Workshop on the GBER

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Case 1: GBER - Cumulation on R&D&I projects

Example: 1 Small size company with 3 different research projects (not linked):

- Project A EUR 20m costs for Fundamental Research
- Project B EUR 20m costs for Industrial Research
- Project C EUR 20m costs for Experimental Développement

1. Do the aid intensities apply to each specific project or to the company?
2. What is the maximum amount of aid we can give to the company?
Case 2: Participation in trade fairs

Italy has adopted a measure to support the participation of companies in trade fairs abroad. Under the relevant law, any undertaking in any sector or region of the country may apply for a grant to cover the expenses directly incurred by participation in trade fairs abroad. The whole amount of the expenses is covered up to EUR 20,000.

- Does this measure constitute state aid?
- If yes, how would it be compatible with the GBER?
Case 2: Participation in trade fairs (2)

- Eligible undertakings: SMEs
- Eligible costs: costs for renting, setting up and running the stand for the participation of an undertaking in any particular fair
- Aid intensity: 50%
Case 3: SME definition

Is A an autonomous SME?
1) Is enterprise A an SME?
2) Is enterprise B an SME?

Enterprise A:
- 180 employees
- €15 m turnover

Enterprise B:
- 100 employees
- €10 m turnover

Enterprise C:
- 10 employees
- €2 m turnover

Enterprise D:
- 33 employees
- €7 m turnover

Enterprise E:
- 20 employees
- €5 m turnover

Enterprise F:
- 30 employees
- €3.5 m turnover

Enterprise G:
- 340 employees
- €30 m turnover

Enterprise H:
- 10,000 employees
- €300 m turnover

CASE 4: SME definition
Case 5: Regional aid scheme

MS in October 2016 has launched (ERDF) measure for SME (Regional investment State aid Regulation 651/2014):

- Eligible costs – new construction, acquisition of tangible and intangible assets
- Form of aid - grant
- Aid amount - up to 1,000,000 EUR
- Aid intensity - Regional aid map - 35% + bonus for SME
- Aid will be paid after costs incurred
Applicant Company A:

Company A producing steel tubes and furniture
Company A has 70 % of shares of Company A1 and has 30 % of voting rights in Company A2

<table>
<thead>
<tr>
<th>2015 DATA</th>
<th>Company A</th>
<th>Company A1</th>
<th>Company A2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff</td>
<td>150</td>
<td>60</td>
<td>100</td>
</tr>
<tr>
<td>Turnover (MEUR)</td>
<td>30</td>
<td>10</td>
<td>20</td>
</tr>
<tr>
<td>Balance sheet</td>
<td>2</td>
<td>6</td>
<td>4</td>
</tr>
</tbody>
</table>
# Company A (Balance sheet)

(Thousands of euros)

<table>
<thead>
<tr>
<th></th>
<th>Equity and Liabilities</th>
<th>31 December 2015</th>
<th>31 December 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A.</strong></td>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I.</td>
<td><strong>Capital</strong></td>
<td>300</td>
<td>300</td>
</tr>
<tr>
<td>II.</td>
<td><strong>Capital reserves</strong></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>III.</td>
<td><strong>Profit reserves</strong></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>IV.</td>
<td><strong>Revaluation reserves</strong></td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>V.</td>
<td><strong>Retained earnings</strong></td>
<td>900</td>
<td>300</td>
</tr>
<tr>
<td>VI.</td>
<td><strong>Loss brought forward</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>VII.</td>
<td><strong>Net Profit for the year</strong></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>VIII.</td>
<td><strong>Loss for the year</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>B.</strong></td>
<td><strong>Liabilities</strong></td>
<td>600</td>
<td>300</td>
</tr>
<tr>
<td>I.</td>
<td><strong>Long-term dept</strong></td>
<td>300</td>
<td>100</td>
</tr>
<tr>
<td>II.</td>
<td><strong>Short-term dept</strong></td>
<td>300</td>
<td>200</td>
</tr>
</tbody>
</table>
Application for aid (Company A):

- Company asks for 550,000 EUR of aid
- Costs:
  - Construction of new factory – 400,000 EUR
  - Furniture production line – 300,000 EUR
  - Seamless steel tubes production line – 200,000 EUR
  - Wage costs arising from job creation – 200,000 EUR
  - Design software and computers – 100,000 EUR
- Company also provides following documents:
  - Construction permit, feasibility study showing IRR = 25 %
  - Procurement procedure documents for construction of new factory
  - Bank’s lending decision (amount 600,000 EUR for 10 years, 3 % interest rate)
Case 5: Questions and calculation

Is enough information provided to assess whether the aid is in line with the GBER?

YES

NO

What information is Required?

Additional information

How much regional investment State aid could be granted to Company A?
Case 6: Multiple choice questions
Case 6: Multiple choice questions

1. Which of the following sectors/activities are excluded from regional investment aid in the GBER?

a) Coal sector
b) Fishery and aquaculture sector
c) Primary production of agricultural products
d) Transport sector as well as related infrastructure
Case 6: Multiple choice questions

2. Is it allowed to grant aid if:

   a) Undertaking is in difficulty?

   a) Aid is to export-related activities, linked to the quantities exported?

   b) Aid is to export-related activities, to the establishment and operation of distribution network?

   c) Aid is for activities in the production, processing and marketing of products listed in Annex I to the Treaty?
Case 6: cont.

3. The following are eligible costs for initial investment:

a) Setting-up of a new establishment

b) Extension of the capacity of an existing establishment

c) Diversification of the output of an establishment into products not previously produced by the establishment

d) Fundamental change in the overall production process of an existing establishment
Case 6: cont.

4. If the eligible costs are based on wage costs arising from job creation:

a) Net increase in number of employees in the establishment concerned must be compared to the average over the previous 12 months

b) Each job shall be filled within 2 years of completion of work

c) Each job shall be maintained in the area concerned for a period of at least 5 years (3 years for SMEs) from the date the job was first filled

d) Wage costs must be calculated over a period of 3 years
Case 6. cont.

5. Which relationships are treated as “Linked enterprises”?

   a) Company A has 3/4 of voting rights in Company B
   b) Company A has 45 % of shares in Company B
   c) Natural person merely holding 90 % of Company A and 60% of Company B
   d) Company A has given a franchise to Company B
Case 6: cont.

6. Single investment project can be considered:

a) Any investment started by the same beneficiary?

b) Any initial investment started by the same beneficiary (at group level) within a period of three years from the date of start of work on another aided investment in the same level 3 region of the Nomenclature of Territorial Units?
Case 6: cont.

7. The ‘own contribution’ of a beneficiary must:

a) Be free of State aid?

b) Cover at least 25% of the eligible costs, either through its own resources or by external financing, in a form which is free of any public support?

c) In the form of a private bank loan?
Case 6: cont.

8. The GBER can be used to provide cover for Regional aid where the beneficiary has:

a) Closed down the same or a similar activity in the EEA in the two years preceding its application?

b) Transferred the same or similar activity from an establishment in another EEA country?