



Letter

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European Commission
DG Competition

Targeted revision of General Block Exemption Regulation - Finland's position

Finland, overall supports Commission's 2nd draft proposal of the General Block Exemption Regulation. The proposal would simplify and streamline State aid control in projects where State aid is combined with the funding that falls under the scope of EU funding rules (InvestEU, Horizon2020 and ETC programmes). By exempting State aid from prior-notification procedure, the interplay between EU State aid rules and EU-funding rules is improved. Finland supports these objectives of the reform.

Specific comments

1. Changes to the general compatibility criteria

Since the rules in the EU funding programs (such as InvestEU) contain competition safeguards, it is proposed not to apply some of the general compatibility criteria that are set out in the chapter I of the GBER (such as the ban on companies in difficulties and Deggendorf clause). Regarding territorial-co-operation projects, it is also proposed not to apply the Deggendorf-clause. This means that new aid could be paid to the beneficiary even if the beneficiary has not reimbursed the old illegal aid because of the Commission's recovery decision.

As it was indicated in our previous written comment – likewise also in the 2nd advisory committee hearing, we still would like to stress that it is vital to include sufficiently strong competition safeguards at the level of EU funding programs, where aid is subject to limited and focused block exemption under the EU's state aid rules.

In this context, Finland does not consider it justified to abandon two general conditions of the GBER: the prohibition to grant aid to companies in difficulties and the Deggendorf-clause. To our understanding, these conditions do not exist in the EU funding rules and, as a result, are not assessed at the EU-level when funding is granted. In our view, these policy principles should be applied under normal circumstances¹ even though this could entail some administrative costs for the aid granting bodies. The proposed changes can increase the risk for competition distortions in the internal market.

¹ Under the Temporary State aid rules (adopted due to COVID 2019 outbreak) it is allowed to grant aid to companies that have ended up to difficulties due to COVID2019-outbreak.

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2. Territorial Cooperation projects

Finland supports the updated proposal of the GBER with regard to European Territorial Cooperation (ETC)/Interreg. Finland welcomes that

- Aid intensity in Article 20 is now aligned with the level of the co-financing rate provided for in the draft ETC Regulation. This will simplify the management of ETC programmes and projects and reduce the administrative burden. However, Finland is of the view that the proposed aid intensity (70%) for the large undertakings should remain at the lower level in order to reduce the risk for the competition distortions within the EU.
- Simplified block exemption for very small amounts of aid provided to ETC projects (up to EUR 20 000 per undertaking per project) is included in Article 20a.
- The Commission has simplified the reporting and monitoring conditions for limited amounts of aid granted under Article 20a.

3. R&D&I projects having received a Seal of Excellence under Horizon2020 or Horizon Europe etc.

After the first round of consultation, the Commission has clarified certain aspects of the draft regulation. Finland largely welcomes these changes such as removal of the reference to TRL-levels from the definitions. Finland also supports the clarification that the Commission has provided in the recital 9 indicating that activities going beyond the experimental development are not eligible for aid under the GBER. In our understanding, activities defined under the TRL 9 level are mass production by nature and should not be covered by the GBER.

As regards aid under the article 25c, Finland finds it appropriate that the aided projects are evaluated, ranked and selected by independent experts. Given that the core idea of the proposed regulation is to facilitate implementation of projects that have added value for the EU, it is acceptable that the Member State's role in the selection process remains more limited. Relying on independent experts also ensures that the public money is targeted to market failures. Finland would like to emphasize, however, that the Member States should also in the future have a discretion to choose whether to grant state aid to projects that receive EU funding and have been selected by independent experts.

4. Aid involved in the InvestEU Fund

The revised 2nd draft has improved compared with the 1st version especially when it comes to the Articles 56d – 56 f. In particular, Finland welcomes the changes to notification thresholds under article 56 e.