) any ancillary process linked to the contemporaneous installation of extrusion/texturisation capacity by the prospective beneficiary or by another company in the group to which it belongs and which, in the specific business activity concerned, is normally integrated with such capacity in terms of the machinery used.

ANNEX V

Application form for regional investment aid

1. Information about the aid beneficiary:

— Name, registered address of main seat, main sector of activity (NACE Code)

— Declaration that the firm is not in difficulty as defined under the rescue and restructuring guidelines

— Declaration specifying aid (both *de minimis* and State aid) already received for other projects in the last three years in the same NUTS 3 area where the new investment will be located. Declaration specifying regional aid received or to be received for the same project by other granting authorities

— Declaration specifying whether the company has closed a same or similar activity in the EEA two years preceding the date of this application form

— Declaration specifying whether the company has the intention to close down such an activity at the moment of aid application within a period of two years after the investment to be subsidised is completed

2. Information about the project/activity to be supported:

— Short description of the project/activity

— Short description of expected positive effects for the area concerned (for example, number of jobs created or safeguarded, R&D&I activities, training activities, creation of a cluster)

— Relevant legal basis (national, EU or both)

— Planned starting date and end date of the project/activity

— Location(s) of the project

3. Information about the financing of the project/activity:

— Investments and other costs linked to it, cost benefit analysis for notified aid measures

— Total eligible costs

— Aid amount needed to execute project/activity

— Aid intensity

4. Information about the need for aid and its expected impact:

— Short explanation of the need for aid and its impact on the investment decision or location decision. Alternative investment or location in absence of aid shall be indicated

— Declaration of absence of an irrevocable agreement between the beneficiary and contractors to conduct the project

ANNEX VI

Form for the transmission of information to the Commission under paragraph 193

Aid reference		
Member State		
Granting authority	**Name**	
	Web address	
Name of the beneficiary, VAT number and the group it belongs to		
Type of beneficiary	***SME***	
	Large enterprise	
Region in which the investment/ activity is located	**Name of the Region *(NUTS*** (1)***)***	**Regional aid status** (2)
Economic sector(s) ***in which the beneficiary is active***	***NACE Rev. 2 and short description***	
Aid element, expressed as full amount in national currency (3)		
Aid instrument (4)	**Grant/Interest rate subsidy**	
	Loan/Repayable advances/Reimbursable grant	
	Guarantee (where appropriate with a reference to the Commission decision (5))	
	Tax advantage or tax exemption	
	Other (please specify)	
Date of granting	dd/mm/yyyy	
Objective of the aid		
Legal basis, including the implementing provisions and, where appropriate, the scheme under which the aid is granted		

(1) NUTS — Nomenclature of Territorial Units for Statistics. Typically, the region is specified at level 2.
(2) Article 107(3)(a) TFEU (status 'A'), Article 107(3)(c) TFEU (status 'C'), unassisted areas i.e. areas not eligible for regional aid (status 'N').
(3) Gross grant equivalent, or for risk finance schemes, the amount of the public investment.
(4) If the aid is granted through multiple aid instruments, the aid amount shall be provided by instrument.
(5) Where appropriate, reference to the Commission decision approving the methodology to calculate the gross grant equivalent.

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