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European Commission

Directorate-General for Competition, Unit H1

State aid Registry

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Review of the regional aid guidelines

In view of the Review of the regional aid guidelines, Polish Chamber of Chemical Industry, representing the chemical industry in Poland, would like to draw attention to the following key issues.

In our opinion, regional aid should also be used for projects implemented by large companies. In Poland, large enterprises have a greater influence on the development of regions than enterprises from the SME sector.

Large companies benefit more from innovation support. They show greater employment growth. The intervention effect in terms of TFPR (total factor productivity calculated on the basis of revenue data) is positive in large enterprises and about six percentage points higher than the effect recorded in medium-sized enterprises, while in small and micro enterprises it is negative. Labour productivity also increases more in the case of large enterprises.

Due to the structure of financing outlays on research and development activity, supporting this type of activity will be of great importance for large enterprises, which despite constituting only 0.2% of the total number of Polish enterprises, are responsible for 60% of outlays on R&D activity. Large enterprises invest a disproportionate amount in R&D per one employee: 5 times more than microenterprises, 3 times more than small enterprises and 70% more than medium-sized enterprises. The same applies to the value of enterprises' expenditures on R&D activity. According to Statistics Poland (GUS), entities employing 250 people and more constituted about 20% of the population (1,127 entities) incurring outlays on R&D activity, but they were responsible for 73.3% of

their value, of which 60% of this amount was accounted for by enterprises. These entities were also responsible for 74% of the employees in conducting R&D activity expressed in persons (of which 1/3 is in enterprises) and 71% of employment expressed in full time equivalents (of which 45% was in enterprises).

In our opinion, it is worth strengthening the provisions on the compatibility assessment of regional aid, relating to *contribution to a common objective*, so that the achievement of the objectives of, for example, the European Green Deal can overcome the negative assessment related to the distortion of the internal market by supporting large enterprises.

In addition, we would like to point out that defining Lower Silesia as area "c" while prohibiting aid under Article 107(3)(c) may significantly reduce the chances of obtaining funding for investments by large industrial enterprises as well as smaller units such as spas or hotels. The planned solution will also significantly hinder activities related to the decarbonization of, among others, the copper industry.

We ask you to take into account presented comments and proposals in the course of the further legislative process on this regulation.