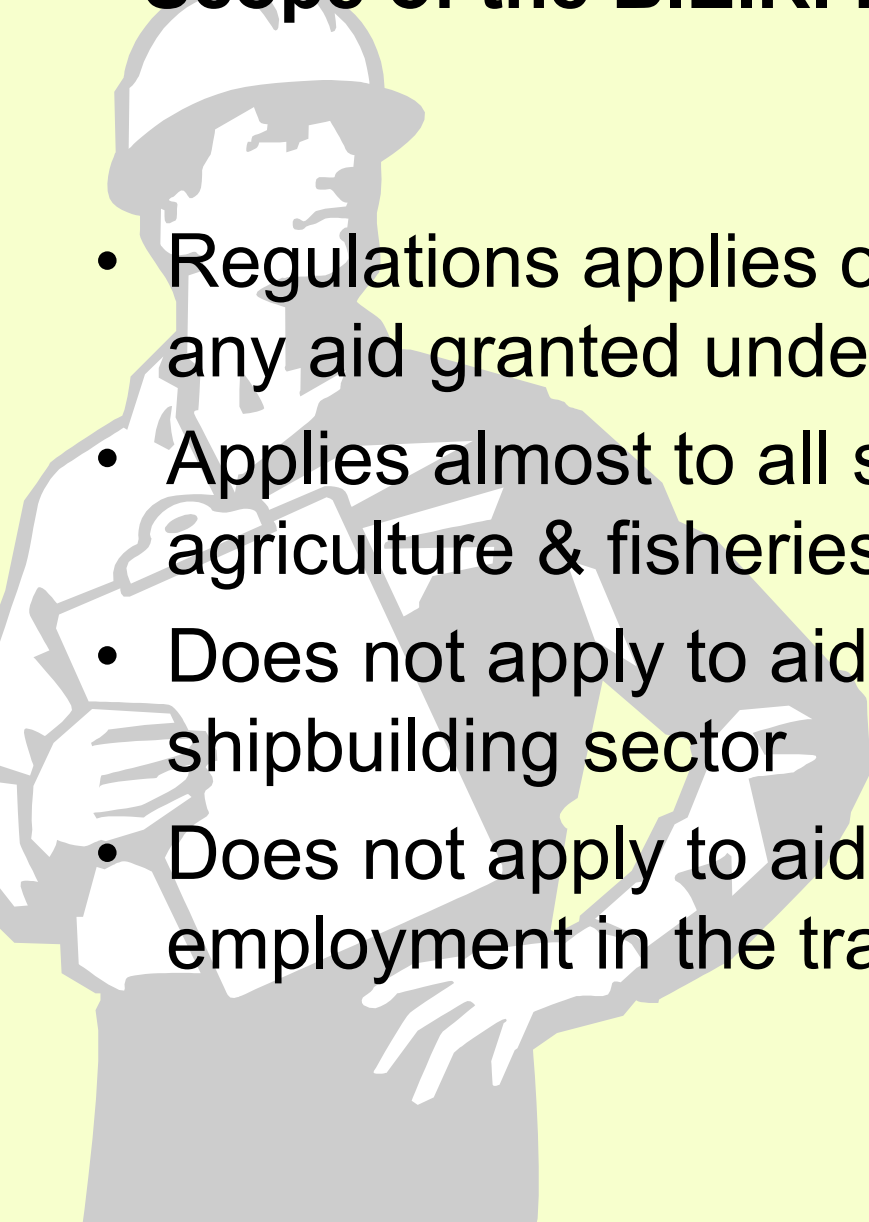
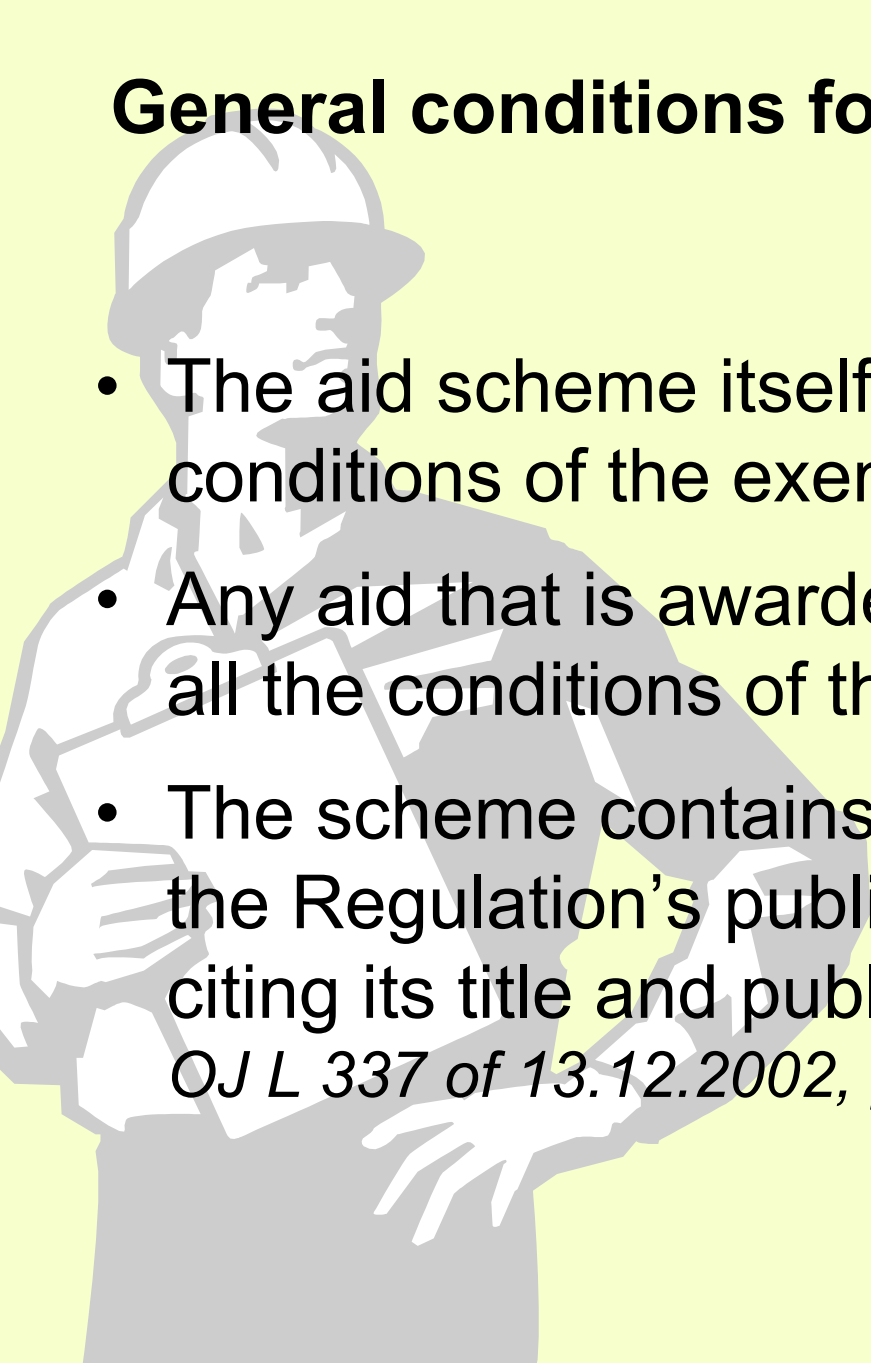


Scope of the B.E.R. for Employment Aid

- Regulations applies only to schemes and to any aid granted under a scheme
- Applies almost to all sectors including agriculture & fisheries
- Does not apply to aid in the coal or shipbuilding sector
- Does not apply to aid for creation of employment in the transport sector



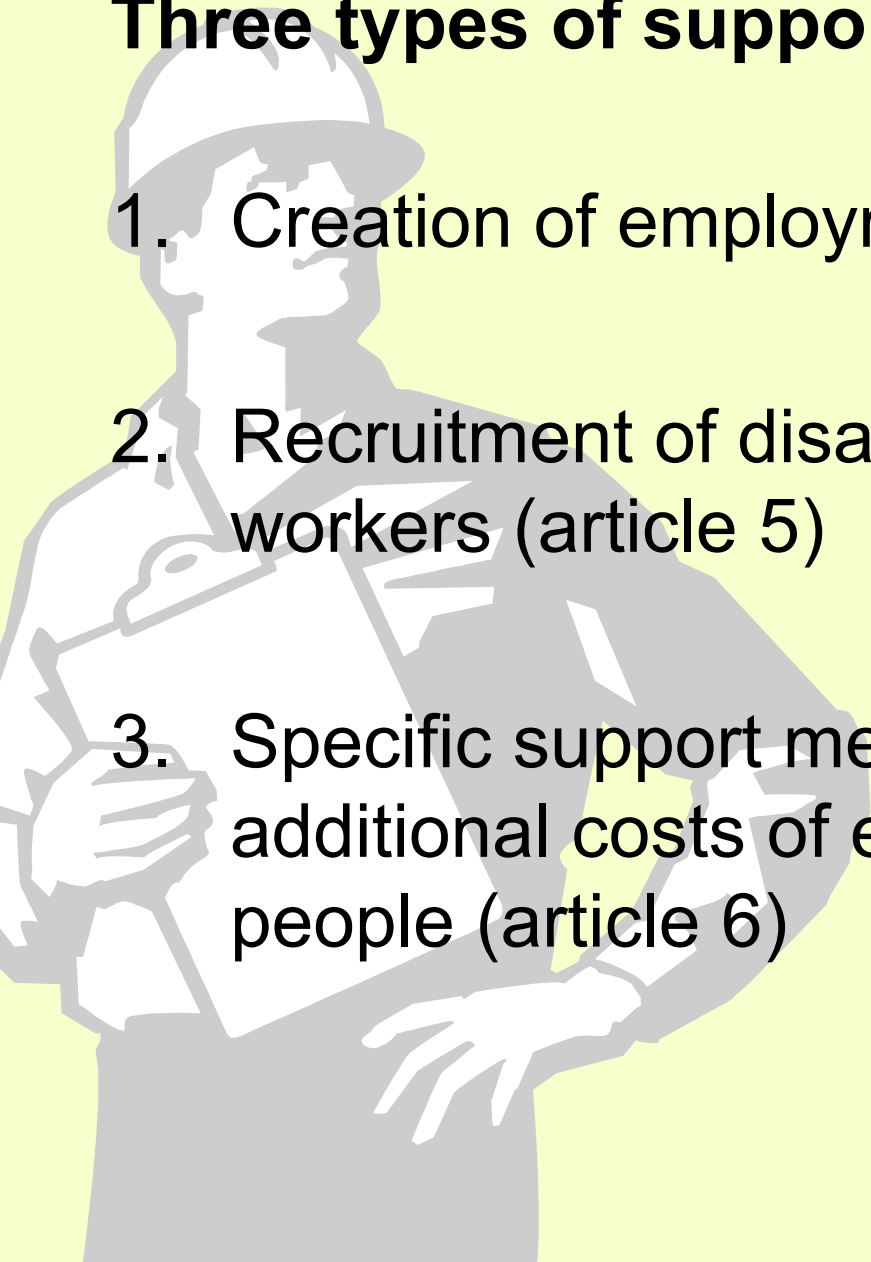
General conditions for exemption



- The aid scheme itself has to fulfil all the conditions of the exemption regulation
- Any aid that is awarded under the scheme fulfils all the conditions of the Regulation
- The scheme contains an express reference of the Regulation's publication in Official Journal, citing its title and publication reference:
OJ L 337 of 13.12.2002, p.3 and OJ L 349 of 24.12.2002

Three types of support measures

1. Creation of employment (article 4)
2. Recruitment of disadvantaged and disabled workers (article 5)
3. Specific support measures to cover the additional costs of employing disabled people (article 6)

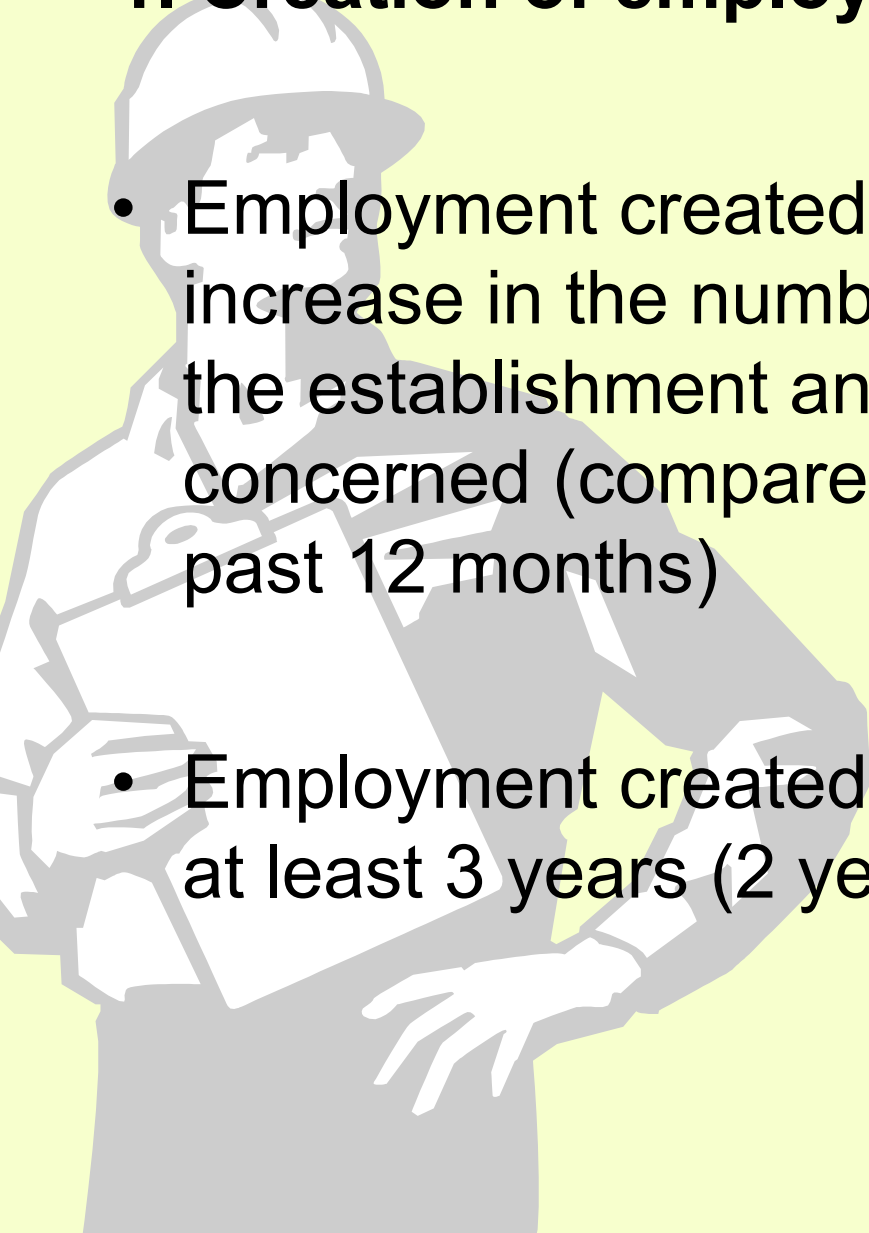


1. Creation of employment (article 4) (1)

- SMEs and large firms only in areas or sector qualifying for regional aid under Article 87(3)(a) and (c) are eligible
- Applied to aid for job creation linked or not linked to initial investment
- A job is linked to the initial investment if it concerns the activity to which the investment relates and if it is created within three years of the investment's completion (see also Regional aid Guidelines of 1998)

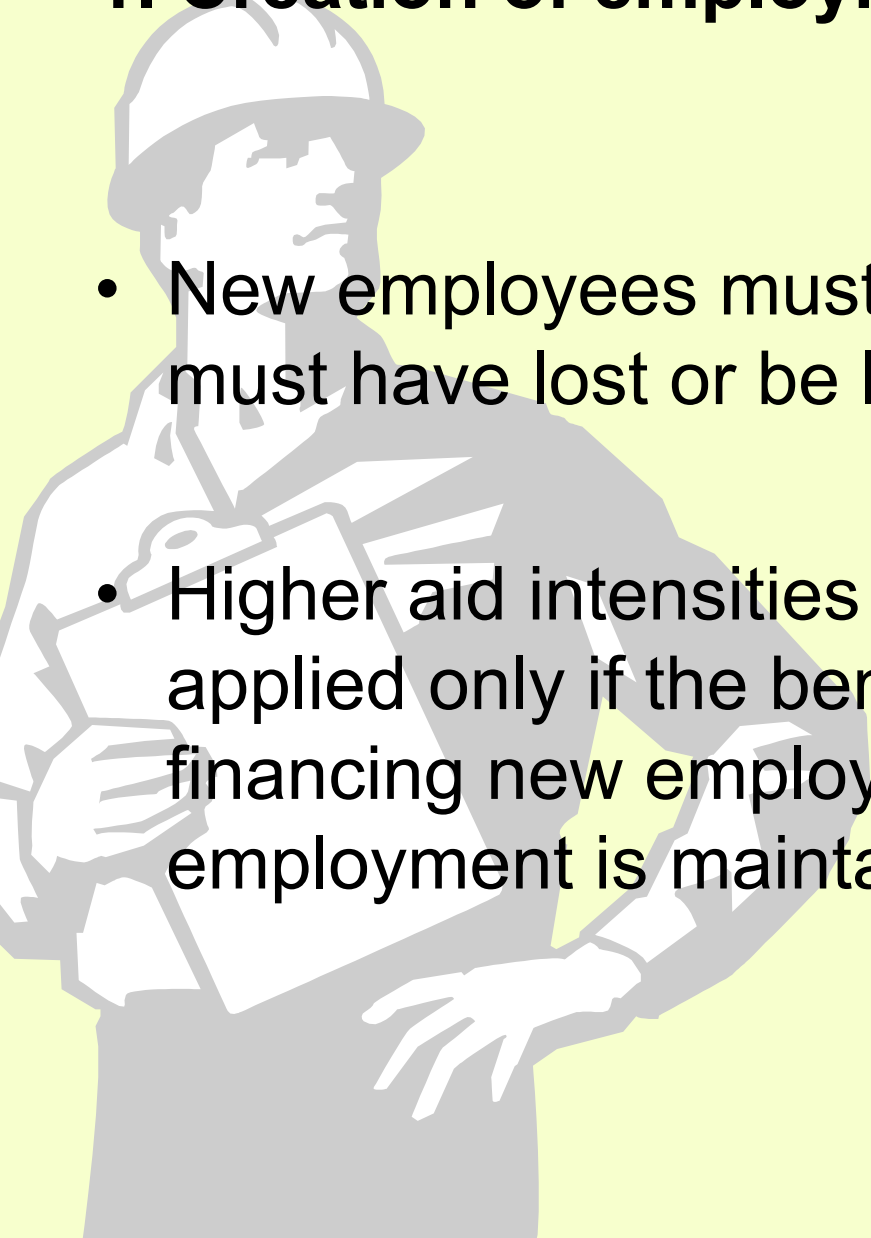
1. Creation of employment (article 4) (2)

- Employment created must represent a net increase in the number of employees, both in the establishment and in the enterprise concerned (compared with average over the past 12 months)
- Employment created must be maintained for at least 3 years (2 years in case of SMEs)



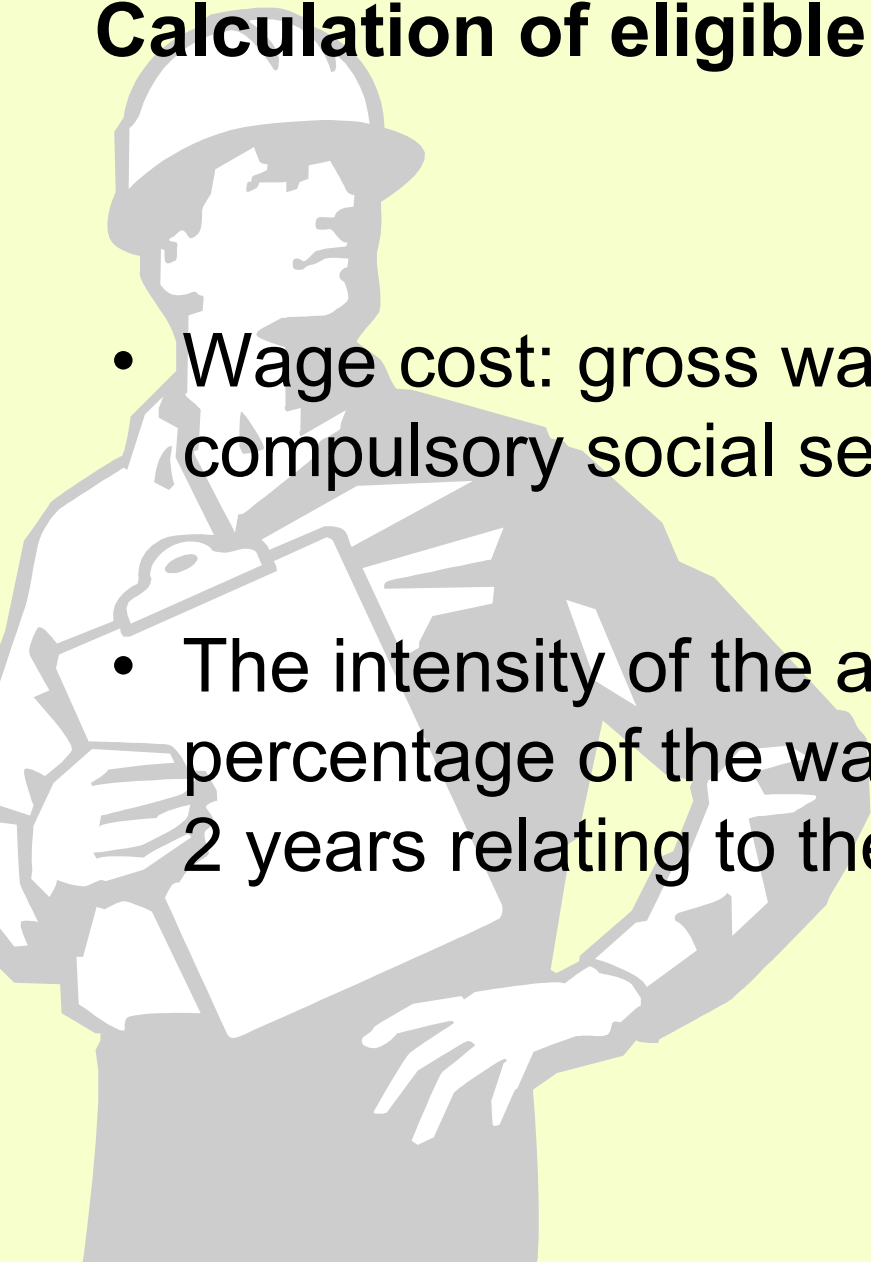
1. Creation of employment (article 4) (3)

- New employees must have never had a job or must have lost or be losing their previous job
- Higher aid intensities in assisted region can be applied only if the beneficiary's contribution to financing new employment is at least 25 % and employment is maintained in the region

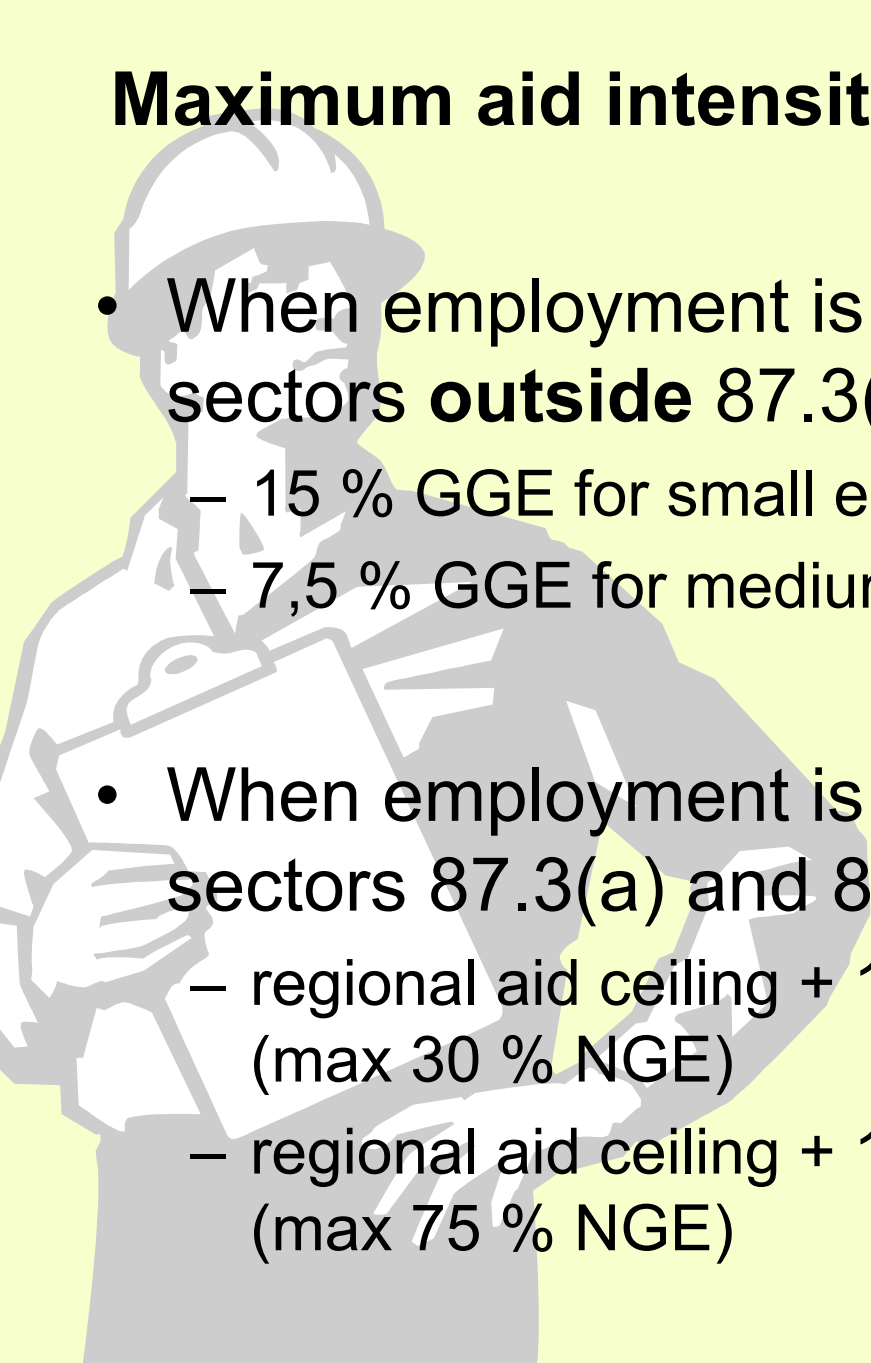


Calculation of eligible costs

- Wage cost: gross wage (before tax) + compulsory social security contribution
- The intensity of the aid is calculated as a percentage of the wage costs over a period of 2 years relating to the employment created



Maximum aid intensities

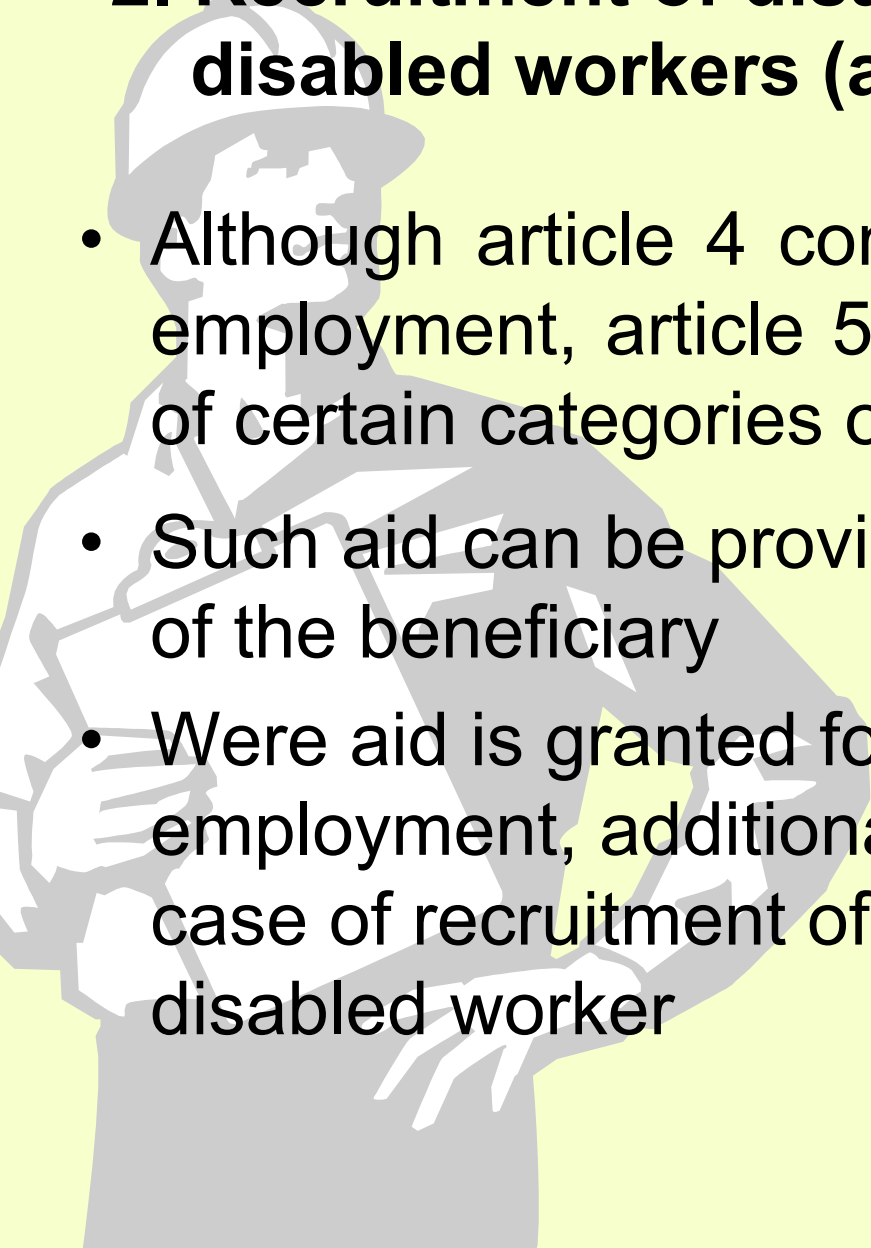
- 
- When employment is created in areas or sectors **outside** 87.3(a) and 87.3(c):
 - 15 % GGE for small enterprises
 - 7,5 % GGE for medium-sized enterprise
 - When employment is created **within** areas or sectors 87.3(a) and 87.3(c):
 - regional aid ceiling + 10 % GGE in areas 87.3(c) (max 30 % NGE)
 - regional aid ceiling + 15 % GGE in areas 87.3(a) (max 75 % NGE)

Necessity for the aid (article 7)

- Before employment is created:
 - an application for aid has been submitted to the Member State by the beneficiary
 - the Member State has adopted legal provisions establishing legal right to aid according to objective criteria and without further exercise of discretion by Member State
- When employment is linked to initial investment the application or the adoption of the legal provisions should take place before work on the project is started

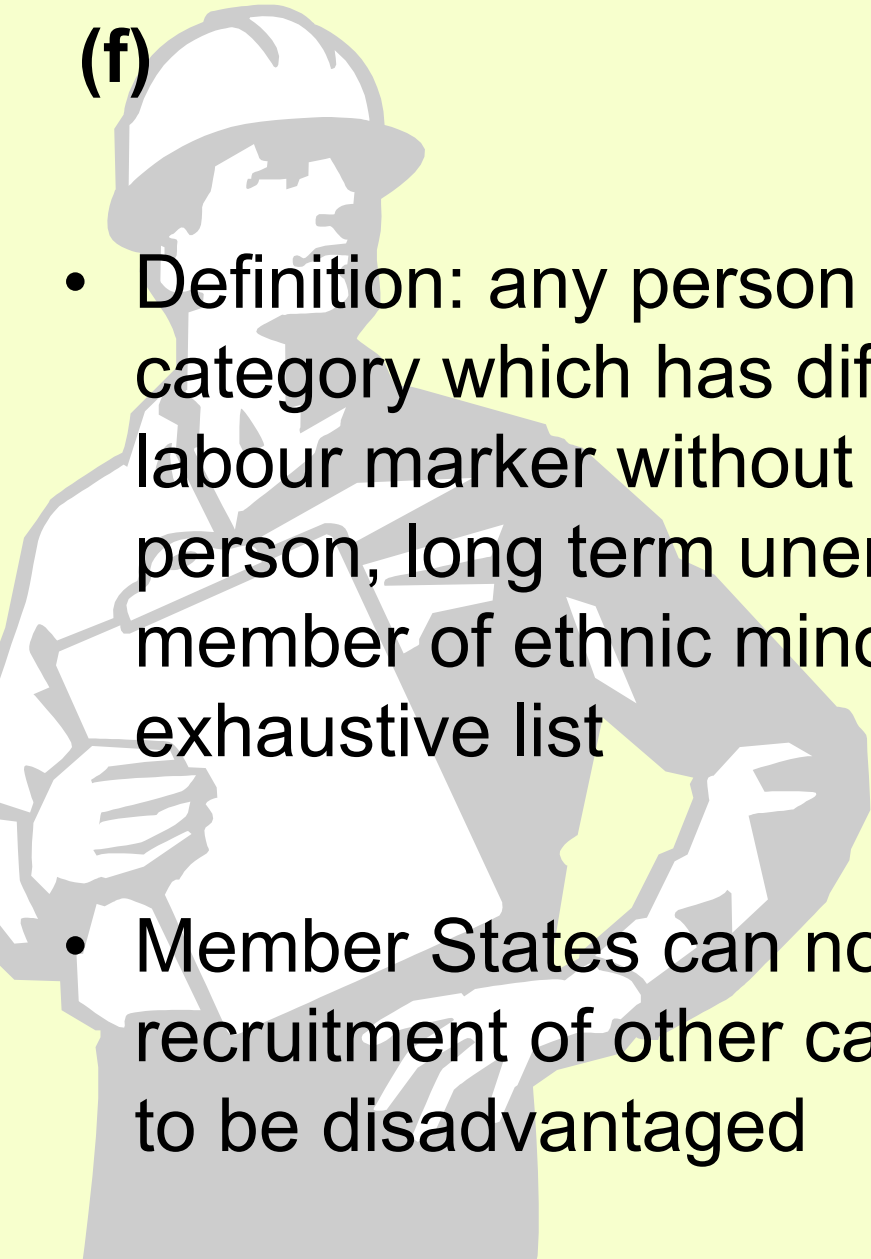
2. Recruitment of disadvantaged and disabled workers (article 5)

- Although article 4 concern the creation of new employment, article 5 concerns the recruitment of certain categories of workers
- Such aid can be provided whatever the location of the beneficiary
- Were aid is granted for the creation of employment, additional aid may be granted in case of recruitment of disadvantaged or disabled worker



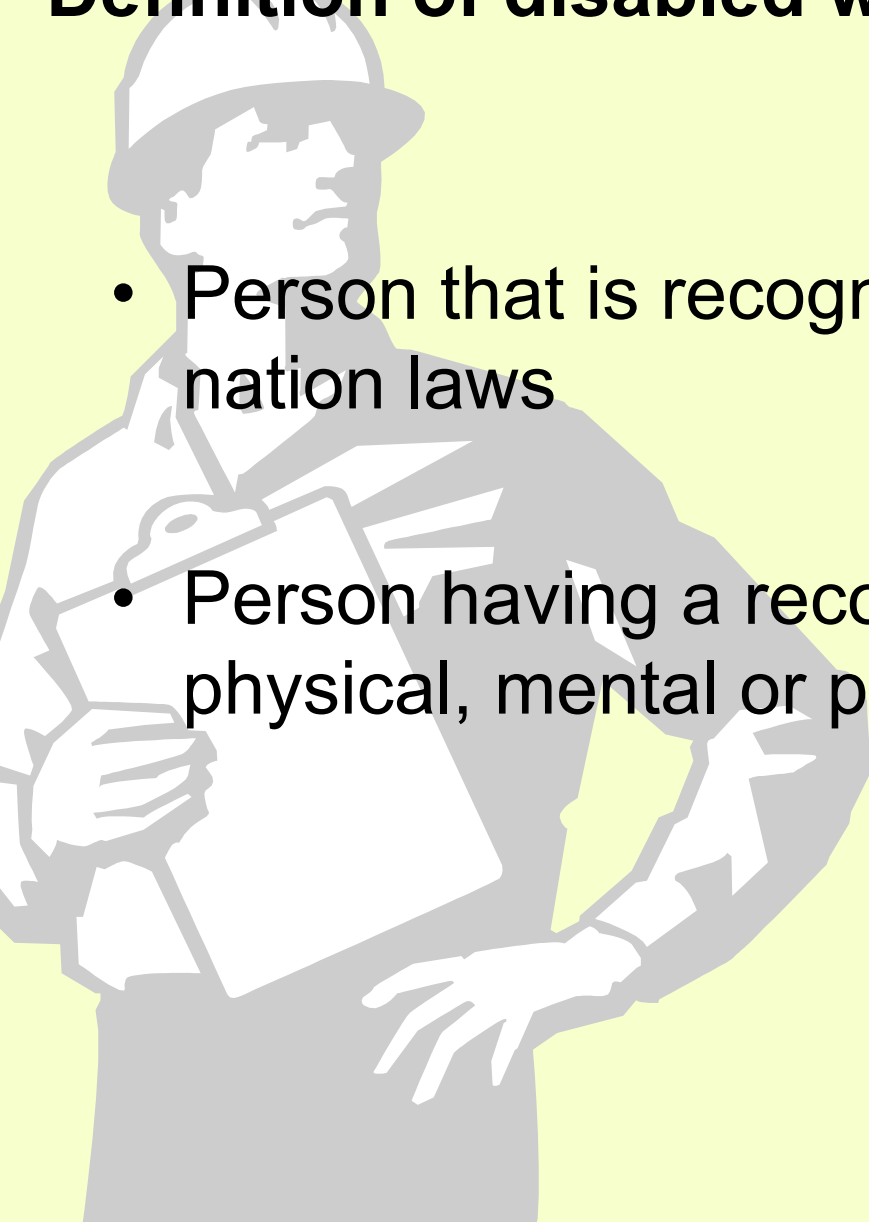
Definition of disadvantaged workers: article 2 (f)

- Definition: any person who belongs to a category which has difficulty entering the labour market without assistance (i.e.: young person, long term unemployed person, member of ethnic minority (...)). Not an exhaustive list
- Member States can notify aid to promote the recruitment of other categories they considers to be disadvantaged

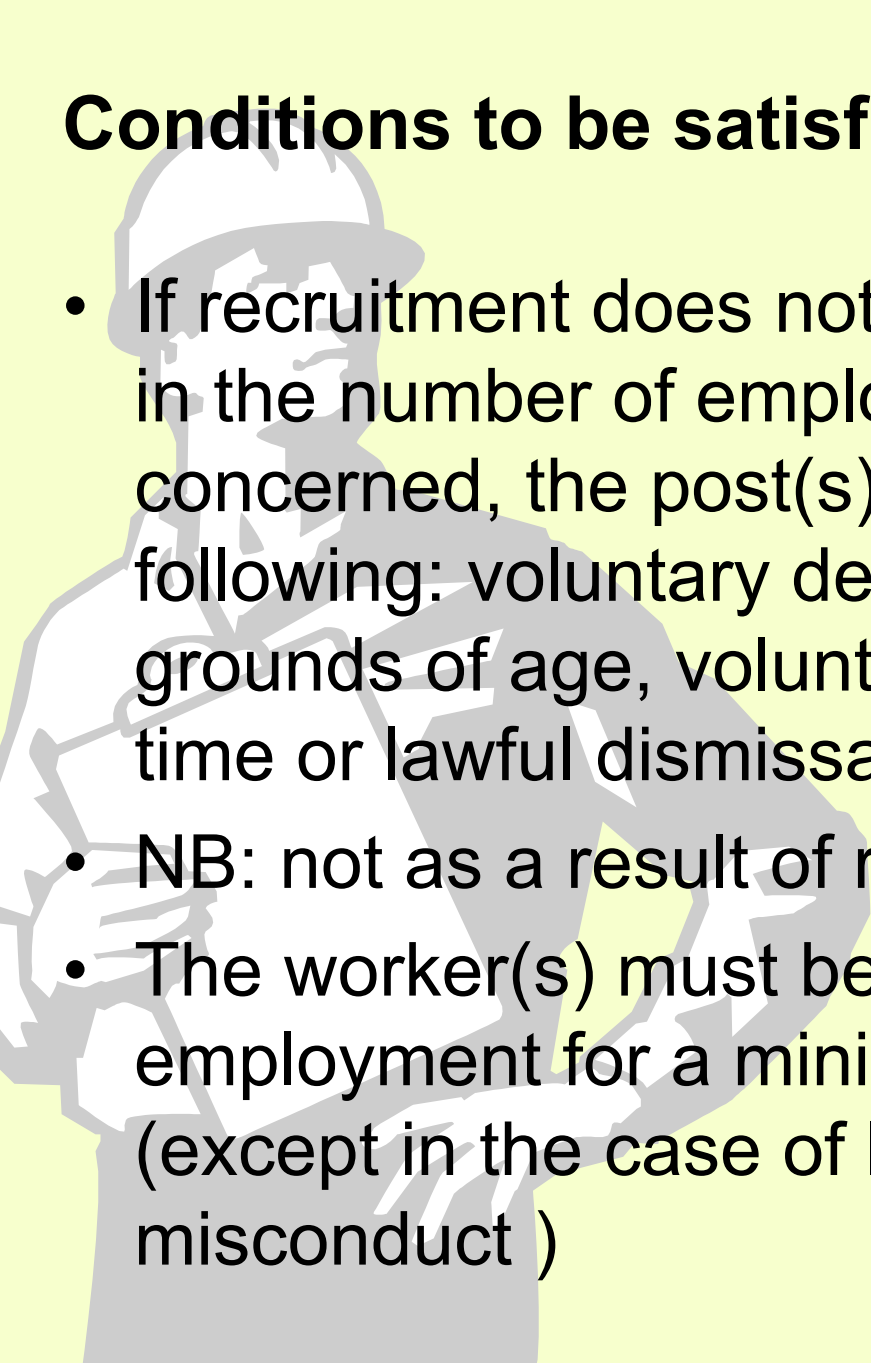


Definition of disabled workers: article 2 (g)

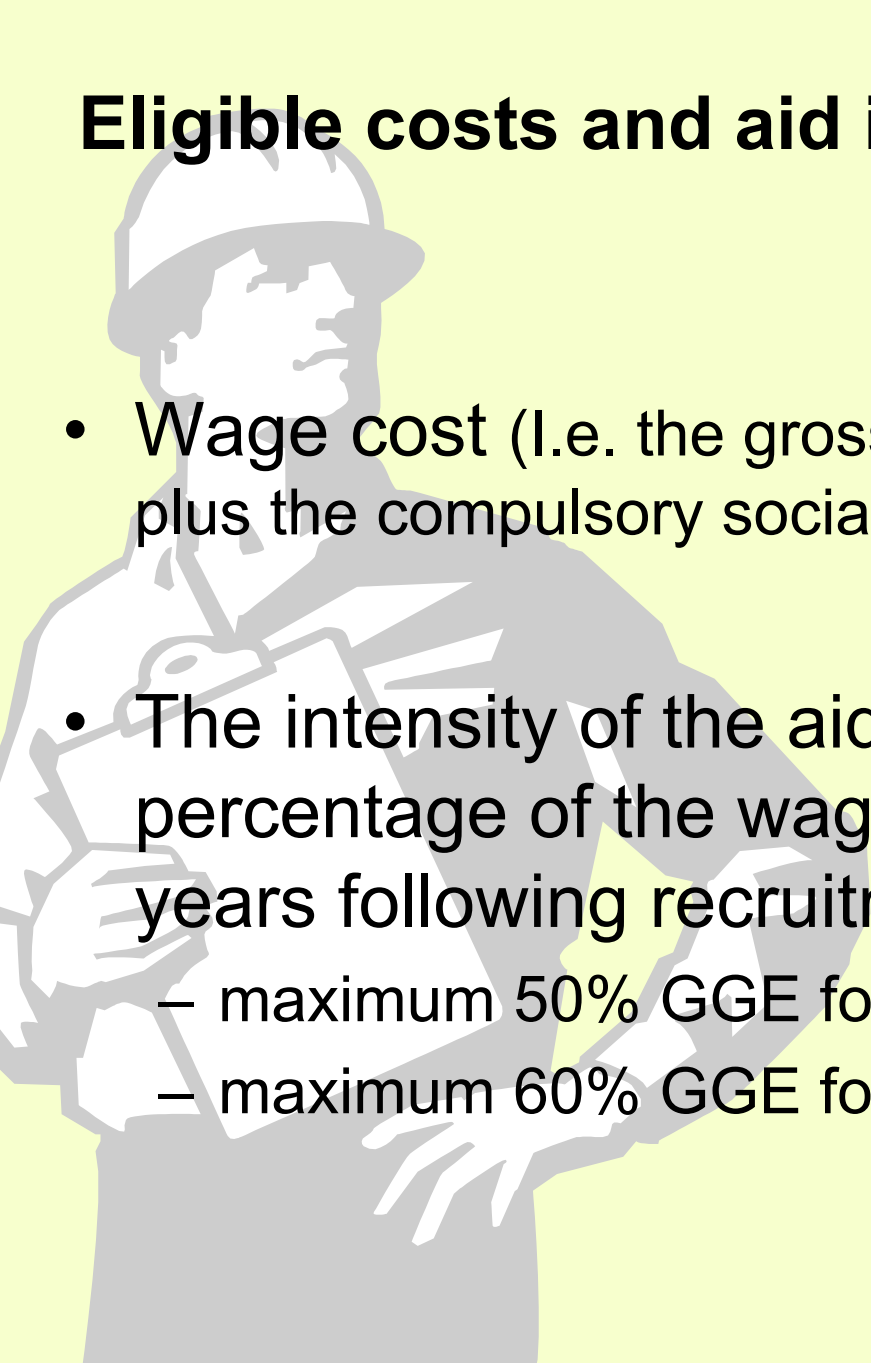
- Person that is recognised disabled under nation laws
- Person having a recognised, serious, physical, mental or psychological impairment



Conditions to be satisfied

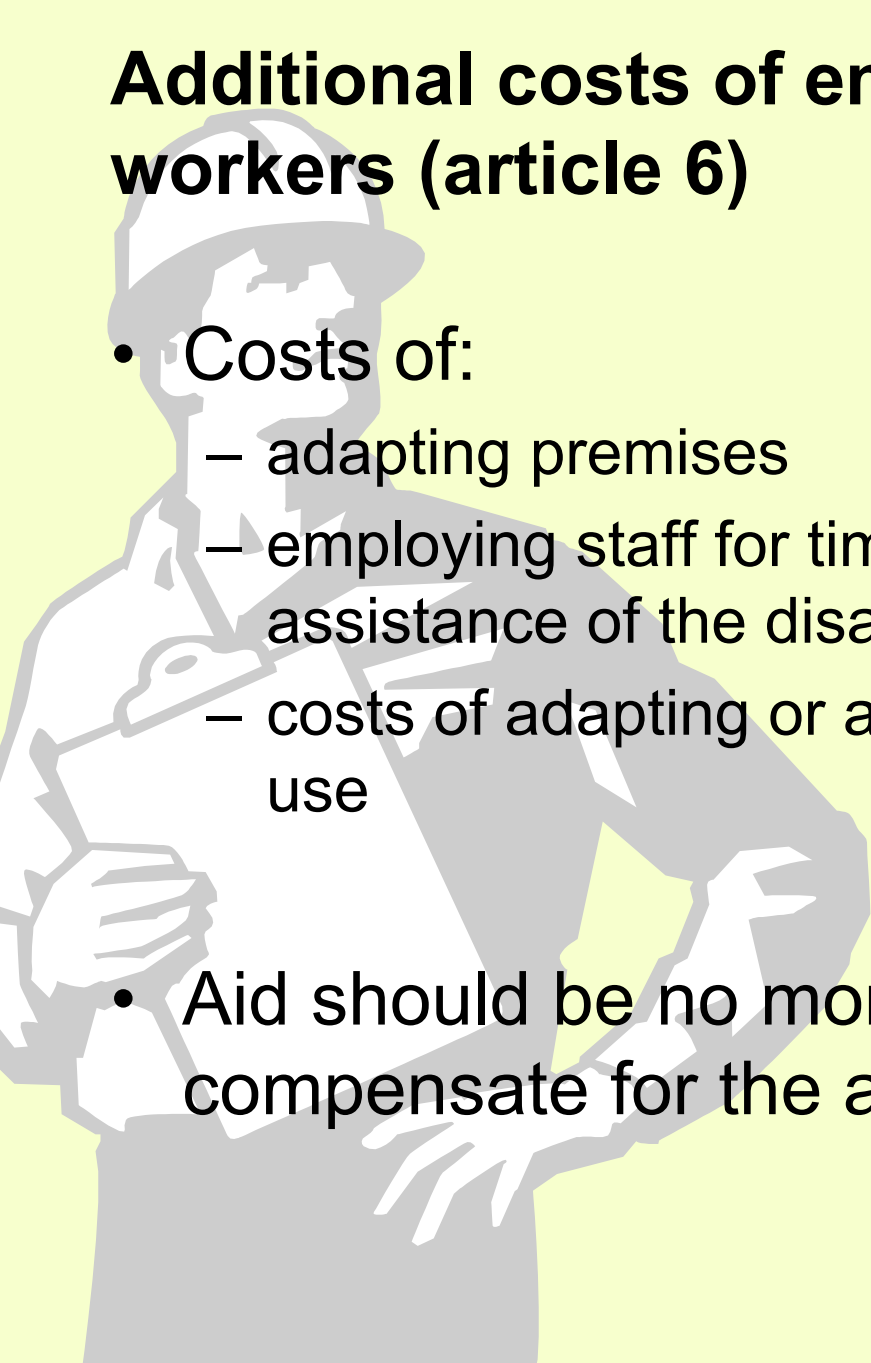
- If recruitment does not represent a net increase in the number of employees in the establishment concerned, the post(s) must have fallen vacant following: voluntary departure, retirement on grounds of age, voluntary reduction of working time or lawful dismissal for misconduct
 - NB: not as a result of redundancy
 - The worker(s) must be entitled to continuous employment for a minimum of 12 months (except in the case of lawful dismissal for misconduct)
- 

Eligible costs and aid intensities



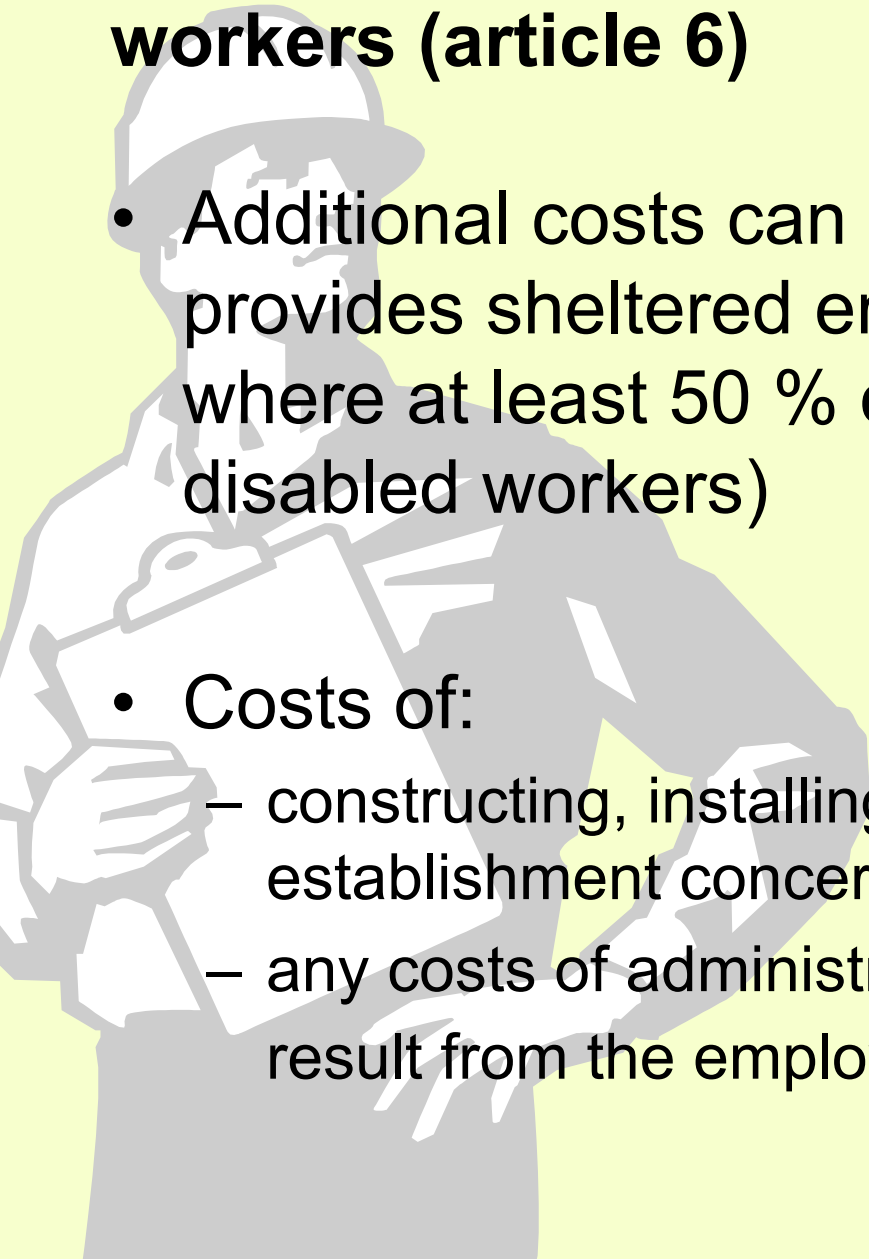
- Wage cost (I.e. the gross wage before (income) tax plus the compulsory social security contributions)
- The intensity of the aid is calculated as a percentage of the wage costs over a period of 1 years following recruitment:
 - maximum 50% GGE for disadvantaged workers
 - maximum 60% GGE for disabled workers

Additional costs of employment of disabled workers (article 6) (1)

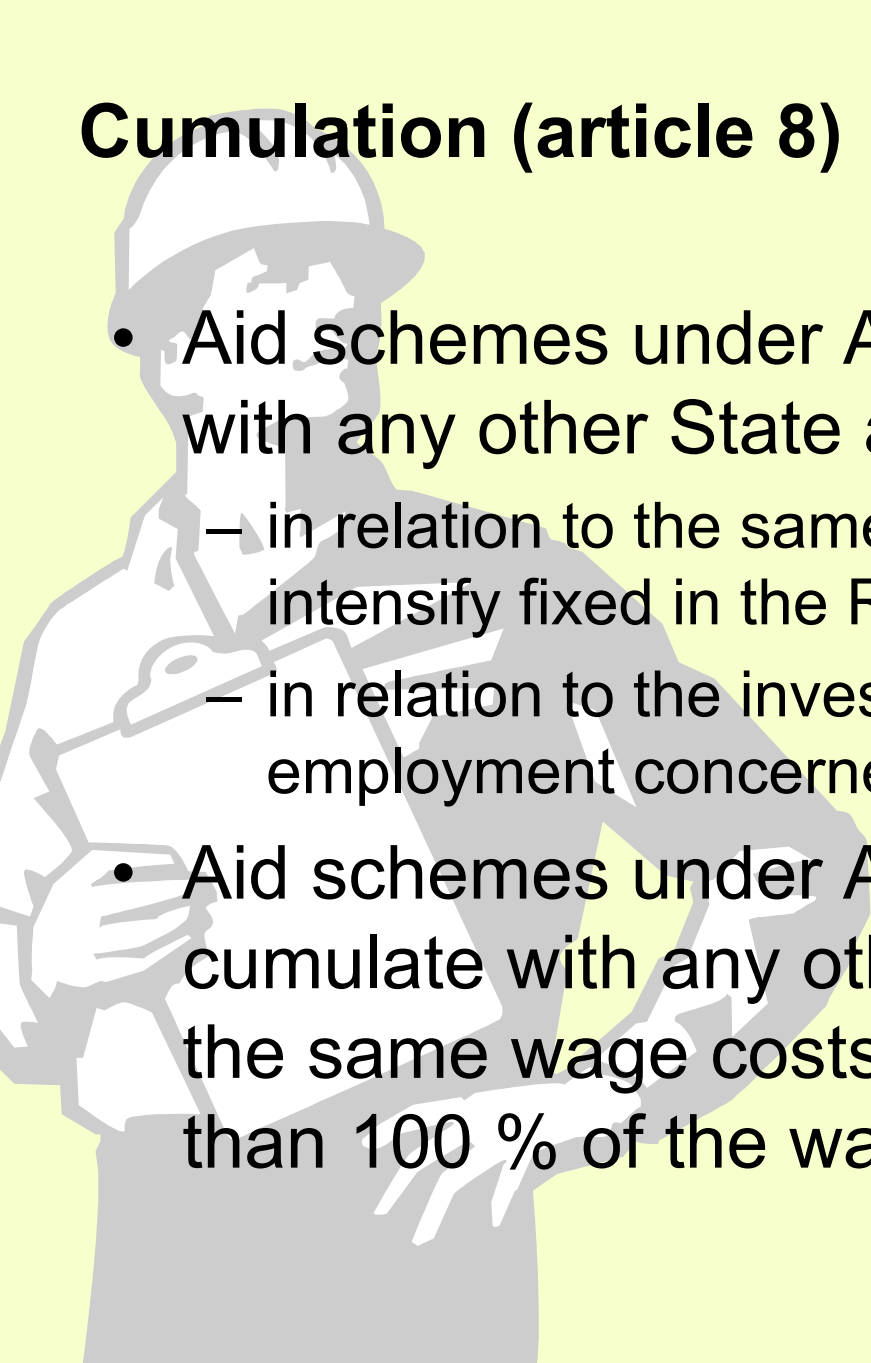
- Costs of:
 - adapting premises
 - employing staff for time spent solely on the assistance of the disabled worker(s)
 - costs of adapting or acquiring equipment for their use
 - Aid should be no more than necessary to compensate for the ancillary costs
- 

Additional costs of employment of disabled workers (article 6) (2)

- Additional costs can be aided if beneficiary provides sheltered employment (establishment where at least 50 % of the employees are disabled workers)
- Costs of:
 - constructing, installing or expanding the establishment concerned
 - any costs of administration and transport which result from the employment of disabled workers



Cumulation (article 8)

- Aid schemes under Article 4 can cumulate with any other State aid:
 - in relation to the same wage costs (maximum aid intensity fixed in the Regulation)
 - in relation to the investment to which the employment concerned is linked
 - Aid schemes under Article 5 and 6 can cumulate with any other State aid in relation to the same wage costs (aid intensities not more than 100 % of the wage costs)
- 

Notification obligation (article 9)

(1)

The following measures are “exempted” from the block exemption regulation:

1. Aid scheme which are targeted at particular sectors
2. Individual aid granted under a scheme exceeding total gross aid of 15 million EUR over any three year period

NB: Commission examines the case under the criteria of the Regulation

Notification obligation (article 9)

(2)

3. Individual aid (ad hoc aid)

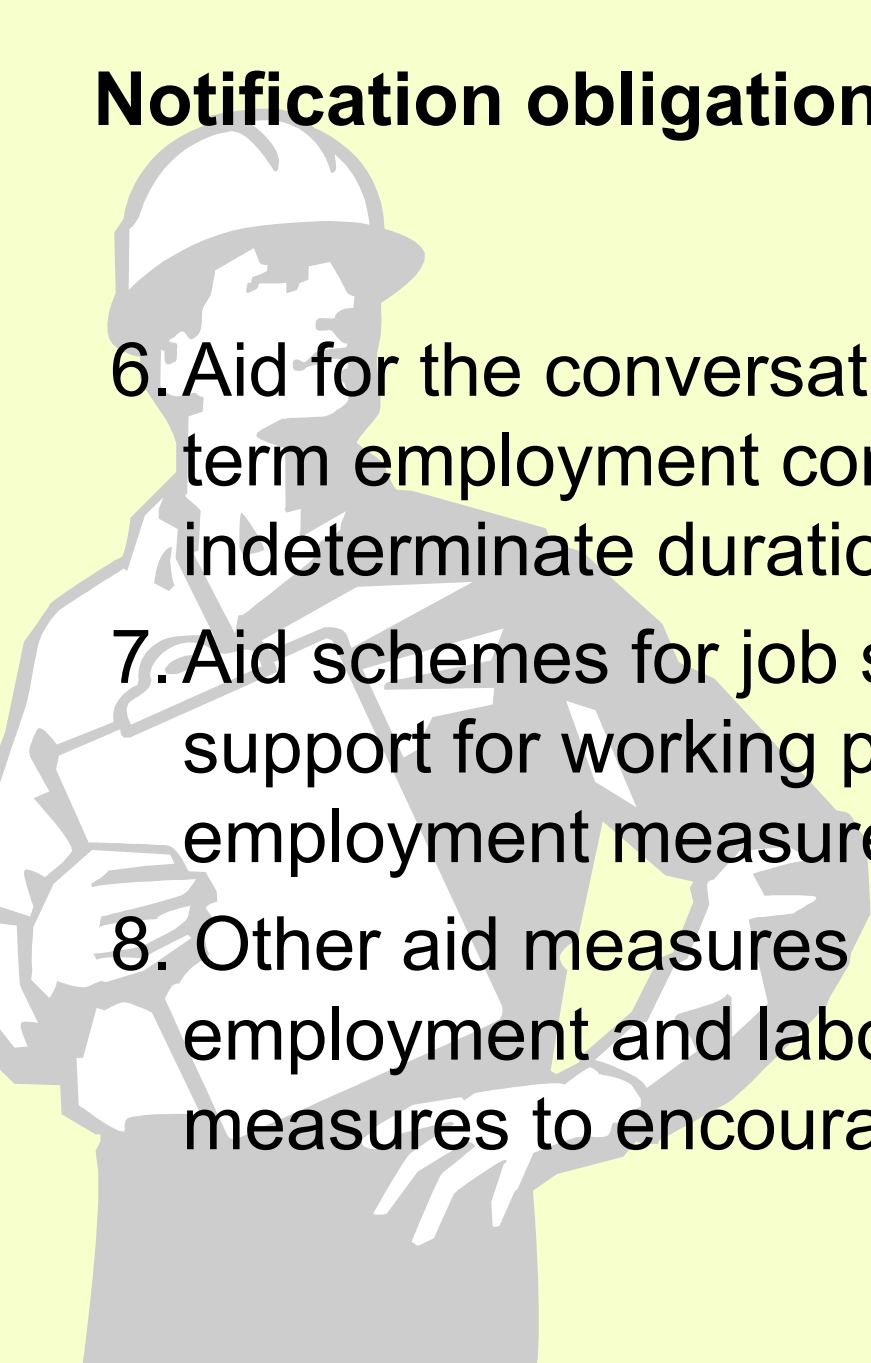
- Commission examines in the light of the criteria of the Regulation and any specific rules in respect to the specific sector

4. Aid schemes to promote the recruitment of categories of workers not disadvantaged within the meaning of Article 2(f)

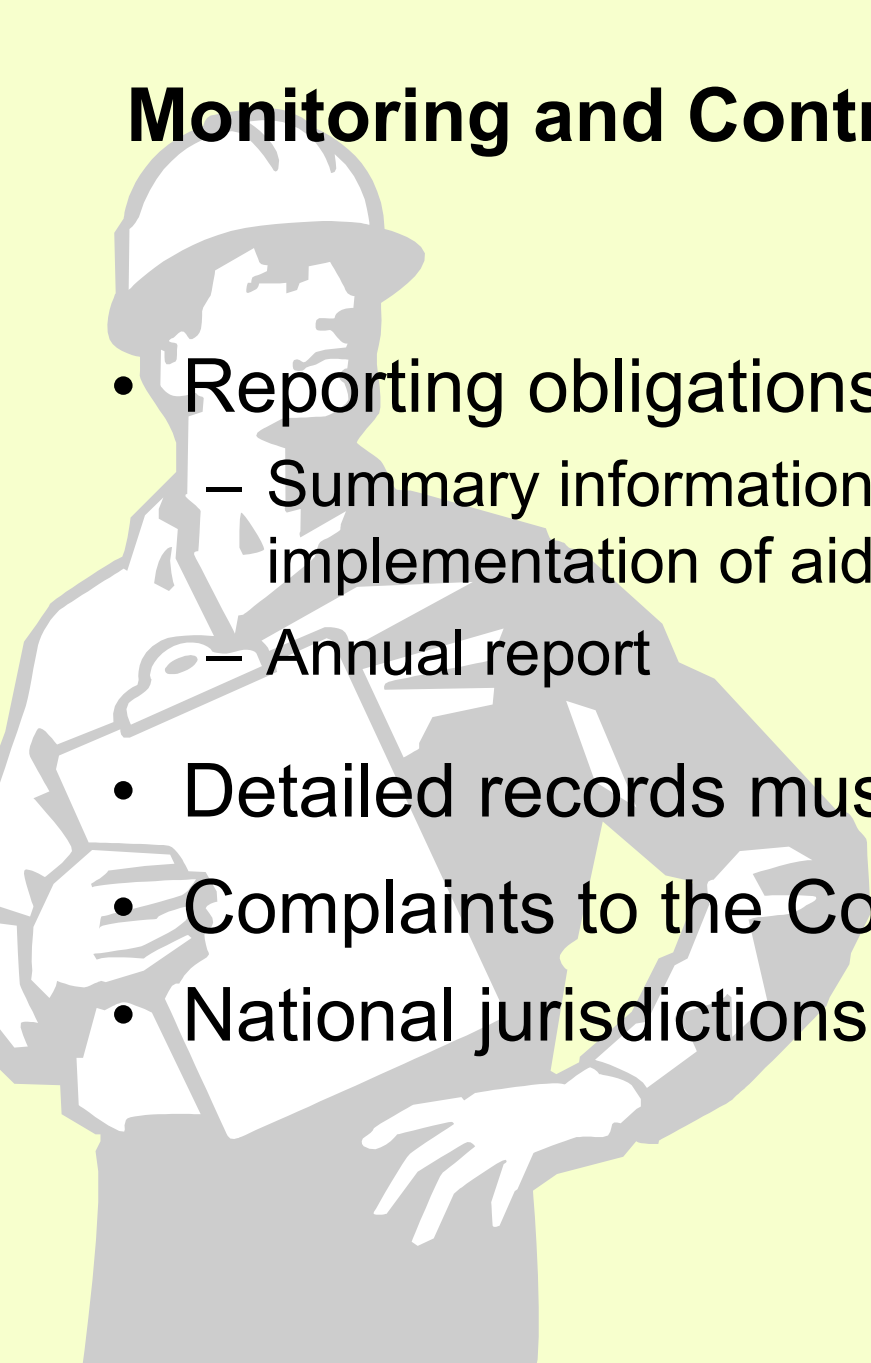
5. Aid to maintain jobs (may be authorised by the Commission in accordance with Article 87(2)(b) of the Treaty or under conditions applying to operating aid)

Notification obligation (article 9)

(3)

- 
6. Aid for the conversion of temporary or fixed-term employment contracts into contracts of indeterminate duration
 7. Aid schemes for job sharing, for provision of support for working parents and similar employment measures
 8. Other aid measures connected with employment and labour market (i.e. measures to encourage early retirement)

Monitoring and Control

- 
- Reporting obligations
 - Summary information sheet 20 days after implementation of aid
 - Annual report
 - Detailed records must be kept for 10 years
 - Complaints to the Commission
 - National jurisdictions