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**Subject: State aid SA.63452 (2021/N) – Czechia
Regional aid map for Czechia (1 January 2022 – 31 December 2027)**

Excellency,

1. PROCEDURE

- (1) On 19 April 2021, the Commission adopted the Guidelines on Regional State Aid¹ that it will use to assess the compatibility of all notifiable regional aid awarded or intended to be awarded after 31 December 2021 (hereinafter "RAG"). Pursuant to paragraph 189 of the RAG, each Member State should notify to the Commission a single regional aid map applicable from 1 January 2022 to 31 December 2027. All approved regional aid maps will be published in the *Official Journal of the European Union* and will constitute an integral part of the RAG.
- (2) By electronic notification dated 10 June 2021, registered at the Commission on the same day (2021/2051353), the Czech authorities notified, following the procedure of Article 108(3) of the Treaty on the Functioning of the European Union (hereinafter "TFEU"), their proposal for the Czech regional aid map applicable from 1 January 2022 to 31 December 2027.

¹ OJ C 153, 29.04.2021, p.1.

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2. DESCRIPTION OF THE NOTIFIED REGIONAL AID MAP

- (3) The territory of Czechia consists of eight NUTS 2 regions. According to Annex I to the RAG, four of those NUTS 2 regions are eligible for aid under Article 107(3)(a) TFEU (hereinafter ‘a’ areas) and three are eligible under Article 107(3)(c) TFEU (hereinafter ‘c’ areas). Since Czechia has not been assigned any further coverage for the designation of non-predefined ‘c’ areas², the remaining NUTS 2 region, Praha, is not eligible for regional aid.

2.1. Proposed ‘a’ areas

- (4) In their notification, the Czech authorities propose the NUTS 2 regions of CZ04 Severozápad, CZ05 Severovýchod, CZ07 Střední Morava and CZ08 Moravskoslezsko under the derogation of Article 107(3)(a) TFEU to be assisted as ‘a’ areas from 1 January 2022 to 31 December 2027.
- (5) The Czech authorities propose to apply a maximum aid intensity for large enterprises amounting to 40% in CZ04 Severozápad, and 30% in CZ05 Severovýchod, CZ07 Střední Morava and CZ08 Moravskoslezsko for the entire period from 1 January 2022 to 31 December 2027.
- (6) In their notification, the Czech authorities announce their intention to make use of an increase of the maximum aid intensities for territories that would be identified for support from the Just Transition Fund.

2.2. Proposed predefined ‘c’ areas³

- (7) In their notification, the Czech authorities propose the NUTS 2 regions of CZ02 Střední Čechy, CZ03 Jihozápad and CZ06 Jihovýchod under the derogation of Article 107(3)(c) TFEU to be assisted as predefined ‘c’ areas from 1 January 2022 to 31 December 2027.
- (8) The Czech authorities propose to apply a maximum aid intensity of 20% for large enterprises in these NUTS 2 regions for the period from 1 January 2022 to 31 December 2024 and 15% for the period from 1 January 2025 to 31 December 2027.
- (9) In application of paragraph 184 of the RAG, the Czech authorities propose to increase the maximum aid intensity of the districts of Rakovník, Kladno, Mělník, Plzeň-sever and Tachov, which are adjacent to the NUTS 2 region of CZ04 Severozápad, to 25% for the entire period from 1 January 2022 to 31 December 2027.

2.3. Maximum aid intensities for SMEs

- (10) In their notification, the Czech authorities propose that the maximum aid intensities for large enterprises can be increased by 10 percentage points for

² Paragraph 163 of the RAG defines non-predefined ‘c’ areas as 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.

³ Paragraph 163 of the RAG defines predefined ‘c’ areas as areas that fulfil certain set conditions and that a Member State may therefore designate as ‘c’ areas without any further justification.

medium-sized enterprises and by 20 percentage points for small enterprises for their initial investments with eligible costs up to EUR 50 million.

3. ASSESSMENT

3.1. The proposed ‘a’ areas and the proposed maximum aid intensities

- (11) According to paragraph 158 of the RAG, the NUTS 2 regions that have a GDP per capita below or equal to 75% of the EU27 average fulfil the conditions of Article 107(3)(a) TFEU. The areas proposed by the Czech authorities to be assisted as ‘a’ areas for the period 1 January 2022 to 31 December 2027 are the following NUTS 2 regions: CZ04 Severozápad, with a GDP of 63.67% of the EU27 average; CZ05 Severovýchod, with a GDP of 75.00% of the EU27 average; CZ07 Střední Morava, with a GDP of 73.33% of the EU27 average; and CZ08 Moravskoslezsko, with a GDP of 74.33% of the EU27 average. These areas therefore fulfil the conditions of Article 107(3)(a) TFEU.
- (12) Paragraph 179 of the RAG provides that the maximum aid intensity for large enterprises in ‘a’ areas with a GDP per capita above 55% and below or equal to 65% of the EU27 average must not exceed 40%. In the ‘a’ areas with a GDP per capita above 65% of the EU27 average, the aid intensity for large enterprises must not exceed 30%.
- (13) For the region of CZ04 Severozápad, the Czech authorities propose a maximum aid intensity for large enterprises of 40%. For the areas of CZ05 Severovýchod, CZ07 Střední Morava and CZ08 Moravskoslezsko, the Czech authorities propose a maximum aid intensity for large enterprises of 30%. Given the GDP per capita of each of these ‘a’ areas, respectively 63.67%, 75.00%, 73.33% and 74.33% of the EU27 average, the proposed aid intensities are in line with the provisions of the RAG.
- (14) The Czech authorities announced their intention to make use of an increase of the maximum aid intensities for territories that would be identified for support from the Just Transition Fund. The Commission considers that, since the Commission has not yet approved a territorial just transition plan for Czechia, this potential increase cannot be included in the regional aid map at this point in time. However, according to paragraph 87 of the RAG, the Czech regional aid map can be updated once a territorial just transition plan has been approved by the Commission. The Czech authorities are invited to notify to the Commission such future amendment.

3.2. The proposed predefined ‘c’ areas and the proposed maximum aid intensities

- (15) According to paragraph 164 of the RAG, the Commission considers that Member States must have sufficient ‘c’ coverage to be able to designate as ‘c’ areas the areas which had ‘a’ status in the regional aid map in 2017-2020 but that no longer qualify as an ‘a’ area. Annex I to the RAG acknowledges that the NUTS 2 regions of CZ02 Střední Čechy, CZ03 Jihozápad and CZ06 Jihovýchod were ‘a’ areas in the period 2017-2020, and therefore fulfil the conditions of Article 107(3)(c) TFEU.

- (16) Paragraph 182 of the RAG provides that the maximum aid intensity for large enterprises in former ‘a’ areas must not exceed 15%.
- (17) Paragraph 183 of the RAG provides that the aid intensity of 15% in former ‘a’ areas may be increased by up to 5 percentage points until 31 December 2024.
- (18) The proposed aid intensities for predefined ‘c’ areas of 20% until 31 December 2024 and 15% for the period 1 January 2025 until 31 December 2027 are thus in line with the provisions of the RAG.
- (19) Paragraph 184 of the RAG provides that if a ‘c’ area is adjacent to an ‘a’ area, the aid intensities in the NUTS 3 regions or parts of NUTS 3 regions within that ‘c’ area may be increased as necessary so that the difference in aid intensity between the two areas does not exceed 15 percentage points. The maximum aid intensity in the ‘a’ area of CZ04 Severozápad is 40% for the period from 1 January 2022 to 31 December 2027. Since the districts of Rakovník, Kladno and Mělník belonging to the NUTS 2 of CZ02 Střední Čechy and Plzeň-sever and Tachov, belonging to the NUTS 2 region of CZ03 Jihozápad, are adjacent to CZ04 Severozápad, the aid intensity for large enterprises in those districts can be increased to 25%.

3.3. Increased aid intensities for SMEs

- (20) In accordance with paragraph 186 of the RAG, the maximum aid intensities for large enterprises may be increased by up to 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 in the meaning of paragraph 19(18) of the RAG.

3.4. Other commitments made by the Czech authorities

- (21) The Commission takes note of the following commitments made by the Czech authorities in the notification:
 - (a) The Czech 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 Czech 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 Czech authorities confirmed that for large investment projects (as defined in paragraph 19(18) 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 19(3) of the RAG.

3.5. General conclusion

- (22) In view of the above, the Commission takes the view that the Czech regional aid map notified for the period from 1 January 2022 to 31 December 2027 is in line with the RAG.

4. CONCLUSION

- (23) The Commission has accordingly decided:
- to approve the Czech regional aid map set out in the Annex for the period from the 1 January 2022 till 31 December 2027, as it fulfils the conditions laid down in the Guidelines on Regional State Aid, as adopted on 19 April 2021.
 - 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>.

Yours faithfully,

For the Commission

Margrethe VESTAGER
Executive Vice-President

ANNEX to the decision on case SA.63452 (2021/N)

Guidelines on regional State aid

(OJ C 153, 29.04.2021, p.1.)

CZECHIA - Regional aid map applicable from 01.01.2022 to 31.12.2027

Zone Code	Zone Name	Maximum aid intensities applicable to regional aid granted to large enterprises ⁴
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'a' areas

NUTS code	Name of NUTS region	Maximum aid intensity (large enterprises)
		1.1.2022 – 31.12.2027
CZ04	Severozápad	40%
CZ05	Severovýchod	30%
CZ07	Střední Morava	30%
CZ08	Moravskoslezsko	30%

Predefined 'c' areas

NUTS code	Name of NUTS region	Maximum aid intensity (large enterprises)	
		1.1.2022 – 31.12.2024	1.1.2025 - 31.12.2027
CZ02	Střední Čechy		
	Districts: Rakovník, Kladno, Mělník.	25%	25%
	Districts: Mladá Boleslav, Beroun, Praha-západ, Praha-východ, Nymburk, Kolín, Příbram, Benešov, Kutná Hora.	20%	15%
CZ03	Jihozápad		
	Districts: Plzeň-sever, Tachov.	25%	25%
	Districts: Rokycany, Plzeň, Plzeň-Jih, Domažlice, Klatovy, Písek, Tábor, Strakonice, České Budějovice, Jindřichův Hradec, Prachatice, Český Krumlov.	20%	15%
CZ06	Jihovýchod	20%	15%

⁴ For investment projects with eligible costs not exceeding EUR 50 million this ceiling is increased by 10 percentage points for medium-sized enterprises and 20 percentage points for small enterprises 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, the maximum aid intensities for large enterprises also apply to medium-sized and small enterprises. For large investment projects, this maximum aid intensity is subject to adjustment in accordance with paragraph 19(3) of the RAG.