Horizontal state aid: application of Articles 107 and 108 of the TFEU. Codification

2014/0192(NLE) - 25/06/2014 - Legislative proposal

PURPOSE: codification of Council Regulation (EC) No 994/98 of 7 May 1998 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to certain categories of horizontal State aid.

PROPOSED ACT: Council Regulation.

ROLE OF THE EUROPEAN PARLIAMENT: the Council adopts the act after consulting the European Parliament but without being obliged to follow its opinion.

BACKGROUND: Council Regulation (EC) No 994/98 has been substantially amended. It is recalled that on 1 April 1987 the Commission decided to instruct its staff that all acts should be codified after no more than ten amendments, stressing that this is a minimum requirement. The Edinburgh European Council (December 1992) confirmed this requirement, stressing the importance of codification.

The European Parliament, the Council and the Commission agreed, by an interinstitutional agreement dated 20 December 1994, that an accelerated procedure may be used for the fast-track adoption of codification instruments.

CONTENT: in the interests of clarity and rationality, the purpose of this proposal is to **undertake a codification of Council Regulation (EC) No 994/98** on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to certain categories of horizontal State aid.

The new Regulation will **supersede the various acts incorporated in it**; this proposal fully preserves the content of the acts being codified and hence does no more than bring them together with only such formal amendments as are required by the codification exercise itself.

The proposal stipulates that the Commission may, by means of **block exemption regulations**, declare that certain categories of aid are compatible with the internal market in accordance with Article 107 of the TFEU and are not subject to the notification requirements of Article 108 of the TFEU.

These categories include aid in favour of: (i) small and medium-sized enterprises; (ii) research, development and innovation; (iii) environmental protection; (iv) basic broadband infrastructure; (v) employment and training; (vi) sports as well as aid that complies with the map approved by the Commission for each Member State for the grant of regional aid.

These regulations shall specify for each category of aid:

- the purpose of the aid,
- the categories of beneficiaries,
- thresholds limiting the exempted aid,
- the conditions governing the cumulation of aid,
- the conditions of monitoring.

Similarly, the Commission may decide to exempt certain aid from the notification procedure provided for in Article 108, provided that aid granted to the same undertaking over a given period of time does not exceed a certain fixed amount (***de minimis* aid**).

When adopting regulations, the Commission shall impose detailed rules upon Member States to ensure **transparency and monitoring** of the aid exempted from notification. Regulations shall apply for a specific period.