



## State aid: Commission adopts revised Regional Aid Guidelines

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The European Commission has adopted [revised EU guidelines on regional State aid](#) (the "Regional Aid Guidelines"), setting out the rules under which Member States can grant State aid to companies to support the economic development of disadvantaged areas in the EU, while ensuring a level playing field between Member States. The revised Guidelines will enter into force on 1 January 2022.

The Regional Aid Guidelines are the first set of State aid rules that are revised following the announcement of the [European Green Deal](#) and the European [Industrial](#) and [Digital](#) Strategies.

Executive Vice-President Margrethe **Vestager**, in charge of competition policy, said "*The new Regional State aid Guidelines adopted today will enable Member States to support the least favoured European regions in catching up and to reduce disparities in terms of economic well-being, income and unemployment. These cohesion objectives are at the heart of our Union. We have also increased possibilities for Member States to support regions facing transition or structural challenges such as depopulation, so that the Guidelines fully contribute to the green and digital transitions while ensuring a level playing field between Member States.*"

Regional aid is an important instrument used by Member States to enhance regional development. The Commission adopted the revised Regional Aid Guidelines following an [evaluation](#) of the current rules conducted in 2019 and an extensive [consultation](#) of all stakeholders on the draft text, including Member States, regional and local authorities, business associations, interest groups, individual companies, and citizens.

The revised Regional Aid Guidelines include a number of targeted adjustments to simplify and reflect experience gained from the application of the previous rules, as well as to reflect new policy priorities related to the European Green Deal and the European Industrial and Digital Strategies. Key elements of the revised Guidelines are:

- Increased overall regional aid coverage to 48% of the EU population (previously 47%) and updated list of assisted 'a'-areas and predefined 'c'-areas based on the latest available Eurostat statistics on GDP (2016-2018) and unemployment (2017-2019). The assignment criteria for assisted areas, which have proven to work well in the previous period, have remained unchanged. At the same time, Member States will have increased flexibility to assign so-called "non-predefined 'c'-areas" on the maps: in addition to the criteria which were already in place, the Commission introduced a simplification to allow Member States to easily assign the non-predefined 'c'-area qualification to [Just Transition Areas](#), which are facing particular transition challenges.
- Increased maximum aid intensities to support the [European Green Deal](#) and [Digital Strategy](#) objectives by enabling additional incentives for investments in the disadvantaged areas of the EU. In addition, the Guidelines include several aid intensity bonuses: (i) for outermost regions, (ii) for border areas, (iii) for Just Transition Areas in the most disadvantaged areas, and (iv) for areas experiencing a population loss. Small and medium-sized enterprises (SMEs) also maintain higher maximum aid intensities than large enterprises.
- Validity of regional aid maps for the period 2022-2027, with a mid-term review envisaged for 2023 based on updated statistics reflecting the recent economic developments and enabling regions to bounce back from the crisis.
- A general simplification of the structure of the Guidelines, a clarification of some of the definitions and terminology, and some targeted changes in light of the European Green Deal and the EU's Industrial and Digital Strategies. For example, the sectorial scope of the Guidelines was updated, as well as the criteria used for balancing the positive impact of the aid against its negative effect on competition and trade. This assessment may now also take account of other positive and negative effects, such as a substantial contribution to the green and digital transition or some related negative externalities.

At the same time, the Regional Aid Guidelines maintain strong safeguards to prevent Member States

from using public money to trigger the relocation of jobs from one EU Member State to another, which is essential for fair competition in the Single Market.

The revised Regional Aid Guidelines will enter into force on 1 January 2022, allowing for sufficient time for Member States to prepare their regional aid maps. Member States can now notify their future regional aid maps to the Commission, which will be subject to individual decisions.

## Background

Europe has always been characterised by significant regional disparities in terms of economic well-being, income and unemployment. Regional aid aims to support economic development in disadvantaged areas of Europe, while ensuring a level playing field between Member States.

In the Regional Aid 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 on the Functioning of the European Union (a- and c-areas respectively). Annexes to the Guidelines identify the most disadvantaged regions, so-called 'a-regions', which include the outermost regions and regions whose GDP per capita is below or equal to 75% of the EU average, and the 'pre-defined c-regions', representing former 'a-areas' and sparsely populated areas.

Member States can now designate the so-called 'non-predefined c-areas', up to a maximum pre-defined c-coverage (for which figures are also available in Annexes I and II to the Guidelines) and in line with certain criteria. Member States need to notify their proposal for regional aid maps to the Commission for approval.

The Guidelines therefore also contain rules on the basis of which Member States can draw up regional aid maps to identify in which geographical areas companies can receive regional State aid (assisted areas) and at what level (aid intensity).

As part of the Commission's ongoing review of competition rules to ensure they are fit for the changing market environment, the evaluation of the Regional Aid Guidelines was launched in [January 2019](#). The assessment took place in the context of a "fitness check" of State aid rules adopted as part of the 2012 [State Aid Modernisation package](#), which aims to evaluate if the current rules are still fit for purpose. The assessment was based on internal analyses by the Commission and public consultations as well as, in some cases, studies prepared by external consultants or targeted consultations of specific stakeholders.

On 30 October 2020, the Commission published a [Commission staff working document](#), summarising the results of that evaluation exercise. The evaluation concluded that, overall, the State aid control system and rules are fit for purpose. However, individual rules, such as the Regional Aid Guidelines, needed some adaptation, also in the light of the recent [European Green Deal](#) and the EU's [Industrial](#) and [Digital](#) Strategies.

As State aid rules are a vital part of the green transition, in line with the Commission Communication on the European Green Deal and the results of the fitness check, the Commission announced to anticipate the review of the relevant State aid guidelines to the end of 2021. These include the Regional Aid Guidelines, IPCEI Communication, RDI Framework, Risk Finance Guidelines, Environmental and Energy Guidelines and relevant provisions of GBER. The other State aid rules that were part of the fitness check will be revised in the medium term.

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