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Subject: State aid No. SA.37718 (2013/N) – Hungary
Regional aid map 2014-2020

Sir,

1. PROCEDURE

1. On 28 June 2013 the Commission adopted the Guidelines on Regional State Aid for 2014-2020¹ (hereinafter "RAG"). Pursuant to paragraph 178 of the RAG, each Member State should notify to the Commission, following the procedure of Article 108(3) of the Treaty on the Functioning of the European Union, a single regional aid map applicable from 1 July 2014 to 31 December 2020. In accordance with paragraph 179 of the RAG, the approved regional aid map is to be published in the *Official Journal of the European Union* and will constitute an integral part of the RAG.
2. By letter dated 13 November 2013, registered at the Commission on 13 November 2013 (2013/112673), the Hungarian authorities submitted their proposal for a regional aid map applicable for the period from 1 July 2014 to 31 December 2020.
3. On 20 December 2013, the Commission requested additional information (2013/128411), which was provided by the Hungarian authorities on 24 January 2014 (2014/008387).

¹ OJ C 209, 23.07.2013, p.1

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2. DESCRIPTION

4. In their notification, the Hungarian authorities propose a list of regions, with a total population of 7.6 million inhabitants, for eligibility for regional aid under the derogations provided in Article 107(3)(a) and (c) of the TFEU for the period from 1 July 2014 to 31 December 2020. The notification lists 'a' areas and non-predefined 'c' areas.
5. The NUTS 2 regions proposed for eligibility under the derogation of Article 107(3)(a) TFEU for the whole period from 1 July 2014 to 31 December 2020 are presented in Table 1 below. The table also presents the maximum aid intensities proposed for each region.

Table 1: Article 107(3)(a) TFEU areas proposed by Hungary

NUTS Code	Name of NUTS 2 region	Max. aid intensities (in % GGE)
HU 31	Észak-Magyarország	50%
HU 32	Észak-Alföld	50%
HU 33	Dél-Alföld	50%
HU 23	Dél-Dunántúl	50%
HU 21	Közép-Dunántúl	35%
HU 22	Nyugat-Dunántúl	25%

6. In their notification, the Hungarian authorities also propose several LAU2 areas, which are part of one NUTS 3 region, as non-predefined areas eligible for regional aid under the derogation of Article 107(3)(c) TFEU. The non-predefined 'c' areas are proposed in accordance with Criterion 4 set out in paragraph 168 of the RAG.
7. Table 2 below presents the list of areas, which are part of the NUTS 3 region HU102 Pest proposed as non-predefined 'c' areas, along with the maximum aid intensities proposed for each region for the period from 1 July 2014 to 31 December 2020. The table also shows the total population of each area proposed². The list of LAU2 areas included in each of these areas is detailed in the Annex.

Table 2: Non-predefined Article 107(3)(c) TFEU areas proposed by Hungary

Area (see Annex)	Population	Maximum aid intensity (in % GGE)
Area 1	52,002	35%
Area 2	75,894	35%
Area 3	139,195	35%
Area 4	300,079	35%
Area 5	28,098	35%
Area 6	33,593	20%
Total Areas 1-6	628,861	

8. The Hungarian authorities confirm that the proposed maximum aid intensities presented in the tables 1 and 2 above are those for investments by large enterprises. Those intensities can be increased by 10 percentage points for medium-sized enterprises and by 20 percentage points for small enterprises³. The maximum regional aid ceilings proposed

² The population figures used by the Member State refer to the total resident population of 1 October 2011.

³ As defined in the Annex to Commission Regulation (EC) No 364/2004 of 25 February 2004 amending Regulation (EC) 70/2001, OJ L 63, 28.2.2004, p. 22, or any successor regulation.

for large enterprises, as well as the increased ceilings for small and for medium-sized enterprises, are only applicable to projects with eligible expenditure below €50 million.

3. **ASSESSMENT**

9. In accordance with Annex I of the RAG, six NUTS 2 regions of Hungary are eligible for regional aid under the derogation in Article 107(3)(a) TFEU for the whole period from 1 July 2014 to 31 December 2020. In addition, Annex I of the RAG provides that Hungary has the possibility to designate areas containing 6.33% of its national population as non-predefined areas eligible for regional aid under the derogation of Article 107(3)(c) TFEU for the period from 1 July 2014 to 31 December 2020. Thus, 86 LAU2 areas which are part of one NUTS 3 region may be designated as non-predefined areas eligible for regional aid under the derogation in Article 107(3)(c) TFEU for the same period.

3.1. **Article 107(3)(a) TFEU areas**

10. The regions proposed by Hungary for eligibility for regional aid under the derogation in Article 107(3)(a) TFEU for the period from 1 July 2014 to 31 December 2020 are those listed in Annex I of the RAG.
11. Paragraph 172 of the RAG provides that maximum aid intensities applicable to investment by large enterprises in ‘a’ regions should not exceed:
- 50% GGE in NUTS 2 regions with a GDP per capita below or equal to 45% of the EU-27 average,
 - 35% GGE in NUTS 2 regions with a GDP per capita between or equal to 45% and 60% of the EU-27 average;
 - 25% GGE in NUTS 2 regions with a GDP per capita above 60% of the EU-27 average.
12. The aid intensities proposed by Hungary respect these provisions, as can be seen from Table 3 below:

Table 3: Article 107(3)(a) regions with maximum aid intensities and GDP per capita

NUTS Code	Name of NUTS 2 region	Max. aid intensities (in % GGE)	GDP per capita ^o
HU 31	Észak-Magyarország	50%	40.00%
HU 32	Észak-Alföld	50%	41.00%
HU 33	Dél-Alföld	50%	42.67%
HU 23	Dél-Dunántúl	50%	44.33%
HU 21	Közép-Dunántúl	35%	56,33%
HU 22	Nyugat-Dunántúl	25%	62,67%

^o Measured in PPS, three year average for 2008-2010 (EU-27 = 100.00%)

3.2. **Proposed list of non-predefined Article 107(3)(c) TFEU areas**

13. According to Annex I of the RAG, Hungary can designate areas with a population of up to 6.33% of the total national population as non-predefined ‘c’ areas. Compliance with the population coverage allowed will be determined on the most recent data of total resident population of the areas concerned as published by the national statistical office.

14. The non-predefined 'c' areas proposed by Hungary have a total population of 628 861 inhabitants, which represents 6.33% of the total national population. The population coverage of the proposed non-predefined 'c' areas is in line with the maximum population coverage allocated to Hungary for this type of regions in Annex I of the RAG.
15. The population statistics used are the most recent data of total resident population published by the Central Statistical Office of Hungary⁴.
16. Pursuant to Criterion 4 set out in paragraph 168 of the RAG, a Member State may designate as non-predefined 'c' areas NUTS 3 regions, or parts of NUTS 3 regions, that form contiguous areas that are adjacent to an 'a' area. All the LAU2 areas proposed by Hungary meet Criterion 4 and may therefore be designated as 'c' areas since they are parts of a NUTS 3 region, they form a contiguous area and are adjacent to an 'a' region

3.3. Maximum aid intensities proposed for Article 107(3)(c) areas

17. Paragraphs 174 to 175 of the RAG provide that the aid intensity applicable to investment by large enterprises in 'c' areas should not exceed the following percentages:
 - 15% GGE in sparsely populated areas and in NUTS 3 regions or parts of NUTS 3 regions that share a land border with a country outside the EEA or EFTA;
 - 10% GGE in non-predefined 'c' regions;
 - in former 'a' regions, 15% GGE in the period from 1 July 2014 to 31 December 2017 and 10% GGE in the period from 1 January 2018 to 31 December 2020.
18. In accordance with paragraph 176 of the RAG, 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 to limit the difference in aid intensity between the two areas.
19. The maximum aid intensities for regional investment aid in the 'c' areas proposed by Hungary for the period from 1 July 2014 to 31 December 2020 are in line with the maximum aid intensities allowed for under the RAG, as can be seen from Table 4 below:

Table 4: Assessment of maximum aid intensities proposed for non-predefined 'c' areas

Area (see Annex)	Population	Maximum aid intensity (in % GGE)	Assessment
Area 1	52,002	35%	Area 1 is adjacent to the 'a' region HU 31 Észak-Magyarország with a max. aid intensity of 50% GGE.
Area 2	75,894	35%	Area 2 is adjacent to the 'a' region HU 31 Észak-Magyarország with a max. aid intensity of 50% GGE.
Area 3	139,195	35%	Area 3 is adjacent to the 'a' region HU 32 Észak-Alföld with a max. aid intensity of 50% GGE
Area 4	300,079	35%	Area 4 is adjacent to the 'a' region HU 33 Dél-Alföld with a max. aid intensity of 50% GGE
Area 5	28,098	35%	Area 5 is adjacent to the 'a' region HU 33 Dél-Alföld with a max. aid intensity of 50% GGE
Area 6	33,593	20%	Area 6 is adjacent to the 'a' region HU 21 Közép-Dunántúl with a max. aid intensity of 35% GGE
Total Areas 1-6	628,861		

⁴ http://www.ksh.hu/docs/hun/xftp/idoszaki/nepsz2011/nepsz_03_14_2011.pdf

3.4. Increased aid intensities for SMEs

20. In accordance with paragraph 177 of the RAG, the maximum aid intensities applicable to large enterprises can be increased by 20 percentage points for small enterprises or by up to 10 percentage points for medium-sized enterprises. However, the increased maximum aid intensities for SMEs will not apply to aid awarded for large investment projects.

3.5. Other commitments made by the Hungarian authorities

21. The Commission takes note of the following commitments made by the Hungarian authorities in the notification:
- (a) The Hungarian authorities confirmed that all intentions to grant regional aid will be notified to the Commission in accordance with Article 108(3) of the TFEU, either as an aid scheme, or as an individual notification, unless a block exemption regulation applies.
 - (b) The Hungarian authorities confirmed that all regional investment aid will respect the maximum aid intensities of the region concerned as defined in the regional aid map approved by the Commission and published in the *Official Journal of the European Union*.
 - (c) The Hungarian authorities confirmed that for large investment projects (as defined in paragraph 20(1) of the RAG) the aid ceilings of the region concerned, as defined in the regional aid map approved and published by the Commission, will be adjusted according to the formula in paragraph 20(c) of the RAG.

3.6. Conclusion

22. In view of the above, the Commission concludes that the regional aid map notified by Hungary for the period from 1 July 2014 to 31 December 2020 is in line with the RAG.
23. The Commission recalls that the maximum aid intensities specified in the regional aid map apply only to investments carried out in sectors that fall within the scope of the RAG, as defined in paragraph 10 thereof. In particular, these aid ceilings apply to the processing and marketing of agricultural products only to the extent laid down in the Community guidelines for State aid in the agriculture and forestry sector⁵, or in any guidelines replacing them.

4. DECISION

24. The Commission has accordingly decided:
- to approve the regional aid map of Hungary for the period from 1 July 2014 to 31 December 2020 as set out in the Annex, as it fulfils the conditions laid down in the Guidelines on Regional State Aid for 2014-2020.

⁵ OJ C 319, 27.12.2006, p.1.

- to publish the regional aid map as an Annex to this decision in the *Official Journal of the European Union*. The full text of this letter in the authentic language will be published on the following Internet site:

<http://ec.europa.eu/competition/elojade/isef/index.cfm>

25. Any request concerning this letter should be sent by registered letter or fax to:

European Commission
Directorate-General for Competition
State Aid Registry
B-1049 Brussels
Belgium
Fax No: +32 2 29 61242

Yours faithfully,
For the Commission

Joaquín ALMUNIA
Vice-President

Guidelines on regional State aid for 2014-2020

(OJ C 209, 23.07.2013, p. 1)

Hungary – Regional aid map applicable from 1.7.2014 to 31.12.2020

1. Regions eligible for aid under Article 107(3)(a) of the Treaty on the Functioning of the European Union from 1.7.2014 until 31.12.2020

NUTS 2 Code	NUTS 2 Name	Ceiling for regional investment aid ⁶ (applicable to large enterprises)
HU 31	Észak-Magyarország	50%
HU 32	Észak-Alföld	50%
HU 33	Dél-Alföld	50%
HU 23	Dél-Dunántúl	50%
HU 21	Közép-Dunántúl	35%
HU 22	Nyugat-Dunántúl	25%

2. Regions eligible for aid under Article 107(3)(c) of the Treaty on the Functioning of the European Union from 1.7.2014 until 31.12.2020

Non-predefined Article 107(3)(c) areas (Adjacent to Article 107(3)(a) regions)

Zone Code within Pest (HU102)	Zone Name (LAU 2)	Ceiling for regional investment aid (applicable to large enterprises) 1.7.2014 - 31.12.2020
Area 1		
1877	Bernecebaráti	35%
2809	Ipolydamásd	35%
497	Ipolytölgyes	35%
2234	Kemence	35%
2467	Kóspallag	35%
2268	Letskés	35%
457	Márianosztra	35%
1477	Nagybörzsöny	35%

⁶ For investment projects with eligible expenditure not exceeding EUR 50 million this ceiling is increased by 10 percentage points for medium sized companies and 20 percentage points for small companies as defined in the Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (OJ L 124, 20.5.2003, p. 36). For large investment projects with eligible expenditure exceeding EUR 50 million, this ceiling is subject to adjustment in accordance with paragraph 20(c) of the Guidelines on national regional aid for 2014-2020.

418	Per•csény	35%
2491	Szob	35%
694	Szokolya	35%
1924	Tésa	35%
2493	Vác	35%
1073	Vámosmikola	35%
3372	Ver•ce	35%
1496	Zebegény	35%
Area 2		
1618	Aszód	35%
913	Bag	35%
480	Domony	35%
1329	Galgagyörk	35%
1950	Galgahévíz	35%
2712	Galgamácsa	35%
3255	Gödöll•	35%
1394	Hévízgyörk	35%
330	Iklad	35%
3069	Kartal	35%
522	Kisnémedi	35%
2138	Püspökhatvan	35%
430	Püspökszilágy	35%
959	Tura	35%
569	Váckisújfalu	35%
1759	Valkó	35%
2248	Verseg	35%
Area 3		
2787	Abony	35%
1134	Cegléd	35%
518	Csem•	35%
912	Farmos	35%
1100	Jászkarajen•	35%
3277	Kocsér	35%
3297	K•röstetetlen	35%
2446	Mikebuda	35%
1343	Nagykátá	35%
1971	Nagyk•rös	35%
2006	Nyársapát	35%
2865	Szentmártonkátá	35%
1501	Tápióbicske	35%
1730	Tápiógyörgye	35%
940	Tápióság	35%
1414	Tápiószele	35%

1457	Tápiószentmárton	35%
276	Tápiósz•l•s	35%
2200	Törtel	35%
1780	Újszilvás	35%
Area4		
2319	Alsónémedi	35%
924	Dabas	35%
958	Dunaharaszti	35%
2451	Ecser	35%
3098	Érd	35%
603	Fels•pakony	35%
2562	Gyál	35%
2973	Gyömr•	35%
969	Halásztelek	35%
1092	Maglód	35%
1055	Monor	35%
2340	Nagytarcsa	35%
407	Ócsa	35%
528	Örkény	35%
405	Pécel	35%
2184	Péteri	35%
2895	Szigetszentmiklós	35%
833	Táborfalva	35%
2738	Tatárszentgyörgy	35%
629	Újhartyán	35%
1289	Üll•	35%
2681	Vecsés	35%
Area 5		
1010	Áporka	35%
2964	Dömsöd	35%
1081	Kiskunlacháza	35%
914	Lórév	35%
439	Makád	35%
1726	Ráckeve	35%
2625	Szigetbecse	35%
Area 6		
714	Piliscsaba	20%
3414	Pilisjászfalu	20%
1139	Pilisvörösvár	20%
738	Solymár	20%