



EUROPEAN COMMISSION

Brussels, 15.12.2021
C(2021) 9120 final

PUBLIC VERSION

This document is made available for
information purposes only.

**Subject: State aid SA.100587 (2021/N) – Latvia
Regional aid map for Latvia (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* (summary information) and on the website of DG Competition² (full text) and will constitute an integral part of the RAG.
- (2) By electronic notification dated 9 November 2021, registered at the Commission on the same day (2021/6874624), the Latvian 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 Latvian regional aid map applicable from 1 January 2022 to 31 December 2027.

¹ OJ C 153, 29.04.2021, p.1.

² <http://ec.europa.eu/competition/elojade/isef/index.cfm>

Ārlietu ministram
Edgaram RINKĒVIČAM
K.Valdemāra ielā 3,
Rīga LV-1395

2. DESCRIPTION OF THE NOTIFIED REGIONAL AID MAP

- (3) The territory of Latvia consists of one NUTS 2 region. According to Annex I to the RAG, that NUTS 2 region is eligible for aid under Article 107(3)(a) TFEU (hereinafter “‘a’ area”).

2.1. Proposed ‘a’ area

- (4) In their notification, the Latvian authorities propose the NUTS 2 region of LV00 Latvija under the derogation of Article 107(3)(a) TFEU to be assisted as ‘a’ area from 1 January 2022 to 31 December 2027.
- (5) The Latvian authorities propose to apply a maximum aid intensity for large enterprises amounting to 30% in the proposed ‘a’ area for the entire period from 1 January 2022 to 31 December 2027.
- (6) The Latvian authorities propose that the maximum aid intensity for large enterprises in the NUTS 3 regions of LV003 Kurzeme, LV005 Latgale, LV008 Vidzeme and LV009 Zemgale, experiencing a population loss of more than 10% over the period 2009-2018, is increased with 10 percentage points to 40% based on paragraph 188 of the RAG.
- (7) In their notification, the Latvian authorities announce their intention to make use of an increase of the maximum aid intensities for a territory that would be identified for support from the Just Transition Fund³.

2.2. Sparsely populated area

- (8) In their notification, the Latvian authorities also propose to designate the NUTS 3 region of LV008 Vidzeme, identified in Annex 1 to the RAG as a NUTS 3 region with fewer than 12.5 inhabitants per km² (based on Eurostat data on population density for 2018), as a sparsely populated area under paragraph 160 of the RAG.

2.3. Maximum aid intensities for SMEs

- (9) In their notification, the Latvian authorities propose that the maximum aid intensities for large enterprises can be increased by 10 percentage points for 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’ area and the proposed maximum aid intensities

- (10) Latvia consists of only one NUTS 2 region (i.e. LV00 Latvija).
- (11) According to paragraph 158 of the RAG, the NUTS 2 regions that have a gross domestic product (“GDP”) per capita below or equal to 75% of the EU-27 average fulfil the conditions of Article 107(3)(a) TFEU. The area proposed by the

³ Regulation (EU) 2021/1056 of the European Parliament and of the Council of 24 June 2021 establishing the Just Transition Fund, OJ L 231, 30.06.2021, p.1.

Latvian authorities to be assisted as ‘a’ area for the period 1 January 2022 to 31 December 2027 is the NUTS 2 region of LV00 Latvija, with a GDP per capita of 67.00% of the EU-27 average. This area therefore fulfils 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 65% of the EU-27 average must not exceed 30%.
- (13) For the NUTS 2 region of LV00 Latvija, the Latvian authorities propose a maximum aid intensity for large enterprises of 30%. Given that the GDP per capita of this region is 67.00% of the EU-27 average, the proposed aid intensity is in line with the provisions of the RAG.
- (14) According to paragraph 188 of the RAG, the maximum aid intensities laid down for ‘a’ areas may be increased by 10 percentage points for NUTS 3 regions experiencing a population loss of more than 10% over the period 2009-2018.
- (15) According to data regarding the population density at NUTS 3 level provided by Eurostat, the NUTS 3 regions LV003 Kurzeme, LV005 Latgale, LV008 Vidzeme and LV009 Zemgale, belonging to the ‘a’ area LV00 Latvija, experienced a population loss of more than 10% over the period 2009-2018, as shown in Table 1 below. Therefore, the increase of the maximum aid intensity for these NUTS 3 regions from 30% to 40%, as proposed by the Latvian authorities, is in line with the provisions of the RAG.

Table 1 – Decrease in population density over the period 2009-2018

NUTS 2 region	NUTS 3 region	Decrease in population density over the period 2009-2018⁴
LV00 Latvija	LV003 Kurzeme	16.28%
	LV005 Latgale	18.70%
	LV008 Vidzeme	16.67%
	LV009 Zemgale	14.17%

- (16) The Latvian authorities also propose to designate the NUTS 3 region LV008 Vidzeme as sparsely populated area. Paragraph 160 of the RAG provides that some of the eligible ‘a’ areas set out in Annex I to the RAG also qualify as sparsely populated areas under paragraph 166(2). Given that Vidzeme has fewer than 12.5 inhabitants per km², it can be designated as sparsely populated area in line with paragraphs 160 and 166(2) of the RAG.
- (17) The Latvian authorities announced their intention to make use of an increase of the maximum aid intensities for a territory 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 Latvia, this potential increase cannot be included in the regional aid map at this point in time.

⁴ According to Eurostat data.

However, according to paragraph 187 of the RAG, the Latvian regional aid map can be updated once a territorial just transition plan has been approved by the Commission. The Latvian authorities are invited to notify to the Commission such future amendment.

3.2. Increased aid intensities for SMEs

- (18) 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.

3.3. Other commitments made by the Latvian authorities

- (19) The Commission takes note of the following commitments made by the Latvian authorities in the notification:
- (a) The Latvian 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 Latvian 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 and published by the Commission.
 - (c) The Latvian 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.

3.4. General conclusion

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

4. CONCLUSION

- (21) The Commission has accordingly decided:
- to approve the Latvian 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.100587 (2021/N)

Guidelines on regional State aid

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

LATVIA - 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 ⁵
-----------	-----------	--

'a' areas

NUTS code	Name of NUTS region	Maximum aid intensity (large enterprises)
		1.1.2022 – 31.12.2027
LV00	Latvija	
LV003	Kurzeme	40%
LV005	Latgale	40%
LV006	Rīga	30%
LV007	Pierīga	30%
LV008	Vidzeme (Sparsely Populated Area)	40%
LV009	Zemgale	40%

⁵ 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.