

Commission Decision (EU) 2016/2394 of 26 May 2014 on State aid granted by Hungary to ValDeal Innovációs Szolgáltató Zártkörűen Működő Részvénytársaság (case SA.33186 (2012/C) (ex 2011/NN)) (notified under document C(2014) 3193) (Only the Hungarian text is authentic) (Text with EEA relevance)

- Article 1 The State aid which Hungary has granted to ValDeal Innovációs...
- Article 2 This Decision is addressed to Hungary.
Signature

Changes to legislation: There are currently no known outstanding effects for the Commission Decision (EU) 2016/2394. (See end of Document for details)

- (1) [OJ C 40, 12.2.2013, p. 53.](#)
- (2) Commission Decision C(2004) 3568/2 of 20 September 2004, ‘Measures that will be regarded as existing aid within the meaning of Article 88(1) of the EC Treaty — Republic of Hungary’.
- (3) Hungary was informed of the selection of the three undertakings for in-depth analysis, including ValDeal, by letter of 12 June 2009.
- (4) The Commission informed the Hungarian authorities of the discontinuation of the investigation into the beneficiary concerned by letter of 19 December 2011.
- (5) Commission Regulation (EC) No 70/2001 of 12 January 2001 on the application of Articles 87 and 88 of the EC Treaty to State aid to small and medium-sized enterprises ([OJ L 10, 13.1.2001, p. 33](#)).
- (6) Articles 9 and 11 of Commission Regulation (EC) No 794/2004 of 21 April 2004 implementing Council Regulation (EU) 2015/1589 laying down detailed rules for the application of Article 108 of the Treaty on the Functioning of the European Union ([OJ L 140, 30.4.2004, p. 1](#)).
- (7) [OJ C 40, 12.2.2013, p. 53.](#)
- (8) European Business & Innovation Centre Network is a European business association of which ValDeal is a member;
- (9) At the time of issuing this decision, the Commission used the exchange rate of 253,13 HUF/EUR of 19 December 2006.
- (10) The Hungarian authorities confirmed that no Structural Funds were used for the aid scheme.
- (11) According to the Hungarian authorities, ValDeal was a micro-enterprise in 2006, i.e. the year when it was established, and a small enterprise in 2007 (submission of Hungary of 12 March 2012).
- (12) The original grant contract had set aside a non-repayable grant of HUF 550 million (approximately EUR 2,17 million) for the originally planned total project cost of HUF 1 169 467 000 (approximately EUR 4,62 million). There is thus a difference of HUF 168 332 889 between the planned total projects costs and the actual total project costs.
- (13) The original implementation period planned in the grant contract was from 1 December 2006 to 31 January 2009. However, the grant contract was modified several times in order to extend the implementation period until 30 November 2010.
- (14) Submission of Hungary of 4 July 2012, ‘Background — ValDeal Innovation Management Programme’, p. 1.
- (15) Submission of Hungary of 24 February 2011, ‘Development of the Hungarian model of integrated innovation management — Final Report’, p. 8.
- (16) Submission of Hungary of 24 February 2011, ‘Development of the Hungarian model of integrated innovation management — Final Report’, p. 19.
- (17) Submission of Hungary of 24 February 2011, ‘Development of the Hungarian model of integrated innovation management — Final Report’, p. 3.
- (18) Submission of Hungary of 24 February 2011, ‘Development of the Hungarian model of integrated innovation management — Final Report’, pp. 20-21.
- (19) Submission of Hungary of 4 July 2012, section on ‘Responses to the questions of the European Commission — ValDeal Project’, p. 2.
- (20) The voluntary registration of works is governed by Regulation No 26/2010 of the Hungarian Minister of Public Administration and Justice.
- (21) <http://www.sztnh.gov.hu/kerdesek/gyik/onkentes.html>
- (22) Submission of Hungary of 19 October 2011, pp. 17-18, and submission of 12 September 2012.
- (23) http://ec.europa.eu/education/lifelong-learning-programme/doc78_en.htm
- (24) <http://ec.europa.eu/cip>
- (25) Submission of Hungary of 4 July 2012, section on ‘Background — ValDeal Innovation Management Programme’, p. 2.

Changes to legislation: There are currently no known outstanding effects for the Commission Decision (EU) 2016/2394. (See end of Document for details)

- (26) Article 4 of Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark (OJ L 78, 24.3.2009, p. 1).
- (27) Commission Regulation (EC) No 1628/2006 of 24 October 2006 on the application of Articles 87 and 88 of the Treaty to national regional investment aid (OJ L 302, 1.11.2006, p. 29).
- (28) For the period 1 May 2004-31 December 2006, see the Commission's letter to Hungary of 7 July 2004, recognising the Hungarian regional aid map as existing aid: http://ec.europa.eu/competition/state_aid/regional_aid/2004/hungary_en.pdf, and the attached regional aid map for that period: http://ec.europa.eu/competition/state_aid/regional_aid/2004/hungary.gif. For the period 2007-2013, see State aid N 487/06 — Hungary — Regional aid map 2007-2013, C(2006) 4009 final of 13 September 2006 (OJ C 256, 24.10.2006, p. 7).
- (29) Article 4(1)(b) of the Regional Aid Block Exemption Regulation.
- (30) Submission of Hungary of 12 March 2012.
- (31) Submission of Hungary of 13 March 2013.
- (32) Frascati Manual: Proposed Standard Practice for Surveys on Research and Experimental Development FRASCATI MANUAL 2002, ISBN 92-64-19903-9, © OECD 2002. The following are among the criteria that can help to identify the presence of R & D in service activities:
- (1) 'links with public research laboratories': This criterion may be fulfilled by ValDeal's cooperation with the Budapest University of Technology and Economics and Corvinus University of Budapest;
 - (2) 'the involvement of staff with PhDs or PhD students': This criterion may be fulfilled by the participation of several staffers with PhDs in the implementation of the project;
 - (3) 'the publication of research findings in scientific journals, organisation of scientific conferences or involvement in scientific reviews': This criterion may be fulfilled by the 20 to 30 lectures that ValDeal delivered on the topic of the project at various conferences;
 - (4) 'the construction of prototypes or pilot plants (...)': The fulfilment of this criterion may be supported by the fact that between 2007 and 2010 ValDeal consistently developed and tested the model on over 500 projects.
- (33) The market price for the services provided free by ValDeal was calculated at a rate of HUF 15 000/hour (approximately EUR 60/hour).
- (34) The assumption of the Hungarian authorities was that the all the costs of the project were eligible.
- (35) The initial submission included other items in the amount of HUF 18 507 567 which, though not directly related to the project, would qualify as experimental development.
- (36) Submission of European Business and Innovation Centre Network of 14 March 2013.
- (37) Official Journal C 45, 17.2.1996, pp. 5-16 (Annex I):
- **fundamental research** [...] is an activity designed to broaden scientific and technical knowledge not linked to industrial or commercial objectives,
 - **industrial research** [...] is a planned research of critical investigation aimed at the acquisition of new knowledge, the objective being that such knowledge may be useful in developing new products, processes or services or in bringing about a significant improvement in existing products, processes or services,
 - **precompetitive development activity** [...] is the shaping of the results of industrial research into a plan, arrangement of design for new, altered or improved products, processes or services, whether they are intended to be sold or used, including the creation of an initial prototype which could not be used commercially. This may also include the conceptual formulation and design of other products, processes or services and initial demonstration projects or pilot projects, provided that such projects cannot be converted or used for industrial applications or commercial exploitation. It does not include the routine or periodic changes made to products, production lines, manufacturing processes, existing services and other operations in progress, even if such changes may represent improvements.
- (38) The arguments submitted by the Hungarian authorities on ValDeal's project compliance with the compatibility conditions of Regulation (EC) No 70/2001 were not substantiated enough to allow the Commission to make an in-depth assessment.
- (39) Section 5.6 of the 2006 R & D&I Framework reads as follows: 'Aid for innovation advisory services and for innovation support services shall be compatible with the common market within the meaning of Article 87(3)(c) of the EC Treaty if each of the following conditions are fulfilled:
- (1) the beneficiary is an SME;
 - (2) the aid does not exceed a maximum of EUR 200 000 per beneficiary within any three year period;
 - (3) the service provider benefits from a national or European certification. If the service provider does not benefit from a national or European certification, the aid may not cover more than 75 % of the eligible costs;

Changes to legislation: There are currently no known outstanding effects for the Commission Decision (EU) 2016/2394. (See end of Document for details)

- (4) the beneficiary must use the State aid to buy the services at market price (or if the service provider is a non-for-profit entity, at a price which reflects its full costs plus a reasonable margin)'.
(40) http://ec.europa.eu/prelex/detail_dossier_real.cfm?CL=en&DosId=199719
(41) Risk Capital Guidelines 2006/C-194/02: 'Business angels' means wealthy private individuals who invest directly in young, new and growing unquoted business (seed finance) and provide them with advice, usually in return for an equity stake in the business, but may also provide other long-term finance.
(42) Risk Capital Guidelines 2006/C-194/02: 'Seed capital' means financing provided to study, assess and develop an initial concept, preceding the start-up phase.
(43) Sources: Bundik, 2008.

Changes to legislation:

There are currently no known outstanding effects for the Commission Decision (EU) 2016/2394.