



Confederazione Nazionale *dell'Artigianato e della Piccola e Media Impresa*

CNA CONSIDERATIONS

EUROPEAN COMMISSION CONSULTATION

Exemptions for small amounts of aid (de minimis aid) **(update)**

January 2023

CAN, the Italian National Confederation of Craft and SMEs, considers the outcome of **the first round of public consultation** launched by the European Commission on **the revision of the de minimis Regulation to be** moderately positive with regard to both issues on which stakeholders were invited to give their inputs, i.e:

- (i) the **definition of a new ceiling on smaller amounts of aid** that takes into account changes in inflation and gross domestic product;
- (ii) the **introduction of a compulsory register on business aid** that simplifies administrative controls for Member States and eliminates self-declarations by beneficiaries.

Regarding the first point, the European Commission has approved the **raising of the ceiling from EUR 200.000 to EUR 275.000 over three years**, as proposed by CNA as a 'conservative' approach that sees the revaluation of the EUR 200.000 ceiling on the basis of the historical trends in inflation and gross domestic product from 2006 (year of the last revision) to the present.

However, CNA believes that the production system needs **more incisive public support both to fully overcome the negative effects of the pandemic and to address the current international political and economic scenario and its consequences** in terms of energy crisis, disruption of supply chains, rising prices of raw materials and production factors, and rising inflation.

For this reason, CNA reiterates to the European Commission the proposals made in the first phase of the consultation, aimed at taking into **account the estimated growth of inflation rate and the challenges facing businesses in the coming years. Indeed, worrying growth dynamics of the inflation rate are already evident.**

CNA believes it would be appropriate to **provide for periodic revaluations of the cap, e.g. every three years**, in order to **keep its value unchanged in real terms**. It should be considered that this maximum amount will remain in force for a significant period of time, i.e. until 2030; in this period, a significant increase in inflation is expected, also given the current trend of the parameter. Statistical evidence shows that, in order to keep its real value unchanged until the next revision, **the cap should be set at an amount significantly above EUR 320.000.**

Nonetheless, CNA expresses the need to **take a more innovative view in setting the maximum amount of aid at a reduced amount**, in order to offer businesses concrete and effective support, facilitating them in accessing 'de minimis' public subsidies, and consistent with the serious difficulties they have faced in recent years and are still facing due to extraordinary and unforeseen events.

The financial crisis of 2008, the sovereign debt crisis of 2011, the impacts of the pandemic and finally the consequences of the conflict between Russia and Ukraine highlighted the inadequacy of overly rigid rules and made it necessary to resort to policies and instruments of extraordinary nature, such as the first *Temporary Framework* for Covid and the second for the ongoing war-induced crisis.

In addition, the current context is characterized by continuous evolutions, uncertainties and major new challenges. The digital transformation, the shift to new energy sources and the ecological transition represent opportunities for growth and development for the production system, but at the same time they require huge investments and a radical cultural renewal.

Therefore, it is essential that public institutions provide companies with **effective support instruments** so that they can **positively engage with innovation**. A central role in this process is played by the European Commission, which should **create the best conditions for economic realities to take full advantage of public facilitation measures** that pursue these objectives.

Based on the observations made so far, CNA reconfirms its proposal to **raise the ceiling for 'de minimis' aid to EUR 320.000, foreseeing a revaluation every three years in case of significant changes in inflation and gross domestic product. Should a periodic adjustment not be deemed appropriate, the ceiling could be set at EUR 375.000 until 2030.**

Regarding the second topic of the consultation, concerning the introduction of a compulsory register on aid to businesses, CNA points out that Italy has already set up such a register and made it operational as of 12 August 2017 through the implementation of Regulation No. 115 of 31 May 2017 (<https://www.gazzettaufficiale.it/eli/id/2017/07/28/17G00130/sg>).

Italy's experience to date confirms how **the establishment of a central register of de minimis aid in the individual Member States is an effective and efficient solution to allow them to control the aid granted**. In fact, the register facilitates the removal of the critical issues arising from the adoption of a control system based on self-certifications, firstly the bureaucratic burden on applicants in the process of applying for subsidies.

In countries that have already set up a national state aid register, **it would also be useful to reinforce the obligation for the public administration to use it for all eligibility checks, avoiding contextual requests for self-certification from beneficiary companies.**

Lastly, it would be appropriate for the new regulation to **provide for the interoperability of the various registers set up in the individual Member States, in order to allow an overall control of all facilitations obtained by the individual company at European level.**

