

# STATE AID

- 2011 -

February 2011

State aid scheme ensuring sustainable economic development  
(Government Decision no. 1680/2008, subsequently amended)

- the state aid scheme applies to the following **4 investment categories**:
  - initial investments between Euro 5 and 10 million and creating 50 jobs minimum;
  - initial investments exceeding Euro 10 million and creating 100 new jobs minimum;
  - initial investments exceeding Euro 20 million and creating 200 new jobs minimum;
  - initial investments exceeding Euro 30 million and creating 300 new jobs minimum;
- **maximum aid ceiling / economic operator**:
  - Euro 22.5 million (RON equivalent), for investments carried out and new jobs created in the development region no. 8, Bucharest-Ilfov;
  - Euro 28.125 million (RON equivalent), for investments carried out and new jobs created as a result of initial investment in any of the other 7 development regions in Romania.
- **beneficiary's financial contribution**: at least 50% of the eligible expenses; the form of this contribution must not fall under any other public aid.
- **maximum total budget / scheme**: Euro 1 billion (RON equivalent) / 5 years (2009-2013); **annual average budget**: Euro 200 million, not exceeding annual budget ceilings approved for the period of 5 years<sup>1</sup>

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<sup>1</sup> Art 12 (2) Government Decision no. 1680/2008, subsequently amended

- **duration of the scheme:** 2009-2013
- **provider:** Romanian Ministry of Public Finance
- **total number of companies** estimated to be granted state aid under the scheme: 150; average number of beneficiaries / year: 30

State aid scheme supporting regional development by means of investment stimulation (*Government Decision no. 753/2008*)

- **beneficiaries: big enterprises** meeting the following three conditions:
  1. initial investment **exceeding Euro 100 million** (RON equivalent);
  2. investment eligible costs of **over Euro 50 million** (RON equivalent);
  3. minimum **500 newly created jobs** as a result of the initial investment.
- **aid intensity:** calculated by adjusting the regional ceiling to the level of eligible expenses, according to the following formula  

$$A = R \times (50 + 0.50B + 0.34C)$$
, where:
  - A is the maximum state aid amount;
  - R is the unadjusted regional ceiling, that is 50% for all development regions in Romania, except region no 8, Bucharest-Ilfov, where it reaches 40%;
  - B is the eligible expenses amounting between Euro 50 million (RON equivalent) and Euro 100 million (RON equivalent);
  - C is the eligible expenses exceeding Euro 100 million (RON equivalent)
- **beneficiary's financial contribution** to the investment must cover at least **25%** from the eligible costs; the form of this contribution must not fall under any other public aid;
- **maximum total budget / scheme:** Euro 575 million (RON equivalent); **annual average budget:** Euro 115 million, not exceeding annual budget ceilings approved for the 5 years <sup>1</sup>

<sup>1</sup> Art 11 (2), Government Decision no. 753/2008

- **duration of the scheme:** 2008-2012, with the possibility of extending this period until 2013;
- **provider** Romanian Ministry of Public Finance

**Regional state aid scheme for renewable energy resources harnessing**  
(Government Decision no. 750/2008, subsequently amended)

- **Investment supported:** initial investments harnessing renewable energy resources for the production of electric and thermal energy (renewable energy sources: *sun, wind, waves, micro-hydro (systems with installed power <10 MW), biomass, biogas, geothermal, etc*)
- **beneficiaries:** big, medium sized and small enterprises
- **maximum aid intensity:**
  - 40% of the total eligible expenditure, for development region no 8, Bucharest-Ilfov;
  - 50% of the total eligible expenditure, for any of the other 7 development regions in Romania;
  - intensity ceilings increase by 20% in case of small enterprises and by 10% in case of medium sized enterprises. (*exception::* economic agents activating in the field of transport)
- **beneficiary's financial contribution:** at least 30% of the investment eligible expenditure; this contribution must not come under any form implying public aid.
- the scheme does not apply to projects with a total expenditure exceeding Euro 50 million.
- **total budget/scheme:** Euro 200,000,000 (RON equivalent); budget 2011: Euro 41,4 million <sup>1</sup>
- **duration of the scheme:** 2008 - December 31<sup>st</sup>, 2013
- **provider:** Romanian Ministry of Economy, Trade and Business Environment, through the Managing Authority of the Sectoral Operational Programme "Increase of Economic Competitiveness"

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<sup>1</sup> Art 17 (1) Table 2, Government Decision no. 750/2008, subsequently amended

Horizontal state aid scheme for regional sustainable development and reduction of emissions (*Government Decision no. 718/2008, subsequently amended*)

- **investment supported:** initial investments implemented in all industrial sectors and the energetic sector (with the exceptions provided by the law), concerning activities of electric and thermal energy production and consumption.
- **beneficiaries:** big enterprises, SMEs (microenterprises included)
- aid under present scheme is not awarded for large investment projects (total expenditure exceeding Euro 50 million.)
- **maximum aid intensity:**
  - 40% of the total eligible expenditure, for development region no 8, Bucharest-Ilfov;
  - 50% of the total eligible expenditure, for any of the other 7 development regions in Romania;
  - intensities increase by 20% in case of small-sized and micro-enterprises, and by 10% in case of medium-sized enterprises;
- **beneficiary's financial contribution:** at least 30% of the investment eligible expenditure; this contribution must not come under any form implying public aid.
- **total budget/scheme:** Euro 318,800,000 (RON equivalent); budget 2011: Euro 65,9 million <sup>1</sup>
- **duration of the scheme:** 2008- December 31<sup>st</sup>, 2013
- **provider:** Romanian Ministry of Economy, Trade and Business Environment, through the Managing Authority of Sectoral Operational Programme "Increase of Economic Competitiveness"

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<sup>1</sup> Art 17 (1), Government Decision no. 718/2008, subsequently amended

*Regional state aid scheme supporting investment in industrial parks (Order no. 296/2007 issued by the Minister of Interior and Administrative Reform)*

- aid under present scheme is not awarded for large investment projects.
- **aid intensity** shall not exceed the regional aid ceiling of:
  - 40% for the development region no.8, Bucharest-Ilfov
  - 50% for any of the other 7 development regions in Romania,
  - intensities can be increased by 20% in case of small-sized and micro-enterprises, and by 10% in case of medium-sized enterprises (except for aid awarded in the transport sector).
- **beneficiary's financial contribution:** at least 25% of the investment eligible expenditure; this contribution must not come under any form implying public aid.
- **form of financial support awarded: fiscal incentives:**
  - a) building tax exemption;
  - b) land tax exemption;
  - c) exemption from the payment of taxes on modifying the destination of the land belonging to industrial parks;
  - d) exemption from the payment of taxes on the withdrawal of the land belonging to the industrial park from agricultural use;

Exemptions under letters a) and b) are granted by the territorial administrative unit where the industrial park is located, in the limit of intensity ceilings in the scheme, for those investment projects that beneficiaries are interested to implement according to legal conditions in the scheme.

- **maximum allocated budget / scheme:** RON 268,681,461;  
Budget 2011: <sup>1</sup>
  - land tax exemption: RON 653.520,8
  - building tax exemption: RON 47.872.000,0
  - exemption from the payment of taxes on modifying the destination of the land belonging to industrial parks / on the withdrawal of the land belonging the industrial park from agricultural use: RON 1.150.000
- **duration of the scheme:** 2007-31st December 2013

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<sup>1</sup> Art. 20 (1), Order no. 296/2007 issued by the Minister of Interior and Administrative Reform

Regional state aid scheme “Financing initial investment in research-development and innovation” (*Order no. 1293/2008 issued by the Minister of Economy and Finance, subsequently amended*)

- the scheme corresponds to the following operations in the Sectoral Operational Programme “Increase of Economic Competitiveness”, priority Axis 2: Research, Technological Development and Innovation for Competitiveness: 2.3.2 Development of business R&D infrastructure and creation of new R&D jobs; 2.3.3 Promoting innovation in enterprises
- **beneficiaries:**
  - enterprises with R&D activities mentioned in their Statute, implementing initial investments according to operation 2.3.2 Development of business R&D infrastructure and creation of new R&D jobs;
  - productive enterprises not having R&D as main activity, implementing initial investments according to operation 2.3.3 Promoting innovation in enterprises.
- **form of financial support awarded:** grants
- **maximum aid intensity** (% of the eligible expenses of the initial investment in tangible and intangible assets):
  - 40% for the development region no.8, Bucharest-Ilfov
  - 50% for any of the other 7 development regions in Romania,
  - intensities can be increased by 20% in case of small-sized enterprises and by 10% in case of medium-sized enterprises (except for aid awarded in the transport sector).
- **beneficiary’s financial contribution:** at least 30% of the investment eligible expenditure; this contribution must not come under any form implying public funds.
- **maximum allocated budget/scheme:** Euro 180.000.000 Euro (RON equivalent);<sup>1</sup>  
budget 2011: Euro 30,000,000<sup>2</sup>
- **duration of the scheme:** 2008-31st December 2013.
- **provider:** Romanian Ministry of Economy, Trade and Business Environment, through the Managing Authority of Sectoral Operational

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<sup>1</sup> *the budget for Op 2.3.2 Development of business R&D infrastructure and creation of new R&D jobs has expired*

<sup>2</sup> *Art 15, Order no. 1293/2008 issued by the Minister of Economy and Finance, subsequently amended*

Programme “Increase of Economic Competitiveness”; intermediary organism National Authority for Scientific Research (ANCS)

State aid scheme „Financing RDI projects by means of Sectoral Operational Programme “Increase of Economic Competitiveness” (Order no. 3388/2008 issued by the Minister of Economy and Finance, subsequently amended)

- the scheme corresponds to the following operations in the Sectoral Operational Programme “Increase of Economic Competitiveness”, priority Axis 2: Research, Technological Development and Innovation for Competitiveness: 2.1.1 R&D projects in partnership between universities/research institutes and enterprises; 2.1.2 R&D projects (high scientific level) with foreign participation, 2.3.3 Promoting innovation in enterprises
- **beneficiaries:** big enterprises and SMEs<sup>1</sup>, having or not R&D as main activity
- **form of financial support awarded:** grants
- **aid intensity** (% of the eligible expenses):
  - industrial research: 50%
  - experimental development: 25%
  - these intensities increase by 10% in case of medium sized enterprises and by 20% in case of small-sized enterprises (micro-enterprises included)
  - activities within projects developed by young innovative enterprises: 100% for the period of time the beneficiary meets the conditions of young innovative enterprise, but not more than Euro 1 million
- **Maximum aid quotas - synthesis**

Type of the enterprise	big	medium	small
Industrial research	50%	60%	70%
Experimental development	25%	35%	45%
Feasibility studies preparatory to experimental development	40%	50%	50%
Obtaining and validation of industrial property rights (for industrial research)	-	60%	70%

<sup>1</sup> Specific category: **young innovative enterprises** (small enterprises, less than 6 years old at the moment of aid being awarded, who registered R&D expenses amounting at least 15% of the total operation costs during at least one of the 3 years preceding aid granting - *Ordin 3388/2008, art. 8 lit 1)*)

Obtaining and validation of industrial property rights (for experimental development)	-	35%	45%
Innovation support and consulting services	-	Max 0,2 mil euro per 3 ani <sup>1</sup>	
Lease of highly qualified personnel	-	50% <sup>2</sup>	
Activities for enterprises	-	-	100% <sup>3</sup>

- Types of eligible projects

Operation SOP IEC	Project type	Eligible activities	Maximum aid/project (euro)	Beneficiaries
2.1.1.	Projects developed by research organisms on behalf of the enterprise	Industrial research Experimental development Obtaining and validating the industrial property rights	1.000.000	Enterprises not having R&D as main activity
2.1.2 <sup>4</sup>	<i>R&amp;D projects (high scientific level)</i>	<i>Industrial research Experimental development; Obtaining and validating the industrial property rights</i>	2.000.000	<i>Enterprises with R&amp;D activities</i>
2.3.3.	Innovative technology projects	Experimental development; Obtaining and validating the industrial property rights Technical feasibility studies preceding experimental development Contracting innovation support and consulting services 3 year lease of highly qualified personal from research organizations or big enterprises, for RDI activities	5.000.000	Enterprises not having R&D as main activity
	Projects for young innovative enterprises	all activities concerning products/services being introduced in production,	1.000.000	Young innovative enterprises not having R&D as main activity

<sup>1</sup> If the service provider does not have a national or European certification, the aid covers a maximum of 75% of the eligible expenses maximum

<sup>2</sup> For a period of maximum 3 years / beneficiary / temporarily hired employee.

<sup>3</sup> But no more than Euro 1 million

<sup>4</sup> *the budget for Op 2.1.2 R&D projects (high scientific level) with foreign participation has expired*

		manufactured and marketed		
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- **Aid shall not exceed:**

- Euro 10 million / enterprise / project / feasibility study; for projects consisting mainly in industrial research;
- Euro 7.5 million euro / enterprise / project / feasibility study; for any other R&D projects;
- Euro 1 million / enterprise for young innovative enterprises
- Euro 5 million / enterprise /project in case of costs concerning industrial property rights for SMEs:

- **maximum budget allocated/scheme:** Euro 300 milioane euro <sup>1</sup>
- **duration of the scheme :** 2008-2013
- **provider:** Romanian Ministry of Economy, Trade and Business Environment, through the Managing Authority of Sectoral Operational Programme “Increase of Economic Competitiveness”; intermediary organism National Authority for Scientific Research (ANCS)

*\* This document is a synthesis of the most important aspects regulated by the state aid schemes foreign investors showed greatest interest in. This document is not an exhaustive presentation of the Romanian state aid field; it is purely informative and is accurate to the best of our knowledge at the time of issue.*

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<sup>1</sup> Art. 23, Table 2, in Order no. 3388/2008 issued by the Minister of Economy and Finance, subsequently amended