

DI/EMB/mgh/6.3/2/1

13 December 2001

Mr Erkki Liikanen
Member of the
European Commission
Enterprises & Information Society
rue de la Loi, 200 (SC-15 - 6/146)

B - 1049 Bruxelles

Dear Commissioner,

UNICE understands that important proposals on the revision of the Multisectoral Framework on regional aid for large investment projects will shortly be on the Commission's agenda, and it would like to express the concerns this initiative raises in the business community.

UNICE supports the Multisectoral Framework as a policy instrument to enhance the competitiveness of European business and to prevent forum-shopping by companies in subsidy auctions, and favours its revision. The current review provides a good opportunity to simplify the rules. However, it is considered that the specific sectoral frameworks should be integrated in the new Multisectoral Framework.

UNICE, though, strongly believes that sensitive sectors of industry covered by sectoral frameworks on state aid should not be integrated in the new Framework. Special "tailor-made" rules are more appropriate to regulate these sectors and take account of the specificities of the markets concerned. It must be recognised that the specific needs of each of these sectors in the field of state aid control (and not just limited to the control of regional investment aid) varies. In markets in decline, characterised by structural over-capacity, state aid is particularly likely to lead to distortion of competition and special consideration should be given to this risk. The same reasoning would apply to sectors that might in the future suffer from structural overcapacity. Equally, there are other sectors classified as 'sensitive' because they have suffered from overcapacity in the past. Specific rules are justified in these cases to prevent a return to structural overcapacity.

Special rules for sensitive sectors should therefore be maintained and the Commission should not integrate in the new Multisectoral Framework sensitive sectors of industry covered by special rules on state aid.

I hope you can support UNICE's approach on this important matter. Naturally, UNICE is fully at your disposal should you wish to discuss any further.

Yours sincerely,

(original signed by)
Daniela Israelachwili

Acting Secretary General