

CONTRIBUTION OF THE AUTONOMOUS COMMUNITIES OF ARAGON, CASTILLA-LA MANCHA AND CASTILLA Y LEON TO THE EUROPEAN COMMISSION CONSULTATION OF OCTOBER 2021 ON THE AMENDMENT OF THE GENERAL REGULATION ON EXEMPTION BY CATEGORY AS REGARDS AID TO SPARSELY POPULATED AREAS

Introduction

On 6 October 2021, the European Commission published a public consultation on the future amendment of the General Block Exemption Regulation (GBER). The amendment proposes changes to adapt the GBER to a number of State aid guidelines that are being revised, namely: the Guidelines on Regional Aid (RAG), the Guidelines on State aid for climate, energy and the environment, the Guidelines on risk financing and the Framework for Research, Development and Innovation.

As regards the adaptation to the RAG, and as regards the operating aid provided for in the RAG, the Commission proposes that very sparsely populated areas and sparsely populated areas should benefit from the notification exemption, a benefit which until now was available only in very sparsely populated areas and which was introduced with the amendment of the GBER 2017.

Following the collaboration of the regional authorities of the Spanish communities of Aragon, Castilla-La Mancha and Castilla y Leon for years, and having made joint observations at the time on draft DAR 2022-2027 requesting that the legal regime be assimilated to sparsely populated areas and very sparsely populated areas, the three communities have also decided to respond jointly to the public consultation proposed by the European Commission on the amendment of the GBER.

Background

In previous periods, the RAG provided for the possibility of granting both investment and employment aid and operating aid in sparsely populated areas.

In the 2014-2020 period, the RAG established a differentiation between the concepts of sparsely populated areas and very sparsely populated areas, although in practice both types of areas could be included in the regional aid maps and were eligible for investment and operating aid.

In 2017 and through an amendment to the GBER, a de facto change in the legal regime for the two types of areas was introduced, allowing exemption in the notification only for aid schemes in very sparsely populated areas, while sparsely populated areas still required prior approval by the Commission for implementation. The reason why this benefit was granted to one type of area to the detriment of the others was never exceeded.

In their joint reply of 29 September 2020 to draft RAG 2022-2027, the communities of Aragon, Castilla-La Mancha and Castilla y León agreed on the fact that the structural problems faced by NUTS 3 regions are basically the same or even greater than those experienced by NUTS 2 regions, providing as the basis for this argument an economic study entitled “State aid and Sparsely populated Areas — Contribution to the RGA review” prepared by Copenhagen Economics.

According to this report, and taking into account the loss of population experienced in recent years by the provinces of Teruel, Cuenca and Soria, the fact that, in order to implement an operating aid scheme to alleviate depopulation, NUTS 3 areas in southern Europe should

provide the European Commission with a detailed justification for the appropriateness and proportionality of the aid, while NUTS 2 areas in northern Europe could implement it without having to justify anything to the Commission, would have no meaning whatsoever.

The DAR 2022-2027 finally approved has not eliminated the distinction between sparsely populated and sparsely populated areas in terms of their definition, although they recognize both the right to be eligible for operating aid that can mitigate the labour costs of companies.

In the draft regulation amending the current GBER, the European Commission proposes, by amending Article 15, to extend to sparsely populated areas the exception from the notification so far existing for operating aid schemes for very sparsely populated areas.

Conclusion

Therefore, the Spanish Autonomous Communities of Aragon, Castilla-La Mancha and Castilla y León, in response to the proposal to amend the GBER as regards the problems experienced by depopulated areas in Europe:

- 1) Agree with the Commission's proposal to amend Article 15(3) of the GBER so that sparsely populated and sparsely populated areas can benefit from the exemption from the notification.
- 2) They do not understand the Commission's maintenance of the differentiation between sparsely populated and sparsely populated areas, since such differentiation corresponds only to administrative matters of organisation of the territory at the internal level of the States, and not to the fact that the problem in both types of areas is different.
- 3) They request the Commission to approve this amendment as soon as possible, as a delay in the amendment will mean that sparsely populated areas cannot implement an operating aid scheme to alleviate depopulation until the amendment is approved and published, which will result in further discrimination in relation to very sparsely populated areas which may continue to maintain their previously reported aid schemes in force.

Done at Zaragoza, Toledo and Valladolid, 22 November 2021