

COMMENTS ON REVIEW OF THE REGIONAL AID GUIDELINES (RAG) 2014-2020

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- It is a general criterion that aid to large companies is unlikely to have an incentive effect on investment, and that is why the existing REGIONAL AID GUIDELINES (RAG) authorised aid for investments by large companies in 'C' zones to a lesser extent than investments by Small and Medium-sized Enterprises. They restrict the possibility of granting aid to large companies in the 'C' zones for initial investments that contribute new economic activities to the area, in particular the creation of a new establishment, the diversification of the activity of an establishment and also the diversification of the production of an establishment in new products and new innovative processes.
- The European Commission's restrictive interpretation of the definitions of diversification of activity, new product and especially innovative process, means that virtually the only clear scenario for large companies' investment projects in these 'C' areas is the setting up of a new establishment.
- At present there is sufficient evidence of the many positive aspects derived from the investment projects of large companies as a tractor effect on a network of local suppliers, the higher qualification of the required employment, dissemination of knowledge, impact on global value chains, etc..
- Although paragraph 8 of the Introduction states that the European Commission has put in place more specific instruments to combat the economic disruption caused by the COVID-19 pandemic and that it also provides for a mid-term review of regional aid maps in 2024, taking into account the statistical data for the years 2020 to 2022, **it is requested that as a transitional measure paragraph 15 should provide for the abolition of the restriction of the granting of aid to investments by large companies for initial investments in favour of a new economic activity compatible with Article 3(3).**
- The eligibility of aid in these 'C' zones would therefore be assimilated to those in 'A' zones, incorporating the projects of large companies involving the expansion of the capacity of an existing establishment and the fundamental transformation in the production process of an existing establishment.
- For maximum aid intensities in zones 'C'; Article 182 states: *'In the former 'A' areas the aid intensity of 15 % may be increased to 5 percentage points until 31 December 2024.'*; Article 183: *'If a 'C' zone is adjacent to an 'A' zone, the maximum*

aid intensity in NUTS3 regions within that zone 'C' adjacent to 'A' may be increased if necessary so that the difference in aid intensity between the two zones does not exceed 15 percentage points.'

- The Valencian Community is adjacent to assisted areas in most of its perimeter: with Castilla La Mancha (zone "A"), with Murcia (zone "C" predetermined old zone "A") and with Teruel (zone "C" predetermined, with low population density).
- According to some of the criteria applied in Annex II Method for the allocation of non-predetermined "C" area coverage among Member States, paragraph (2): the Valencian Community has a gross domestic product per capita (EUR 24,000) lower than the EU 27 (EUR 29,200) as compared to Spain as a whole (EUR 26,867), i.e. 82.19 % and 89.33 %, respectively. Similarly, unemployment (15.97 %) is higher than in the EU 27 (7.33 %) and also in Spain as a whole (15.53 %).
- Once the REGIONAL AID GUIDELINES (RAG) have been approved, it will be necessary to check whether the map is drawn up within the percentage of national population allocated for the non-predetermined "C" zones "catch" the city of Valencia.