

# The New EU Regional Aid Guidelines Will Soon Enter Into Force

December 6, 2021

Regional aid is granted by Member States to attract investment and stimulate development in economically disadvantaged areas. Regional aid must comply with EU rules on State aid and may require European Commission approval before it can be made available to the aid beneficiary. The European Commission assesses regional aid under its Regional Aid Guidelines.

The new Regional Aid Guidelines for 2022-2027 (“Guidelines”) will enter into force on January 1, 2021, and will apply to aid awarded after December 31, 2021.<sup>1</sup> The date of award is the date of the legally binding act conferring the aid, such as entry into the aid agreement or the issuance of an administrative order.<sup>2</sup> It is not the time the aid is notified to the European Commission, or when the aid is actually paid.

The new Guidelines introduce more generous rules for the availability of aid, and in particular, for Just Transition Fund areas and aid that facilitates the digital and climate transitions. At the same time, the new Guidelines could make it harder to obtain regional aid in certain Member States where fewer areas are eligible for aid.

Under the new Guidelines, many Member States will experience a significant decrease in the areas eligible for regional aid (measured as a percentage of national population), while a few Member States will see an increase:<sup>3</sup>

- **Countries with significantly lower regional aid coverage:** Belgium (from 30% to 26%), Germany (from 26% to 18%), Ireland (from 51% to 36%), Greece (from 100% to 82%), Malta (from 100% to 70%), Poland (from 100% to 93%), Portugal (from 85% to 70%), Romania (from 100% to 89%), Slovenia (from 100% to 70%)
- **Countries with significantly higher regional aid coverage:** France (from 24% to 32%), Italy (from 36% to 42%), Hungary (from 77% to 82%), and Sweden (from 12% to 22%).

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<sup>1</sup> [Communication from the Commission, Guidelines on regional State aid](#), para. 197.

<sup>2</sup> Guidelines, para. 19(7).

<sup>3</sup> Annex 1 of the Guidelines lists the areas eligible for regional aid coverage in each Member State.



The other main changes introduced by the new Guidelines are summarised below.

<b>Assisted areas</b>	<ul style="list-style-type: none"> <li>• Updated list of assisted areas ('a' and 'c' areas)<sup>4</sup></li> <li>• Easier for Member States to designate areas covered by a Just Transition Fund plan as a 'c' area</li> </ul>
<b>Maximum aid intensity</b>	<p>Higher thresholds for maximum aid intensity for 'a' areas</p> <ul style="list-style-type: none"> <li>• 50% in regions with a GDP per capita below or equal to 55% (previously 45%) of the EU-27 average</li> <li>• 40% (previously 35%) in regions with a GDP per capita of between 55% and 65% (previously 45 % and 60 %) of the EU-27 average</li> <li>• 30% (previously 25%) in regions with a GDP per capita above 65% (previously 60%) of the EU-27 average</li> </ul> <p>Higher thresholds for maximum aid intensity for 'c' areas</p> <ul style="list-style-type: none"> <li>• 20% (previously 15%) in sparsely populated areas and areas that share a land border with a country outside the EEA or EFTA</li> <li>• 15% (previously 10%) in former 'a' areas</li> <li>• 10-15% (previously 10%) in non-predefined 'c' areas, depending on the GDP per capita and unemployment rate</li> </ul> <p>New "maximum aid intensity bonuses" to increase the thresholds by (a) 10% for 'a' areas covered by a Just Transition Fund plan, and (b) by 5-10% for regions experiencing population loss</p>
<b>Balancing test factors</b>	<p>Assessment of positive effects that may outweigh any distortions of competition and trade may take account of the aid's contribution to the digital transition or the transition to low carbon, climate neutral or climate resilient activities</p>

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<sup>4</sup> 'A' assisted areas are those eligible for aid under Article 107(3)(a) TFEU and encompass the most economically disadvantaged areas in the EU (defined as regions with a GDP per capita below or equal to 75% of the EU-27 average) and certain overseas territories of EU Member States. 'C' assisted areas are those eligible for aid under Article 107(3)(c) TFEU and encompass regions that are disadvantaged relative to a Member State's national average. There are two categories of 'c' areas: (a) former 'a' areas and sparsely populated areas ("predefined 'c' areas") and (b) those designated by a Member State in accordance with criteria set out in the Guidelines ("non-predefined 'c' areas") (Guidelines, Sections 7.2 and 7.3).