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State aid: Commission report highlights benefits to Member States of block exemption Regulations

The European Commission has published an evaluation report of the first five years of operation of the block exemption Regulations for state aid. The report concludes that the experience has been largely successful. Member States have been able to take more than 1600 state aid measures without prior notification to the Commission to support investment, and research and development (R&D) activities of small and medium-sized enterprises (SME) as well as to boost employment and training. Based on the experience gained and as envisaged in the State Aid Action Plan (see [IP/05/680](#)), the Commission intends to build on these benefits, simplify and re-group the existing block exemption Regulations into one general Regulation and to widen its scope to include in particular certain types of environmental aid. As of 1 January 2007, a new block exemption Regulation for regional investment aid (see [IP/06/1453](#)) and new rules for aid for the production, processing and marketing of agricultural products (see [IP/06/1697](#)) have also come into force.

Competition Commissioner Neelie Kroes said: "The state aid block exemption regulations have brought clear benefits. Therefore I intend to go one important step further and propose in 2007 a general block exemption which will allow Member States even more flexibility to provide better targeted aid. In return, this should enable the Commission to focus its efforts on tackling the most distortive types of aid."

Since 2001, the Commission has adopted a series of block exemption Regulations (BER) for aid to SMEs, R&D for SMEs, employment and training, including aid to the agricultural and fisheries sectors. These Commission Regulations are adopted in application of Council Regulation (EC) No 994/98 which also requires the Commission to submit every five years a report to the European Parliament and the Council.

The use made of the block exemption Regulations has varied considerably from one objective to another and from one Member State to another. The take-up rate for aid to SMEs has been relatively high (more than half of all measures). Training accounted for around one quarter whereas the number of schemes put into effect under the employment BER has been relatively low. Over the period 2001 to 2005, four Member States, Italy, the UK, Germany and Spain accounted for 75% of all measures. As regards expenditure, just under €3 billion was awarded in 2005 under the three BER for aid to SMEs, training aid and employment aid (data are not yet available for agriculture and fisheries).

In line with the State Aid Action Plan, the Commission intends to regroup all existing block exemption Regulations under its responsibility into one general BER. The Commission will endeavour to improve and clarify the existing provisions and to widen the scope of the new single block exemption Regulation to include in particular certain types of environmental aid.

The report is available for downloading from the Europa website:

http://ec.europa.eu/comm/competition/state_aid/studies_reports/studies_reports.html