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TRADE PROMOTION EUROPE COMMENT ON DRAFT REGULATION ON DE MINIMIS AID
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Introduction

Trade Promotion Europe (TPE), the European Umbrella association representing the Trade Promotion Organisations of the Member States, is pleased to contribute to the consultation launched by the European Commission on the future Regulation on de minimis aid.

Members of Trade Promotion Europe are providing direct support to companies, in particular Small and Medium Enterprises (SMEs), in their efforts of internationalisation. Typical services provided to companies are Business development advice; Regulatory and legal services on third countries' markets; Customised export advice (export readiness; export plan); Participation to trade fairs; and organisation of B2B matchmaking events, to name a few..

If Regulation 1407/2013¹ stipulates that aid towards the costs of participating in trade fairs, or of studies or consultancy services needed for the launch of a new or existing product on a new market in another Member State or a third country does not normally constitute export aid, many other services provided by TPOs illustrated above meet the definition of direct aids. The European Commission has published the draft "Regulation on de minimis aid" which is expected to enter into force on 1st January 2024 for a period of 6 years. The draft Regulation proposes in particular a ceiling of EUR 275 000 as the amount of de minimis aid that a single undertaking may receive per Member State over any period of three years.

An increased ceiling to reflect the market realities of today

Trade Promotion Europe would like to stress that the Regulation has proved a useful tool to avoid unnecessary administrative burden for small aid for companies, and in particular for SMEs. Avoiding burdensome procedure for small aid should remain a primary goal in the future Regulation.

It is also crucial that the amount of aid under the Regulation remains adequate in view of the economic situation and the needs of beneficiaries of these aids, while not distorting the

¹ Regulation 1407/2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid.

functioning of the EU Single Market. The amount of 200 000 euros was set up in 2006 based on the economic situation at the time. It has not been updated since and no longer reflects the needs of companies or SMEs trying to internationalise their activities and export to the EU single market or to international markets. Increasing the amount under de minimis to take account of the inflation is a very minimum.

As explained in the introduction, de minimis aid provided by Trade Promotion Organisations are typically operating aids for companies. The level of 200,000 is easily reached, considering the inflation spiral, the increased energy prices, and the post-Covid situation. As an example, construction materials have increased significantly, in some markets by more than 60% in comparison to 2020. The costs of building booths at trade fairs for B2B matchmaking or business events, has therefore increased remarkably and is being reported as de minimis aid.

Similarly, companies are putting resources and efforts towards digitalisation and greater sustainability. Both initiatives are supported by specific programs from Trade Promotion Organisations and typically fall under de minimis aid. These includes audits to help companies upgrading their digitalisation process; but also grants for energy efficiency and green technologies. These two objectives are key in the European strategy for growth and should continue to be supported by TPOs in their accompaniment of companies and SMEs. The ceiling of de minimis rule should take these elements into account as part of the new economic reality of the European Union.

Raising the ceiling of de minimis to 500 000 euros would be in line with the current rule for aid for Services of General Interests and the ceiling allowed by the Commission under the temporary state aids framework as a measure to support economic recovery. This would simplify and harmonise the state aids framework to bring the general de minimis level up to the other levels agreed by the European Commission.

A de minimis rule that supports Small and Medium Enterprises

According to our experience, SMEs are most successful when they use different export services in a systematic way (comprehensive export programs in a preparation phase for understanding the market, product/service design masterclasses for getting their product market-fit, grants for financing research and product development, trade missions and trade fairs). The combination of these services and aids can quickly reach the de minimis ceiling over the period of three years, meaning that some SMEs would have to abandon some programs however crucial for their internationalisation, to avoid the ceiling being reached.

Considering that SMEs are the backbones of the EU economy supporting jobs and growth in the EU, considering the current market conditions including significant inflation rate, and the latest protectionists attempts from some trading partners, Trade Promotion Europe considers that the ceiling of de minimis aid should be revisited to meet the special needs of SMEs.

About Trade Promotion Europe

Trade Promotion Europe is a non-profit association of national and regional trade and agrifood promotion organisations, whose goal is to strengthen European trade through enhanced coordination and information sharing. Founded in 2018, TPE is the voice of Europe's trade promotion organisations towards the European institutions on the implementation of trade promotion policies. Trade Promotion Europe has 27 members from 19 European countries, including 18 national, 2 regional trade promotion organisations, and 7 agrifood promotion organisations.