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PRELIMINARY COMMENTS BY FINLAND regarding the draft Regulation from the Commission on *de minimis* aid

The Commission has invited the Member States to submit written comments on the draft *de minimis* Regulation. Ministry of Economy and Employment coordinates matters related to EU's state aid policy in Finland. Ministry hereby delivers the preliminary views of the Finnish authorities.

General remarks

Finland welcomes the Commission's proposal for the targeted revision of the Regulation on *de minimis* aid.

In further preparation of the matter, Finland considers it appropriate to obtain further information from the Commission on some aspects related to the implementation of the Regulation, including granting of tax subsidies and requirement to set up a *de minimis* register.

Specific comments:

A proposed ceiling of EUR 275 000 as the amount of *de minimis* aid

Finland sees that raising the *de minimis* aid ceiling to EUR 275,000 **is in principle justified due to the increase in inflation**. However, in connection with further preparation of the regulation, Finland sees that **the Commission should provide further information on the calculation criteria that aim to take the increase in inflation into account**. In particular, the Commission should make available the parameters concerning the predicted inflation for the period 2023-2030. In Finland's view, the approach for adjusting the ceiling to a higher inflation should be strictly facts and evidence-based. This entails taking into account the best possible estimates on the forecasted inflation development.

Overall, **Finland is of the view that keeping the *de minimis* ceiling at a relatively low level is justified to ensure the functioning of the internal market and to guarantee that State aid is well-targeted to growth-promoting policies**. The *de minimis* regulation gives Member States a wide discretion to design individual aid measures and aid schemes: the regulation does not contain criteria that would encourage Member States to grant "good aid", i.e. target the aid to objectives of common European interest. In contrast, the aid granted under the *de minimis* regulation can be targeted to any costs of the undertaking – also as operating aid, which can be very distortive. Therefore, raising the ceiling more than proposed could significantly increase the risk of competition distortions within the Member States and in the internal market. Raising the

threshold would also mean that the Member States would apply de minimis regulation to a larger extent compared to the General Block Exemption Regulation (GBER).

For these reasons, **Finland is critical for any higher de minimis ceiling than proposed.** In our view, the procedures related to the EU's state aid control should be simplified primarily by extending the scope of the General Block Exemption Regulation. Introducing changes to the GBER will also ensure that the state aid is clearly targeted to objectives that promote growth in the EU while also making sure that the competition distortions remain limited.

A mandatory public register at national or EU level

Finland welcomes the Commission's proposal for a mandatory public register at a national level where Member States should provide complete information on de minimis aid granted by any aid granting authority. The public register would simplify and enhance the transparency, monitoring and impact assessment of de minimis aid as well as information on the allocation of de minimis aid. The register would also increase legal certainty for those granting and receiving de minimis aid. The register would also enable the harmonisation and high-quality management of the aid data.

Finland highlights, however, that the benefits concerning simplification and legal certainty will be fully achieved only, if the aid granting authorities can entirely rely on de minimis register when monitoring the de minimis ceiling (instead of declarations from the beneficiary). In this respect, **the Commission should clarify, how reliable and up-to-date the register should be given especially the need to monitor the aid amounts at the level of single undertaking (article 2) and the need to take into account aid granted under other de minimis regulations (article 5(1)).** In Finland's view, it is very difficult, virtually impossible, to set up an up-to-date register which would cover information set out in article 2(2) of the de minimis regulation.

Finland would also like to highlight that **issues related to data protection needs to be properly taken into account** when the register is implemented and when setting the requirement in the de minimis regulation. In Finland, state aid under de minimis regulation is granted to forest and land owners (private persons), who constitute undertakings within the meaning of EU competition law. There are overall around 600.000 land owners in Finland who can be eligible for the aid that promote development of forestry. It is expected that in 2024 around 60 000 forest owners (private persons) will receive aid under the de minimis regulation.

In Finland de minimis regulation is also applied to state aid that is granted in the form of tax advantages. In certain cases, the amount of aid can be used to induce information that can be confidential for the companies, for example the extent of their economic activities. Thus, it could be further elaborated, whether the information on fiscal aids could be made publicly available in the register at ranges (0-10k, 10k-50k etc as in the GBER). To allow monitoring of de minimis ceiling, the exact aid amounts could be made available for aid granting authorities only.

Finally, **Finland considers that the six-month transition period for the register, as proposed by the Commission, is too short.** In our view, the **transition period should be 18 months to ensure adequate time for the successful implementation.** In Finland setting up a national register is likely to require legislative changes which require careful preparations.¹ Furthermore,

¹ For comparison, when the transparency requirements were introduced to State aid law in 2014, Member States had two years time to implement necessary changes.

since the de minimis aid is granted also in the form of tax advantages it would preferable that the requirement would enter into force at the beginning of the fiscal year (1.1.2025 not in the in middle of the year).

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