

7 November 2011

STATE AID RULES FOR SERVICES OF GENERAL ECONOMIC INTEREST (SGEI)

KEY MESSAGES



- 1 Efficient services of general economic interest are fundamental for European society and the well-being of its citizens. They are also a crucial growth factor for European companies.
- 2 State aid rules can help guarantee that public money is spent properly and the services provided are efficient: strong enforcement of these rules is key to avoid protectionism, connect spending to growth and modernise public services.
- 3 Subsidies granted for SGEIs must not create competition distortions in the Single Market. When private and public businesses compete on an equal footing, there is a better use of taxpayers' money, better quality and lower prices for consumers.

WHAT DOES BUSINESSEUROPE AIM FOR?



- Efficient and high quality public services: efficiency criteria need to be introduced in the new State aid rules applicable to SGEI. The European Courts case-law specifies that efficiency must be a standard to evaluate the subsidy's compatibility with State aid rules.
- Effective enforcement: State aid rules must ensure strong scrutiny and control, even for small subsidies, which taken together might lead to distortions of competition in the Single Market.
- More competition: exemption for social services must be kept tight to avoid legal uncertainty and limits to competition in areas where private operators can provide a SGEI without subsidies.
- Increased market testing: an obligation to assess efficiency and quality is essential to promote the use of tenders by public authorities, or ensure that the compensation granted does not amount to State aid.

KEY FACTS AND FIGURES

On average, public services represent 14% of Member States' total spending (2008).

High-quality and efficient public services are key to Europe's competitiveness.