

ANNEX

Official position of Hungary on the prolongation of State aid Regulations and Guidelines expiring in 2020

The Hungarian authorities welcome the Commission's initiative of extending the expiry dates of the De Minimis Regulation, the General Block Exemption Regulation and the relevant Guidelines. We believe that it is our common interest to have a new set of rules from 2023 that is based on a well-executed series of fitness checks and in-depth consultations with Member States.

The Hungarian authorities have no comments on the draft amending Regulation. However, in connection with the draft Communication, we would like to draw the Commission's attention to a key point.

Paragraph (7) of the draft Communication details the procedural side of adopting the regional aid maps for the 2021-22 period. The Hungarian authorities very much appreciate it that the draft includes guidance on how the regional aid maps can be reviewed for the interim period.

However, we have one concern about the timing of the review. According to the draft Communication, the amendments to Annex 1 of the Regional Aid Guidelines necessary for drawing up and notifying the 2021-2022 regional aid maps will only be published by the Commission by June 2020. The deadline for notifying the maps will be 1 September 2020 according to the draft.

The Hungarian authorities believe that this schedule is untenably tight and does not allow enough time for national authorities to make the necessary follow legislative steps once the Commission's decision on the regional map is taken. If Annex I of the Regional Aid Guidelines is only adjusted in June, Member States will only have 2-3 months (summer months, which likely means less working capacity) to re-design their maps and notify them to the Commission. Even if the Commission approves them rapidly, let us say in two months, i.e. by 1 December 2020, the national authorities will only have a month to make the necessary changes in their legislation, in the winter period when national decision-making bodies might not be in session or available. Also, please note that a new regional aid map, beyond the necessary changes in legislation, will also require the review of legal documentation of countless aid grantors on the Member State's side, and a tight deadline will likely cause disruptions in the awarding of regional aid at the turn of 2020 and 2021.

For this reason, the Hungarian authorities request the Commission to reconsider the timing described in the draft, and to set a 1 March 2020 deadline for the revision of Annex 1 of the Regional Aid Guidelines. In this way, Member States will be able to notify their regional aid maps before summer 2020, ideally obtain a mid-autumn Commission decision, and will have sufficient time to adjust their legislation and administration to the new map.

Please find below our suggested changes to the relevant part of the Regional Aid Guidelines (paragraph 178):

“178 In view of the expiry of the validity of the national regional aid maps on 31.12.2020, the Commission invites Member States to notify to the Commission their intention to prolong the validity of their national regional aid maps. Member States may bring limited amendments to the national regional aid maps, under the conditions and according to the methodology indicated below.

*For the period between 1 January 2021 and 31 December 2022, the Commission will establish by ~~June~~ **1 March** 2020 the list of NUTS 2 regions with a GDP per capita below 75% of EU average, which are not included in Annex I to the Guidelines and will publish a communication on the results of this analysis. The Commission will establish at that moment whether these identified regions may become eligible for regional aid under Article 107(3)(a) of the Treaty and the level of the aid intensity corresponding to their GDP per capita. The Commission will also adjust at that moment the level of the aid intensity of those NUTS 2 regions which are already included in Annex I to the Guidelines as ‘a’ areas, in case their GDP per capita justifies a higher aid intensity. If the newly identified NUTS 2 regions with a GDP per capita below 75% of EU average are designated as ‘c’ areas in the national regional aid map approved by the Commission for the period 2014-2020, the percentage of the specific population allocation for ‘c’ areas indicated in Annex 17 to the Guidelines will be adjusted accordingly. The Commission will publish the necessary amendments to Annex 1 by ~~June~~ **1 March** 2020.*

A Member State may within the limit of its adjusted specific allocation for ‘c’ areas amend the list of ‘c’ areas contained in its national regional map for the period from 1 January 2021 to 31 December 2022. These amendments may not exceed 50% of its adjusted ‘c’ coverage.

*By 1 ~~September~~ **June** 2020 Member States must notify to the Commission their intention to prolong the national regional aid maps and/or any amendments to their national regional aid maps resulting from the inclusion of additional ‘a’ areas, the adjustments of aid intensities in existing ‘a’ areas and the exchange of ‘c’ areas.”*