

## **Hungarian position on the 2020 draft of the targeted revision of the General Block Exemption Regulation**

Overall, Hungary warmly welcomes the draft presented by the Commission for the targeted review of the General Block Exemption Regulation (GBER). The Hungarian authorities have the following comments on the draft.

### **General comments**

1. The Hungarian authorities believe that of the new aid categories put forward by the draft, the ones relevant for European Territorial Cooperation (ETC) projects (Articles 20 and 20a) and Horizon 2020 (Articles 25a–25d) should be available to the Member States as soon as possible, while the InvestEU aid categories will only be relevant in the new programming period.

For this reason, the Hungarian authorities recommend that the ETC and R&D aid categories of the proposal should be adopted by the Commission as a separate instrument (regulation) to enable Member States to take advantage of them as soon as possible, and the InvestEU relevant provisions could be adopted independently, at a later date, once there is more clarity about the new programming period.

2. The Commission’s proposal extends the availability of simplified cost options as a way of establishing eligible costs in the new programming period, which is much appreciated by Hungary. The Hungarian authorities invite the Commission to consider extending this option to cases involving no ESIF funding (i.e. to State aid provided from national budgets/Member State resources).

3. The Hungarian authorities welcome the amendment of Article 2(138) and the new Article 2 (138a), which would, according to their interpretation, extend the scope of next generation access (NGA) networks to include next generation backhaul networks. The Hungarian authorities are of the opinion that the next generation backhaul network (NGN) definition unnecessarily refers to equivalent technologies to optical fibres as there are no equivalent technologies that would have the capacity to act as an NGN with longevity. For this reason, the Hungarian authorities propose the deletion of the relevant part of the definition as shown below.

<p><i>Article 2(138a) “next generation backhaul networks (NGN)” mean advanced backhaul networks that can support the deployment of NGA networks through optical fibre <del>(or equivalent technology)</del>;</i></p>
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### **Comments on Articles 20 and 20a (European Territorial Cooperation related aid categories)**

4. Hungary welcomes the Commission’s proposals on the changes to Article 20 and the new Article 20a, which will give Member States much more flexibility with significantly less

administrative burden. Hungary would also welcome the raising of the threshold of EUR 20,000 in Article 20a, and the Hungarian authorities are of the opinion that ETC programmes should fall outside the scope of State aid as a whole. While the Hungarian authorities understand that the GBER cannot declare any measure a no-aid measure, as that is outside its scope, they would like to invite the Commission to consider introducing an aid category in the GBER that would simply state that all aid provided within the framework is automatically compatible under the GBER. This is because ETC programmes provide limited amounts of aid, but their cross-border nature makes State aid compliance a significant administrative burden. Please note that the Commission's proposal comes very close to this, as it will basically allow the granting of aid within the framework of most ETC projects under Articles 20 and 20a of the GBER. It would, however, reduce the administrative burden if a blanket compatibility category was available in the GBER with no extra conditions beyond ETC's own rules.

#### **Comments on Articles 56d–56f (InvestEU related aid categories)**

5. According to the draft, Article 2(168) of the GBER would exclude national promotional banks and similar entities from the possibility to qualify as "commercial financial intermediaries", and therefore they cannot take advantage of the proposed aid category of Article 56f. The Hungarian authorities believe that this restriction is unnecessary as promotional banks and similar entities might operate under market economy investor principle terms (see for instance the British Business Bank decision in case SA.54557 or the Invest-NL decision in case SA.47821 of the Commission), and therefore it is an excessive restriction to exclude them from the possibility to act as commercial financial intermediaries which might go against the neutrality of ownership principle in Article 345 TFEU.

Also, the Hungarian authorities believe that the prohibition on portfolio refinancing in Article 56d(5) is excessive in the case of aid to SME financing.

The Hungarian authorities therefore propose the following changes to the draft:

*Article 2(168) "commercial financial intermediary" means a financial intermediary which operates on a for profit basis and at full own risk, without a public guarantee. ~~National promotional banks or institutions are not considered to be commercial financial intermediaries;~~*

*Article 56d(5) Aid shall not be granted in the form of refinancing of or guarantees on existing portfolios of financial intermediaries **except for portfolios of SMEs entering a new product or geographical market.***