Factsheet 3: The General Block Exemption Regulation (GBER) in Interreg Baltic Sea Region

1. Summary

The overall aim of the General Block Exemption Regulation (GBER) is to obviate the need for notification of aid to the European Commission and its approval in advance of implementation. Instead, for certain categories of aid, compatibility is presumed, provided that specified conditions are met and the monitoring and reporting requirements are fulfilled. The GBER exempts a wide range of State aid measures from prior notification and approval.

- Regional aid
- SMEs
- Research, development and innovation
- Training
• Recruitment and employment of disadvantaged or disabled workers
• Environmental protection
• Make good damage caused by natural disasters
• Social aid for residents of remote regions
• Broadband infrastructure
• Culture and heritage conservation
• Audiovisual works
• Sport and multifunctional recreational infrastructures
• Investment in local infrastructures
• Aid for regional airports
• Aid for maritime and inland ports

Specific conditions apply to each category of aid. Not all of these categories are relevant to Interreg Baltic Sea Region. Interreg Baltic Sea Region will take steps to implement State aid measures under the provisions of the GBER considered appropriate to the Programme. These may take the form of aid schemes, providing a framework for certain types of intervention, or, exceptionally, ad hoc support decided on a case-by-case basis.

2. Geographical coverage

The Regulation applies throughout the EEA.

3. Sectoral exclusions

The GBER does not apply to:

• Fisheries and aquaculture: these sectors are excluded from the GBER except for regional investment aid in outermost regions (Art. 14), regional operating aid schemes (Art. 15), SME access to finance (Art. 21-24), aid in the field of research and development and innovation (Art. 25 to 30), training aid (Art. 31) and aid for disadvantaged workers and workers with disabilities (Art. 32-35).
• Primary agricultural production: this sector is excluded from the GBER except for regional investment aid in outermost regions (Art. 14), regional operating aid schemes (Art. 15), aid for consultancy in favour of SMEs (Art. 18), risk finance aid (Art. 21), aid for research and development and innovation (Art. 25 to 29), environmental aid (Art. 36-49), training aid (Art. 31) and aid for disadvantaged workers and workers with disabilities (Art. 32-35).
• Processing and marketing of agricultural products: if aid is fixed on the basis of price or quantity purchased from primary producers or conditional on being passed to primary producers, it falls outside the GBER.
• Coalmines: aid to facilitate the closure of uncompetitive mines is excluded.

4. **Excluded activities and expenditure**

Eligibility for support under GBER varies according to the provisions in question. However, the following types of spend are explicitly excluded:

- Aid to export-related activities or contingent on use of domestic over imported goods
- Aid available to firms subject to a recovery order (the so-called Deggendorf principle): support must explicitly exclude the possibility of paying aid to a firm that is subject to a recovery order following a previous Commission decision declaring an aid granted by the same Member State illegal and incompatible with the internal market, with the exception of aid to make good the damage caused by natural disasters. A listing of such firms is available from the Commission and the condition is part of the application for GBER-based support.
- Aid to firms in difficulty: aid to firms in difficulty is not exempted by dint of the GBER.
- Aid which entails a non-severable violation of EU law: notably in relation to location of headquarters, obligation to use domestically-produced good or restrictions on the exploitation of RD&I results in other Member States, falls outside the GBER.

5. **Eligibility**

A number of general conditions must be met for aid to comply with the GBER. These are in addition to the specific conditions relating to individual categories of aid. In particular:

- Transparency: it must be possible to calculate beforehand the gross grant-equivalent of the aid where aid is not offered in the form of a grant.
- Incentive effect: applications for support must be made before work starts; there are more onerous requirements for demonstrating incentive effect in the case of ad hoc aid to large enterprises.
- Cumulation: notification thresholds and aid intensities must be respected – these vary by category of aid. *De minimis* support can be combined with aid based on the GBER, provided that cumulation would not result in the relevant aid ceiling or notification threshold from that category of aid being exceeded. However, the Programme does not allow for cumulation of aid granted by the Programme with other State aid for the same eligible costs.

In addition, specific conditions apply to different categories of aid provided for under the GBER.

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6. Amounts of support

The rate of award (as a percentage of eligible costs) varies by category of aid under the GBER. In addition, it is important to note that the GBER concerns aid only up to specified absolute amounts above which proposed aid must be notified to the Commission in advance and approved by it prior to implementation. The table below summarises the maximum amounts of aid for the categories relevant to the Interreg Baltic Sea Region and for which funding guidelines are being developed and reported to the Commission.

<table>
<thead>
<tr>
<th>Article</th>
<th>Type</th>
<th>Notification threshold</th>
<th>Maximum rate of award</th>
<th>Fisheries and aquaculture eligibility</th>
<th>Primary agricultural production eligibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Art 17</td>
<td>Investment aid in SMEs</td>
<td>EUR 7.5m per undertaking, per investment project</td>
<td>20% of eligible costs for small enterprises; 10% for medium enterprises</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Art 18</td>
<td>Aid for consultancy in favour of SMEs</td>
<td>EUR 2m per undertaking, per project</td>
<td>50%</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Art 19</td>
<td>Aid to SMEs for participation in fairs</td>
<td>EUR 2m per undertaking, per year</td>
<td>50%</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Art 20</td>
<td>Aid for cooperation costs incurred by SMEs participating in ETC projects</td>
<td>EUR 2m per undertaking, per project</td>
<td>50%</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Art 25</td>
<td>Research and development</td>
<td>Fundamental research - EUR 40m; Industrial research - EUR 20m; Experimental research - EUR 15; Feasibility studies - EUR 7.5m</td>
<td>Fundamental - 100%; industrial - 50%; experimental - 25%; feasibility studies - 50%. Higher for SMEs, collaboration.</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>Art 26</td>
<td>Investment aid for research infrastructures</td>
<td>EUR 20 million per infrastructure</td>
<td>50%</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Art 27</td>
<td>Aid for innovation clusters</td>
<td>EUR 7.5m per cluster</td>
<td>50%</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Art 28</td>
<td>Innovation aid for SMEs</td>
<td>EUR 5m per undertaking, per project</td>
<td>50% (100% and EUR 200,000 in three years for advisory)</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>Article</td>
<td>Type</td>
<td>Notification threshold</td>
<td>Maximum rate of award</td>
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<tr>
<td>Art 29</td>
<td>Aid for process and organisational innovation</td>
<td>EUR 7.5m per undertaking, per investment project</td>
<td>50% for SMEs; 15% for large enterprises</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>Art 30</td>
<td>Aid for R&amp;D in fishery and aquaculture</td>
<td>See Article 25</td>
<td>100%</td>
<td>Yes</td>
<td>No</td>
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<tr>
<td>Art 31</td>
<td>Training aid</td>
<td>EUR 2m per training project</td>
<td>50%-70%</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Art 36</td>
<td>Investment aid enabling undertakings to go beyond Union standards for environmental protection...</td>
<td>EUR 15 million per undertaking per investment project</td>
<td>60% for small enterprises, 50% for medium enterprises; 40% for large enterprises; higher rates for investments located in assisted areas fulfilling the conditions of Art 107(3)(a) or 107(3)(c) of the Treaty</td>
<td>No</td>
<td>Yes</td>
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<tr>
<td>Art 37</td>
<td>Investment aid for early adaptation to future Union standards</td>
<td>EUR 15 million per undertaking per investment project</td>
<td>15% for small enterprises, 10% for medium enterprises; 5% for large enterprises; higher rates for investments located in assisted areas fulfilling the conditions of Art 107(3)(a) or 107(3)(c) of the Treaty</td>
<td>No</td>
<td>Yes</td>
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<tr>
<td>Art 38</td>
<td>Investment aid for energy efficiency measures</td>
<td>EUR 10 million per undertaking per investment project</td>
<td>50% for small enterprises, 40% for medium enterprises; 30% for large enterprises; higher rates for investments located in assisted areas fulfilling the conditions of Art 107(3)(a) or 107(3)(c) of the Treaty</td>
<td>No</td>
<td>Yes</td>
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<tr>
<td>Article</td>
<td>Type</td>
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<tr>
<td>Art 40</td>
<td>Investment aid for high-efficiency cogeneration</td>
<td>EUR 10 million per undertaking per investment project</td>
<td>65% for small enterprises, 55% for medium enterprises; 45% for large enterprises; higher rates for investments located in assisted areas fulfilling the conditions of Art 107(3)(a) or 107(3)(c) of the Treaty</td>
<td>No</td>
<td>Yes</td>
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<tr>
<td>Art 41</td>
<td>Investment aid for the promotion of energy from renewable sources</td>
<td>EUR 15 million per undertaking per investment project</td>
<td>50% for small enterprises, 40% for medium enterprises; 50% for large enterprises; higher rates for investments located in assisted areas fulfilling the conditions of Art 107(3)(a) or 107(3)(c) of the Treaty</td>
<td>No</td>
<td>Yes</td>
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<tr>
<td>Art 45</td>
<td>Investment aid for remediation of contaminated sites</td>
<td>EUR 20 million per undertaking per investment project</td>
<td>85%</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Art 46</td>
<td>Investment aid for energy efficient district heating and cooling</td>
<td>EUR 20 million per undertaking per investment project</td>
<td>65% for small enterprises, 55% for medium enterprises; 45% for large enterprises; higher rates for investments located in assisted areas fulfilling the conditions of Art 107(3)(a) or 107(3)(c) of the Treaty</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Art 47</td>
<td>Investment aid for waste recycling and re-utilisation</td>
<td>EUR 15 million per undertaking per investment project</td>
<td>55% for small enterprises, 45% for medium enterprises; 35% for large enterprises; higher rates for</td>
<td>No</td>
<td>Yes</td>
</tr>
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</table>
7. Administrative arrangements

Applications for aid under the GBER must be made by written form which must be completed before work starts on the project. Therefore, applicants will be asked to identify State aid relevant activities and related budget in the application and decide if the MA/JS should investigate whether GBER can be applied.

The Managing Authority ensures the maintenance of detailed records with the information and supporting documentation necessary to establish that all the conditions in the GBER are met. This includes ensuring that the project partners receiving State aid under the GBER also maintain relevant records as outlined in the Programme Manual.

8. Other relevant documents

• Aid schemes registered by the Programme (complete texts & summary information):
  o SME aid scheme 2014-2020
  o Research and development and innovation aid scheme 2014-2020
  o Training aid scheme 2014-2020
  o Environmental aid scheme 2014-2020
• GBER & SME declaration
• GBER declaration
• Factsheet 1: State aid in Interreg Baltic Sea Region
• Factsheet 2: De minimis support
• Factsheet 4: Guidance on State aid definition