COUNCIL OF
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NOTE

from:	General Secretariat
to:	Delegations
Subject:	Partial summary record of the 142nd meeting of the Bureau and 99th meeting of the Plenary of the **Committee of the Regions** held in Brussels on 30 and 31 January and 1 February 2013

I. MEETING OF THE BUREAU

The meeting was chaired by Ms BRESSO (PSE, IT), Vice-President, in the absence of Mr VALCARCEL SISO (EPP, ES), President.

ITEM 3

Statement by the President

Ms BRESSO announced that an extraordinary Bureau meeting would be held in Dublin on 1 May 2013.

ITEM 4

Budgetary planning for 2013

The Bureau adopted two measures concerning budget line 1004:

- Non-indexation of Members' allowances for 2013. This would generate estimated savings of EUR 80 000.
- Cancellation of one of the NAT meetings, considering the low level of consultative and political activities planned for the first semester. This would generate estimated savings of EUR 107 000.

The combined effect of these two measures would bring the estimated deficit down to EUR 543 450. This deficit could be balanced out by credit transfers to be submitted to the budgetary authority during the second semester.

ITEM 7

Subsidiarity Work Programme 2013

The following five initiatives will constitute the CoR Subsidiarity Work Programme 2013:

1. Initiative on e-invoicing in the field of public procurement (legislative)
2. A "Blue Belt" for a single market for maritime transport (legislative / non-legislative)
3. Review of waste policy and legislation (legislative)
4. Environmental climate and energy assessment framework to enable safe and secure unconventional hydrocarbon extraction (legislative/non-legislative)
5. Urban mobility (not included in the current European Commission Work Programme 2013).
   In the light of available information, the implementation of the work programme is most likely to start with the "Environmental climate and energy assessment framework to enable safe and secure unconventional hydrocarbon extraction" and the "Review of waste policy and legislation".

II. <u>PLENARY SESSION</u>

ITEM 8

Statement by Ms CREIGHTON, Irish Minister for European Affairs, on behalf of the Cyprus Presidency of the Council of the European Union: presentation of the priorities of the Irish Presidency

Ms CREIGHTON delivered the speech in Annex I.

Mr SCHNEIDER (EPP, DE) considered that Ireland had reacted promptly and appropriately to the current situation and stated that his group would support the Irish Presidency in carrying out its programme, without any changes. As for the MFF, he looked forward to an agreement that would benefit citizens rather than interinstitutional balance.

Mr LAMBERTZ (PSE, BE) welcomed the Irish Presidency programme and said that social issues were a priority task, in particular youth unemployment. He recalled that the Committee had approved a resolution on the European Youth Guarantee to address such unemployment and called on the Presidency to avoid further cuts to the Social Fund, which was the source of financing for the initiative. He regretted in particular that the Food Aid programme had to be funded through the European Social Fund.

Mr VERKERK (ALDE, NL) called on the Irish Presidency to keep putting pressure on its programme and highlighted the need to reach an agreement on the "two-pack", the Connecting Europe Facility (CEF), which was key for ensuring that local authorities could develop areas, and the completion of the single market, in particular with a view to ensuring mobility.

Mr MEANY (EA, EI) recalled the 40th anniversary of Ireland's accession and the development of the Irish economy thanks to the EU. He said that Europe in general had benefited from the Union, and pointed to the value of peace. He said that the UK was an important part of the EU and that it would be unfortunate if the UK decided that it would withdraw by referendum.

Mr KEYMER (NA, UK) insisted on the importance of developing connections, especially air transport, which was very important for islands and therefore also for Ireland.

Mr McGOWAN (ALDE, EI) was confident that the Irish Presidency would make a difference in finding a way out of the current economic crisis and welcomed stability, jobs and growth as shared priorities.

Minister CREIGHTON said that deeper integration between MS should be accompanied by a stronger democratic accountability of the EU towards citizens, and announced a series of regional meetings that the Irish Presidency had planned throughout the EU. In her view, innovation and entrepreneurship were key to overcoming the crisis, together with a solid banking system. She added that SMEs were key and could not be excluded from the public procurement process. She also referred to the upcoming negotiations for a free trade agreement with the US to make the EU more responsive. She agreed with Mr VERKERK that the "two-pack" was a priority, along with the CEF. As for the UK referendum, she said that many of the issues raised by Mr CAMERON were important for the whole of the EU and not only for the UK, and she welcomed an EU-wide debate on those issues. In reply to Mr McGOWAN, she pointed to the close link between the MFF dossiers and the objectives of the EU 2020 strategy. Both were at the core of the Irish Presidency agenda. She concluded by recalling the importance of cohesion policy and its funding for Ireland.

ITEM 17

Statement by Mr ALMUNIA, Vice-President of the European Commission, responsible for competition

Mr ALMUNIA delivered the speech in Annex II.

Mr LEBRUN (EPP, BE) asked about the relationship between the regional State Aid (SA) maps and the Structural Funds maps and said that they should overlap. He said that a transparency online register could be set up by the Commission and suggested that the Committee could cooperate with the Commission for this purpose. He also raised the issue of aid to ArcelorMittal and wondered whether competition rules had been complied with.

Mr DENANOT (PSE, FR) raised the issue of transitional regions and also felt that large enterprises should not be banned from regional SA, given their importance for SMEs. He said that a relocation clause should be part of the SA guidelines, to avoid social dumping. He also called on the Commission to raise the de minimis amount from EUR 200 000 to 500 000.

Mr STAVARACHE (ALDE, RO) warned against competition between territories and stressed the specific needs of regions on the EU's borders. He raised the issue of enterprises that could not be categorised as either SMEs or large enterprises.

Mr KROCHMAL (EA, PL) focused on competition with the outside world and highlighted some elements that might affect the competitiveness of EU companies, including the difference in labour costs within and outside the EU, taxes and the lack of stable legislation on SA.

Ms HAIJANEN (EPP, FI) spoke about the treatment of foreign companies that were active in the EU.

Mr ALMUNIA told Mr LEBRUN that the regional SA maps and Structural Funds maps did not overlap since the Structural Funds and SA did not have the same aims. He pointed out that regional SA was only one of the categories of SA that could be granted to a company, and said that two-thirds of the total amount of SA was granted irrespective of the location of a company (he cited the example of R&D SA). He stressed the need for transparency, both to avoid distortion of competition and to enable citizens to see how their taxes were spent. He stated that this was particularly important in the case of the de minimis SA, for which there was no real tracking. He added that he was opposed to increasing the amount of the de minimis funding, since this might distort competition between MS with deep pockets and other MS in a time of crisis. He explained to Mr DENANOT that his position was that MS could decide on the rules applicable to transitional regions, within the ceiling of their flexibility. He insisted that regional SA should not be given to large enterprises, since there was no justification for doing so. Moreover, SME were more unlikely to delocalise than large enterprises. He told Ms HAIJANEN that foreign companies should not be treated differently from EU companies. Mr ALMUNIA noted the points raised by Mr STAVARACHE for further discussion and told Ms BRESSO, who inquired about groupings of terrritorial cooperation, that this concern would be taken on board by the Commission.

Date of the next meeting

The next meeting will take place on 10 April 2013 (Bureau) and on 11-12 April 2013 (Plenary).

Priorities of Ireland's Presidency of the Council of the European Union

Thank you for the invitation here today to outline the priorities for Ireland's Presidency of the Council of the European Union.

As a former member of Dublin City Council I have firsthand experience of the key contribution that Europe's regional and local authorities make to the EU both in policy-making but in particular in the implementation of EU policies on the ground. The Irish Government and the Irish Presidency greatly value the work of regional authorities and the Committee of the Regions in delivering results for Europe's citizens. I would like to particularly thank the Irish delegation to the Committee for their work in serving communities and regions across Ireland, and for representing the Irish regions in the EU legislative process.

Ireland's Presidency this year coincides with the 40th anniversary of its accession to the EU in 1973. This anniversary has provided us with an opportunity to reflect on the many changes brought about by membership that have positively transformed our country. One of the most profound of these changes to Ireland has been the development of Ireland's regions through EU programmes.

Through this support we have managed to improve the quality of life across all regions in Ireland, in areas ranging from modern infrastructure to education and training. The regional supports provided to Ireland have delivered real and positive change, particularly in fostering tangible economic growth hand-in-hand with strong social cohesion.

I also want to highlight in particular the role of successive EU PEACE Programmes which have helped foster peace, reconciliation and economic cooperation across communities in Northern Ireland and on a cross-border basis on the island of Ireland.

But there is absolutely no doubt that the crisis of recent years has had a negative impact on every region across Europe, and citizens are rightly demanding action from their Governments and the EU. We must respond decisively and energetically. Our citizens are not interested in inter-institutional debates in Brussels about competences or further Treaties. They want to see action and results in their communities, regions and countries after years of crisis. The Irish Presidency is committed to working intensively to deliver real results, working in partnership with other elected representatives in the Member States and in Europe's regions and localities.

In developing our Presidency programme we engaged with the Committee, other Member States and institutions, as well as with NGOs and civil society. Our programme reflects the views expressed by all partners that the programme should focus on stability, jobs and growth for our citizens. Now we are working to deliver on these.

Dealing with the fallout of the crisis has rightly taken up much time in recent years. EU Heads of State and Government have taken far-reaching decisions over the past 18 months to fight the crisis and to ensure that the EU and its Member States undertake necessary reforms to prevent any recurrence.

The Irish Presidency will continue to respond to the challenges that the EU and its Member States face. But building on the solid work achieved by recent Presidencies, we must now move beyond crisis response, to implementing what has been agreed and to creating the conditions for stability, and jobs and sustainable growth. Furthermore, as Presidency, Ireland will strive to ensure that citizens and their needs are placed at the centre of all we do. Given the very direct link between members of this Committee and citizens in every region and locality across this continent, I am asking for your support and engagement during this Year of Citizens to help us in achieving our Presidency objectives, something I know you will contribute a great deal to.

In its focus on stability, the Irish Presidency will prioritise the Banking Union proposals which are aimed at restoring health to Europe's banking sector, and to protecting savers and tax-payers into the future.

The Banking Union legislation is also aimed at fuelling a return to economic growth through greater credit provision to business, and in particular SMEs, which are at the core of the EU's economy. SMEs play a pivotal role in our communities and regions by providing local services, creating jobs and spurring growth at regional and local level. Our aim is to support SMEs through smart regulation, enhanced business opportunities in public procurement and easier access to EU programmes such as COSME so that they can renew and power growth and create new employment. And here, I take note of the Committee of the Regions opinion on the Small Business Act, authored by Councillor Connie Hanniffy.

We are also working to support and foster the growth of Europe's future SMEs and entrepreneurs by focusing on areas of the economy which we believe demonstrate strong growth potential and where the EU can become a global leader. This is why we placing a strong emphasis on supporting the research and innovation sector including through the Horizon 2020 programme and advancing agreement on the European Research Area.

The Presidency will host the fourth Week of Innovative Regions in Europe (WIRE) conference in Cork in June. The Presidency looks forward to the Committee's participation in this initiative given the linkages and synergies in the context of Horizon 2020, Cohesion Policy and Europe 2020. I am particularly grateful that the Committee has agreed to the Presidency's request to draft an Opinion ahead of the event on the role of regional authorities in using EU programmes to link research, innovation and regional development.

Governments will also play a key role in promoting stability and a return of investor, business and consumer confidence in and across Europe. The Irish Presidency presented its roadmap for the implementation of the European Semester at the General Affairs Council last month. As Presidency, we are determined to demonstrate that EU Governments are implementing the necessary reforms to restore health to public finances, and to reach their Europe 2020 targets.

The development of appropriate models of stakeholder engagement is key to underpinning the legitimacy and sense of ownership of our agreed policy priorities under the Semester process to support growth and jobs. This must include, of course, having regard to the crucial role of dynamic regions as the drivers of development. We will not have successful economies without successful regions.

I very much appreciate the Committee of the Regions' EU2020 monitoring programme and, in particular, the initiative of President Valcarel to hold a conference on each of the flagship initiatives, one of which will be held in Dublin in March. This is valuable work which raises awareness and also assists us in the implementation of our goals and objectives on the ground, and in the lives of citizens.

Creating stability, and driving changes through the Banking Union proposals and the Semester process, will provide the secure and solid foundation necessary for renewed sustainable economic growth and job creation.

The Irish Presidency is placing a strong emphasis on equipping the Single Market for the future, and driving the Digital Single Market. Our focus on digital policies includes data protection for citizens, stronger broadband availability and web accessibility. This means that all citizens and business can benefit from the same opportunities that the web offers regardless of where they live or work, whether in the one of Europe's major cities or one of the continent's more remote regions. The Presidency is also seeking to open new markets for European business and exporters by advancing trade negotiations with key partners.

We in Ireland know and understand the decisive role that the provision of quality education can play in driving sustainable and long-term growth, societal change and social cohesion. The Erasmus programme has delivered enormous benefits for young Europeans in recent decades. Making good progress on the Erasmus for All programme to ensure that more Europeans and the next generation can reap the benefits that the Erasmus programme has delivered will be a major priority for Ireland's Presidency.

Unemployment remains unacceptably high across the EU, but the impact and implications of high levels of youth unemployment in particular are damaging our communities and regions, and will have very negative future consequences for Europe if left unaddressed. The Presidency aims to make significant progress on the Youth Employment Package at the EPSCO Council in February and the issue will also form a major part of the discussions at the EPSCO informal Ministerial meeting taking place in Dublin next week. I welcome that you will vote on your Opinion on the Youth Guarantee during this session and in particular, your continuous support for this initiative.

I am also grateful to the Committee of the Regions for choosing the Europe 2020 flagship agenda for new skills and jobs as the main thematic focus of the Bureau meeting to be held in Dublin in four weeks' time, given the overall Presidency focus on employment and growth. I look forward to the contribution that your knowledge and expertise of local circumstances can make in identifying and developing the right employment strategies to get Europe back to work.

The Presidency has also requested the Committee of the Regions for its Opinion on synergies between private investment and public funding at local and regional levels to deliver growth. We look forward to reviewing this Opinion ahead of a conference in May on the impact of the crisis on local and regional finances.

A competitive European economy needs a robust infrastructure. Sustainable and interconnected networks are critical to Europe's social and economic development and are therefore priorities for the Irish Presidency. The Connecting Europe Facility (CEF) will determine how the Union's resources will be allocated between transport, energy and telecommunications/digital infrastructures to deliver benefits to consumers and enterprise in Europe's regions for this and future generations.

I have mentioned the benefits that targeted regional funding has delivered for Ireland. But Ireland is no isolated success story. Every European region has benefited from the opportunities that Structural and Cohesion funding have delivered, and continue to deliver. The Irish Presidency is driving a jobs and growth agenda, and cohesion funding lies at the very heart of this agenda, not least in fulfilling the Europe 2020 objectives for smart, sustainable and inclusive growth.

The cohesion policy regulations, and indeed several of the other programmes that I have highlighted such as the Connecting Europe Facility, are closely linked to the negotiations on the EU's future financing. We all know the importance of concluding an agreement on the Multiannual Financial Framework as soon as possible. Ireland, as Presidency, will do everything that it can to support the President Van Rompuy in securing agreement at next week's European Council.

I am confident that following the progress made at last November's Council that a deal can be reached. I can assure you that once agreement is secured, the Presidency will work intensively with the European Parliament and other partners to finalise work on the cohesion legislative package to ensure that programme arrangements for the new round can be in place by 2014.

The Presidency has also identified reform of the Common Agriculture Policy as a key objective. Early decisions on the MFF and CAP reform will secure the sustainable development of many of Europe's rural regions and is also of critical importance to safeguarding Europe's food supply and its agri-food industry which makes such an enormous contribution to the Union's economy.

Reform of the Common Fisheries Policy is also a major priority for the Irish Presidency. Agreement on the next CFP will facilitate improved and sustainable management of current stocks and ensure that the EU's waters are protected for future generations. A reformed CFP will also contribute to the development of the EU's coastal regions.

In keeping with the theme of a reformed CFP and sustainable jobs and growth, the Presidency is emphasising the potential of Blue Growth. As part of this, completion of the Atlantic Strategy Action Plan is a priority for Ireland. Work has been ongoing on developing the Action Plan since May 2012, and the fifth and final workshop of the Atlantic Forum will take place in Cork in just over a month's time. The Forum has involved the five Atlantic Member States and of course the Committee of the Regions, represented very ably by Councillor Paul O'Donoghue. We hope to finalise the Action Plan after the Cork meeting for adoption by the Commission and endorsement by the Council before the Presidency ends. Implementing and embedding the Strategy to deliver on growth and jobs for your regions will be a task for regional representatives.

Before concluding my remarks today, I would like to outline some of the principles that will govern Ireland's Presidency.

The institutional framework of the EU may have changed since Ireland's last Presidency in 2004, but as in the past, we will strive to serve as an honest broker, open and transparent, aiming for efficiency and with a firm focus on results. We value partnership on the basis of the results that this has delivered for Ireland and the EU in the past. This is why we will seek to work closely with the Committee of the Regions and the other institutions in delivering on our Presidency priorities.

Ireland is a strong proponent of the Community method of decision-making and we believe that the EU has demonstrated that it is at its most effective when it works together, finding common solutions to shared problems. The Union continues to face serious challenges, but our steady progress in tackling the crisis demonstrates the EU's strength, unity and solidarity in tackling grave challenges.

The core principles of the Committee of the Regions are subsidiarity and partnership. The third principle is proximity, and in particular the need for the EU to engage with citizens. I am sure that you will agree that the EU needs to work a lot harder in this regard. As part of our Presidency focus on the European Year of Citizens, I would be interested in hearing from you, given the very direct and decisive role that you play at EU level and in engaging directly with citizens at a local level, about promoting greater dialogue and citizen engagement in the EU.

I would like to conclude my remarks by thanking you for your support, and to reaffirm that we look forward to working together with the Committee to deliver on our common objective of a better future for Europe's citizens.

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ANNEX II

It is always a pleasure for me to meet the representatives of Europe's regions. I thank the Committee for inviting me to speak at your Plenary Session.

I felt it was necessary – to reinforce the already good dialogue between the European Commission and the Committee of the Regions – to have this public debate right after your discussion on the new Regional Aid Guidelines that the Commission plans to adopt before the summer.

I take this opportunity to thank the rapporteur of your opinion – Mr Denanot – for his precious contribution, which we discussed during our meeting in early December.

I am happy to note that the opinion broadly supports the spirit of our review. I am also grateful for the many recommendations that will help us improve the current draft.

The new Regional Aid Guidelines will include important substantive changes, including some that are closely linked to the use of Structural Funds under the next Multiannual Financial Framework.

As you know, this revision is part of our broader State aid modernisation strategy. After tabling proposals for modifying the Enabling and Procedural regulations and the adoption of new guidelines for the broadband sector at the end of last year, our strategic initiative will really take off in 2013.

The new Regional Aid Guidelines will be the first to be finalised this year and it seems to me that they come at the most opportune time.

In the aftermath of the financial crisis, public subsidies that promote investment in Europe's less developed areas can make a real difference.

And they can help EU governments spend taxpayers' money more wisely and more effectively at a time when most public budgets need to be consolidated – including in all probability the EU budget.

In this respect, the new Regional Aid Guidelines will translate into tangible policies the principles of the State aid modernisation strategy.

They are designed to help Member States do more with less – that is, improve the efficiency and quality of their spending;

They will include increased requirements on the transparency and evaluation of State aid;

They will be streamlined and aligned with the Europe 2020 objectives; and

They will allow us to better focus our review of state subsidies on the cases that have a genuine and significant impact on the internal market.

Ladies and Gentlemen:

What is the rationale of our revision of the guidelines? Our new rules need to respond to three main factors:

First, regional disparities in Europe have narrowed in the past decade. This is excellent news, because it means that the EU is still a convergence machine. But this convergence only makes it more necessary to concentrate efforts on the poorest regions.

Second, obviously, come the challenges posed by the crisis: weaker economies, unemployment and social exclusion – particularly youth unemployment – and the pressure all this puts on public budgets.

The third factor is the fact that, even in this uncertain economy, some Member States still have deep pockets while others are forced to downsize their support to business.

Looking at this picture, we must modernise our control over government subsidies and align it with the challenges of our times. More than ever, we need to minimise the competition distortions that may be caused by them and leverage private investment.

To focus government support on the less developed regions, we propose to concentrate the geographical scope of regional aid, a reduction in the maximum permissible levels of aid, and a more targeted approach with regards to the type of investments or companies that can receive regional aid.
Helping Europe's governments spend better means ensuring that the aid is not wasted and that it goes to investments that would not take place without the aid, and that therefore bring real value added and regional development.
I also believe that this policy environment calls for a rebalancing of our enforcement priorities. Therefore we propose a simpler treatment for non-distortive aid and greater attention to the aid that can significantly restrict competition.
Finally, the new guidelines will provide better guidance to the authorities in the Member States on how to design and monitor aid measures and policies.
This, in brief, is the spirit of our reform of the Regional Aid Guidelines. Let me now comment more concretely on the changes we propose.
The first issue I would like to stress is the overall population coverage, which serves to identify which regions are eligible for regional State aid.
Today, only about one in four Europeans live in the least developed regions, compared to one in three at the time we adopted the current rules.
In view of this reduction of disparities, we originally proposed to set the overall population coverage at 42% of the EU population.
However, having considered all the arguments, I think that it is warranted to keep the current level of population coverage of 45% also for the future guidelines.
This will allow both to keep focus on the regions that are most in need from an EU perspective, and to give national and regional authorities sufficient room to tackle internal disparities.
Another important point is deciding how many of the eligible regions are to be pre-defined at EU level, and what flexibility is left for Member states to decide on the remaining regions.
From an EU perspective, the regions most in need are those with a GDP per capita below 75% of the EU average and the regions which were below 75%, have shown economic development, but remain below 90% of the EU average.
Similarly, regions with permanent disadvantages, such as outermost regions or sparsely populated areas, can also be pre-defined by the Commission.
The remaining population coverage will be distributed between Member States according to objective criteria which will take into account both national and EU disparities. And it is for national authorities to decide on the internal allocation.
These national debates on regional policy are important. Sometimes, in my many discussions with stakeholders, I hear requests for the Commission to pre-define this or that type of region.
My message here is simple: underdevelopment and permanent disadvantages are recognised at EU level.
As to the rest, national debates must take place – and national, often difficult choices must be made – on how to tackle the remaining internal disparities; such as the specific needs of islands, border regions, and other areas.
I believe that our proposal strikes the right balance between EU-level decisions on which are the regions most in need, and flexibility for Member States to supplement this with national decisions.
Sometimes I also hear remarks that the final map of the so-called "c" regions eligible for State aid under the regional aid guidelines and the map of "transition regions" eligible for Structural Funds are not identical.
Some say that this would make cohesion policy and regional aid policy inconsistent. I do not agree with this view.

Indeed, the maps will not coincide – as they don't coincide at present. But this does not mean that there is inconsistency, because cohesion policy and regional aid policy use different instruments.
For one thing, only a fraction of Structural Fund measures takes the form of State aid, as a large part of them are not used to support business directly.
Secondly, State aid measures which are co-financed by Structural Funds can be assessed and approved by the Commission on the basis of other guidelines, such as those for research, development and innovation, risk capital, and the environmental or broadband guidelines – and these kinds of aid are available throughout the whole territory of the EU.
For example, according to our estimates, only about one third of ERDF co-funded aid measures has been assessed on the basis of our regional aid guidelines; the rest was found compatible on the basis of other thematic rules.
Thirdly, capping aid to what is strictly necessary is crucial to prevent subsidy races between Member States at a time of tight budgetary constraints.
Taking into account – as I said earlier – that the gaps between Europe's regions have narrowed in the past decade, we propose to lower aid intensities except for the worst-off regions.
Regions should invest in lasting and structural improvements instead of luring mobile capital from one region to the next, creating windfall profits on the way. This is why I decided to strengthen the provisions against aid-induced relocations.
Another major element of the reform is a new focus on ensuring the value-added of aid measures by requiring that there be a more rigorous evaluation of their incentive effect.
This means that the aid must give companies an incentive to invest or set up operations in an assisted area, which they would not have undertaken otherwise.
When well-designed aid measures do this, they can contribute to the economic development of entire regions.
However, there are many factors that attract business to a region, and subsidies should only be used when they can tip the balance and trigger new investment and new jobs.
Empirical evidence shows that in most cases subsidies are not the main reason to invest in a region. Other factors drive investments, such as the availability of a skilled labour force, of infrastructure, and of natural resources.
Investment decisions are also a function of labour costs, growing demand, and competitive pressure that push companies to modernise existing production facilities. Our own experience in the enforcement of State aid law confirms these findings.
In addition, a strong body of evidence suggests that regional investment aid is more effective and efficient when it is geared towards SMEs rather than large firms.
I don't mean to say that large firms do not contribute to regional development; they certainly do. But large enterprises would often have made the investment in assisted regions even without financial support.
Giving subsidies in these circumstances amounts to handing out "free money" to firms. On many occasions, this leads to a waste of public resources which we simply cannot afford. This also leads to competition distortions in the internal market with damaging effects on growth.
Given this evidence and our own experience, we propose to allow regional investment aid to large companies only in the least developed regions – the "a" areas – where the balance between the contribution to development and the distortion of competition is more favourable.
Let me stress here that we will continue to authorise aid to large firms in "c" areas and other regions, provided it meets the Europe 2020 objectives, such as research, development, innovation, and environmental protection under the respective sectoral State aid guidelines.
Another major element of our reform regards the proportionality of aid and the aid-intensity ceilings.

Our objective here is striking the right balance. On one hand, the regions most in need must be in a position to attract the investment they need to grow; on the other hand, the aid must be limited to what is necessary to attract those investments.
In addition, in line with the broad objectives of the State aid modernisation strategy, we want to simplify the treatment of smaller cases – in particular SMEs – and therefore will propose that fewer categories of aid must be notified to the Commission.
The scope of block-exempted aid will be widened and the rules simplified so as to allow a better focus on the most distortive measures and quicker decisions at national level. The rules for block-exempted aid will be laid down in the new General Block Exemption Regulation which is now being prepared.
Finally, I would like to mention two more proposals that will make State aid policy more transparent and more effective.
The first requires Member States to publish on the web the main data regarding the aid that they grant.
This will increase transparency and accountability and corresponds to current practice under the Structural Funds and for direct payments under the Common Agricultural Policy.
Also – as is already the case in some Member States – we are considering requiring an ex-post evaluation of selected large aid schemes.
The aim is to check if the aid has achieved the results that were intended when it was approved. These evaluations should serve to improve the design of future measures. They should also help to make a better use of public resources.
I am convinced that aid granting authorities – including regions – would benefit from these new transparency and evaluation requirements because, thanks to them, everyone will know what the others are doing and be sure that everyone plays by the same rules.
To conclude, let me tell you where we are in the process that will lead to the adoption of the new guidelines which, as I said, is planned before the summer.
A draft of the new guidelines has been sent to Member States, your Committee, the European Parliament and the European Economic and Social Committee, which is also preparing an opinion. This draft is also available on the website of DG Competition. I invite all stakeholders to give us their views by 11 March, when the consultation closes. The draft will also be discussed with Member States shortly.
So, there will be many opportunities to improve and refine the guidelines before the Commission formulates its final view.
The new Regional Aid Guidelines and, more broadly, the State aid modernisation strategy engage all levels of government.
They offer a policy platform that national and regional governments can use to give their support to the economy a genuine European dimension and a larger impact on growth.
Thank you