

DRAFT (14/9/2026, PK)

The Regional Council of Kymenlaakso:

**Contribution to Public Consultation on European Commission's draft Communication amending
the Guidelines on regional State aid**

September 2026

The Regional Council of Kymenlaakso offers feedback on the public consultation regarding the European Commission's draft Communication amending the Guidelines on regional State aid.

The Regional Council supports the European Commission's proposal to designate the NUTS2 region Etelä-Suomi (South Finland, F11C) as predefined C area. The proposal rightly recognises that regional state aid policy must be based not only on population density criteria but also on broader structural and territorial challenges affecting regional development. However, we highlight that the NUTS3 level regions – such as Kymenlaakso Region – sharing border with Russia should have an equal position with the Northern Sparsely Populated Areas (NSPA) in the reformed guidelines as of 2028. State aid should be applied and targeted selectively where it is most needed in order to ensure it achieves its intended impact. Proposed adjustment would contribute to the economic development of regions located along the EU's eastern external border, whose exceptional vulnerability and challenging circumstances are widely recognised since Russia started its illegal war of aggression against Ukraine.

Regions sharing a border with Russia or Belarus have undergone a fundamental and lasting transformation. These changes are not temporary. Consequently, regions located along the EU's eastern border should be recognised as predefined C areas under Article 107 TFEU from the beginning of the next State aid period in 2028.

The entire Kymenlaakso Region should be designated as a predefined C area at NUTS3 level in the state aid maps.

Kymenlaakso Region (NUTS3) is in the unique position of being the only Finnish region with both land and maritime border with Russia while being located in Etelä-Suomi, South Finland (NUTS2).

Kymenlaakso Region has faced substantial and persistent socio-economic challenges from industrial plant closures to significant disruption in established business patterns. The regional economy is heavily focused on forestry and logistics and it is experiencing disruptions in transport and raw material flows and supply chains due to the border closure. Unpredictable changes in tariffs add to the challenges. The region is also experiencing long-term population decline. The region has been nationally designated as an area of sudden structural change, reflecting the severity of structural changes and impacts. The consequences of Russia's aggression against Ukraine have further intensified existing challenges, accelerating negative economic development and weakening the region's long-term development prospects. These challenges have been extensively described in the OECD's report on *Transition Strategies for Finland's Eastern and South-Eastern Border Regions: Adapting to Geopolitical Change* (12/2025).

Future state aid framework for 2028-2034 must recognise the exceptional circumstances facing the EU's eastern border regions and provide the tools to support the EU external border regions' resilience, competitiveness and long-term economic development. A strategic and targeted approach should be adopted to strengthen the economic resilience and development of the EU's eastern border regions.

Regional Council of Kymenlaakso