

The group exemption Regulations

- Normal procedure Art. 88
- Every Aid measure must be notified in advance
- May only be granted following approval by the European Commission
- But Council Regulation 994/98
- Allows the Commission to adopt certain Regulations by which well defined aid measures may be exempted from the notification requirement.

- Three exemption regulations

No. 68/2001 training aid

No. 70/2001 SME Block exemption

NO 2204/2004 Employment Aid

De Minimis is systematically not a block exemption

- The responsibility for the application of these Regulations lies with the member States
- However there is a control by the Commission through
 - Member States obligation to inform the Commission about state aid granted under the Block exemption regulations;
 - Member States obligation to send an annual report on such measures
 - Documentation must be kept for ten years

Member State

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graph TD; A[Member State] --> B[Permanent Representation]; B --> C[DG COMP – State Aid Greffe]; C --> D[Unit I 3]; D --> E[Translation Service]; E --> F[Publication in the Official Journal];
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Permanent Representation

DG COMP – State Aid Greffe

Unit I 3

Translation Service

Publication in the Official Journal

- From 1/1/2006/
 - Information to be filled in via Web Application
 - Prima Facie control by Commission Services
 - Semi automatic translation and
 - Publication

SME Block Exemption 70/2001

- The difficulty for SMEs to have access to the capital markets has led the Commission to exempt certain state aid measures if granted to SMEs.
- SMEs are defined in OJ L 124, of 20.5.2003, p. 36 which includes a definition also for micro enterprises
- Important the relative autonomy of an enterprise in order to avoid misuse by large groups

Applicable to all sectors

- Exceptions:
- Specific Community Regulations and Directives; for instance in the agricultural and fisheries-sector as well as aid for exportation or aid to give preference to domestic instead of foreign products.
- Exception also for the shipbuilding sector

Definitions

- Art. 2 contains the important definitions
- Aid
- SMEs
- Investment in tangible and intangible assets
- Aid intensities: gross and net
- Number of employees

Special provisions for SMEs

- Aid for the costs of external consultants (up to 50 % of actual costs and not permanent services)
- participation at fairs and exhibitions (only one time per fair and company)
- Up to 50 % of all costs involved for the participation

Necessity of the aid

- Beneficiary must have asked for the aid before starting the project
- The Member State must have adopted legislation which gives the beneficiary the right to receive the aid under objective criteria without further discretionary powers by the administration.

Annex II Information Sheet

- Member states must send in the following information:
- Region or Member State
- Legal Basis of the aid measure
- Name of beneficiary if known
- Maximum amount of aid per year or individual amount per company
- Overall amount of aid or tax reduction

Amendment of SME Regulation

- The Regulation has been modified by Reg: 364/2004 of 25 February 2004
- Major modif.:
 - Aid for R&D exempted from prior notification when granted to SMEs
 - Applies also to costs for patenting and validating patents and other industrial property rights
 - Special rules for EUREKA projects

- Limits to the exemption :
 - Respect of aid ceilings as before
 - No aid going beyond the ceiling and being repayable only if the research has proven successful – such aid will be assessed on an individual basis.