

24 October 2012

MEETING BETWEEN COMMISSION VICE-PRESIDENT JOAQUIN ALMUNIA
AND DIRECTOR GENERAL PHILIPPE DE BUCK
THE MODERNISATION OF STATE AID POLICY

KEY MESSAGES

- 1** **BUSINESSEUROPE** concurs with the objectives of the State Aid Modernisation to foster growth, focus control on the most harmful cases, ensure Member States' cooperation and streamline rules and procedures.
- 2** Stronger state aid enforcement is needed: in 2011 the amount of illegal aid recovered in the last 10 years reached € 10.9 bn. The large quantity of incompatible and non-notified aid need to be addressed, as in addition to the sums recovered, significant amounts of illegal aid are likely to go undetected.
- 3** Applying competition rules and efficiency criteria in public spending is key at a time when Europe is experiencing economic difficulty, high unemployment and limited growth. In this context, strengthening mechanisms to avoid competition distortions is crucial and must go hand in hand with a strong focus on stimulus and growth.

WHAT DOES BUSINESSEUROPE AIM FOR?

General Objectives

- Improve the single market's functioning through a more efficient and effective state aid policy, which should not result in higher overall aid amounts.
- Achieve more effective enforcement and more objective and uniform application of the rules at national level, in particular through increased responsibilities for Member States in case of non-compliance.
- Increase transparency on national aid measures, in particular regarding the significant amounts of illegal aid that currently are likely to go undetected.



Procedural aspects

- Improve **timing, monitoring and enforcement** in state aid proceedings. In particular, any decentralisation of state aid control needs to be offset by avoiding more subjective and less uniform application of the rules.
- Increase **legal certainty** and avoid risks that national control systems are less rigorous, leading to more incompatible aid, for example by clarifying the rules and introducing more reporting obligations for Member States.
- Better explain the criteria upon which the **prioritisation** in handling complaints will be based, and provide more details about how non-priority cases would be dealt with, while avoiding shifting to more ex-post evaluation for the “non-priority” cases.

Specific policy areas

- **Environmental aid:** the new rules should take into account the measures introduced by Member States to reduce their environmental footprint, such as market-based support mechanisms to incentivise investment in more expensive but lower carbon-intensive technologies such as renewable. The revision should in particular aim at avoiding over-compensation and ensuring aid is paid on a non-discriminatory basis.
- **Regional aid:** the upcoming Regional Aid Guidelines should properly reflect the political goals of the cohesion policy 2014-2020. It is particularly important that the regional aid guidelines continue to recognise the fundamental role of large enterprises in supporting regional development. Given the insufficient evidence on potentially distortive effects of regional aid to large enterprises, limiting regional aid to SMEs does not appear to be justified.
- **De minimis:** The probability that de minimis aid contributes to EU objectives of common interest is hard to demonstrate. An increase in the thresholds could lead to aid levels likely to affect competition further - especially between SMEs, where even small amounts of aid could create distortions. In line with the State Aid Modernisation principles, de minimis aid should be limited to clearly identified market failures, and any increase should be accompanied by much stricter admissibility criteria.

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