

# EUROPEAN PARLIAMENT

2004



2009

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*Committee on Regional Development*

**2005/2165(INI)**

23.1.2006

## **OPINION**

of the Committee on Regional Development

for the Committee on Economic and Monetary Affairs

on State aid reform 2005-2009  
(2005/2165(INI))

Draftsman: Miloš Koterec

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## SUGGESTIONS

The Committee on Regional Development calls on the Committee on Economic and Monetary Affairs, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Welcomes the reform's objective of reducing State aid, but making it more targeted;
2. Agrees with the Commission that there is a real need for a comprehensive reform of State aid policy.
3. Reiterates the high importance of a fair, balanced, stable and predictable State aid regime at EU level which to a large extent avoids distortions of competition setting a favourable framework for stimulating sustainable regional development.
4. Welcomes the Commission's intention, outlined in the roadmap, to modernise the practises and procedures of State aid.
5. Stresses the need for reducing bureaucracy and increasing the transparency, user friendliness and predictability of rules and procedures for State aid.
6. Notes, in this context, the Commission's intention to increase the de minimis threshold from the current level of EUR 100 000 and recommends the reform of the cumulation rule.
7. Encourages the Commission, in line with the Lisbon and Gothenburg strategies, to assess in greater depth and detail the different types of State aid and their effectiveness so that it can indicate whether certain forms of aid are more advantageous than others in terms of their lasting, positive impact on regional development.
8. Stresses how important it is for State aid rules to recognise the principle of subsidiarity in the way local and regional authorities deliver services of general economic interest, which, as a key component of the European welfare state, are essential for ensuring social and territorial cohesion.
9. Asks the Commission, given the increasing importance of public-private partnerships for building infrastructures in less-developed regions, to pay particular attention to the issue of State aid provision for public-private partnerships and, thereby, provide legal guidance on all issues regarding the applicability of State aid rules in this context and calls in particular for the use of this instrument to be simplified by appropriate rules; special care should be taken in this connection to ensure that transparency is maintained.
10. Asks the Commission to apply the principles outlined in the Road Map also to the special rules for certain sectors like agriculture, fisheries, coal production and transport, which are often concentrated in areas eligible for structural funds, and to make more specific suggestions for reforming these special rules.

## EXPLANATORY STATEMENT

The Road map for State aid reform 2005-2009 outlines the guiding principles for a comprehensive reform of State aid rules and procedures over the next five years. This overall reform aims at implementing the European Council commitment to "less, but better targeted" State aid.

The main four elements of the reform consist of:

1. less and better targeted State aid, which clearly meets identified objectives of common interest,
2. a refined economic approach including an assessment of the appropriateness and proportionality of aid granted,
3. more effective procedures and enforcement, greater predictability, less bureaucracy and more transparency
4. greater recognition of the shared responsibility of the European Commission and Member States in this field.

The Action Plan outlines in general terms the objectives and main issues of the following different specific State aid rules:

- State aid and innovation, research and development,
- State aid and investment in human capital,
- State aid and services of general economic interest,
- Block exemptions,
- Regional Aid Guidelines,
- Environmental Aid Guidelines,

Furthermore, it makes a series of suggestions for modernising the practise and procedures of State aid.

This State aid action plan embeds the current reform of the Regional Aid Guidelines (RAG) in view of adopting new RAG to be applied from 2007 onwards in the overall reform process of the EU State aid regime. The document sets the framework for the reform of horizontal rules, which is complementary to the use of State aid in less-developed regions eligible for Regional aid.

The document is seen as a consultation document and all stakeholders are invited to send their comments to the European Commission by September 2005.

The rapporteur believes that the Committee on Regional Development should seize this opportunity to reemphasis its position on State aid as a tool for regional development. State aids impact on territorial cohesion and the way in which State aids are allocated will make a difference in terms of regional development.

Transparent and predictable procedures and practises for notifying State aid provide certainty

to investors thus facilitating investment decisions. The rapporteur therefore encourages the European Commission to make concrete proposals based on the principles and ideas outlined in the Road Map for making the procedures more transparent and predictable. The procedures for notifying State aid should not deteriorate companies from investing in areas, where they can receive State aid. The internet can be an important tool for increasing transparency and speeding-up procedures further.

Furthermore, the risk of being obliged to pay back State aids, since they were allocated illegally, have to be minimised. Regional development needs stable and predictable investment conditions.

Legal uncertainty has also to be avoided in the context of public-private partnerships. These partnerships have an increasing importance for regional development. Large infrastructure projects in the field of transport, energy and information rely more and more often on Public-Private-Partnerships given the budgetary situation of most Member States. It is thus important that State aid rules for assessing public resources involved in Public-Private-Partnerships are clear. The European Commission should provide more legal guidance on this matter.

The reduction of bureaucracy is another crucial element to create a more enterprise-friendly legal environment. The increase of the de-minimis threshold is a very positive step for reducing the procedure to the cases of major importance.

The European Commission has underlined in the past constantly that the reform of horizontal guidelines for State aid is complementary to reforming the Regional Aid Guidelines. Thus, regions lagging economically behind have to be particularly able to benefit from horizontal State aids. If these regions are not sufficiently taking into account by the new horizontal guidelines, which will be revised, in order to bring them better in line with the Lisbon Strategy, the Lisbon Strategy risks to undermine the Cohesion objectives. Consequently, the rapporteur believes that substantial, differentiated and fair regional bonuses in State aid rules for horizontal purposes should be granted to regions eligible for Regional State aid.

The Action plan does not address the reform of the rules for special sectors like agriculture, fisheries, coal production and transport. These sectors play often an important role in areas eligible for structural funds. Thus, these rules are also of particular importance for regional development. The European Commission should apply the same principles for rules in these special sectors and bring the sector specific rules in line with the ideas outlined in the road map.

Last but not least, the rapporteur welcomes the intention of the European Commission to assess further in depth and detail the different impact of different types of State aid in terms of effectiveness and distortion of competition. This assessment might also give some indications, which type of State aid is most beneficial for regional development.

## PROCEDURE

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| <b>Title</b>  | State aid reform 2005-2009   |
| <b>Procedure number</b>   | 2005/2165(INI)   |
| <b>Committee responsible</b>                                      | ECON   |
| <b>Opinion by</b><br>Date announced in plenary                    | REGI<br>29.9.2005  |
| <b>Enhanced cooperation – date announced in plenary</b>           | -  |
| <b>Drafts(wo)man</b><br>Date appointed                            | [Miloš Koterec]<br>11.7.2005   |
| <b>Discussed in committee</b>                                     | 1.12.2005      23.1.2005   |
| <b>Date adopted</b>   | 23.1.2006  |
| <b>Result of final vote</b>                                       | +:            37<br>-:            1<br>0:            1   |
| <b>Members present for the final vote</b>                         | Alfonso Andria, Stavros Arnautakis, Elspeth Attwooll, Jean Marie Beaupuy, Rolf Berend, Jana Bobošíková, Graham Booth, Giovanni Claudio Fava, Gerardo Galeote Quecedo, Iratxe García Pérez, Eugenijus Gentvilas, Ambroise Guellec, Zita Gurmai, Gábor Harangozó, Marian Harkin, Konstantinos Hatzidakis, Gisela Kallenbach, Miloš Koterec, Constanze Angela Krehl, Jamila Madeira, Miroslav Mikolášik, Francesco Musotto, Lambert van Nistelrooij, Jan Olbrycht, Markus Pieper, Francisca Pleguezuelos Aguilar, Elisabeth Schroedter, Alyn Smith, Grażyna Staniszevska, Margie Sudre, Kyriacos Triantaphyllides, Oldřich Vlasák, Vladimír Železný |
| <b>Substitute(s) present for the final vote</b>                   | Inés Ayala Sender, Simon Busuttil, Brigitte Douay, Emanuel Jardim Fernandes, László Surján, Henri Weber  |
| <b>Substitute(s) under Rule 178(2) present for the final vote</b> |  |
| <b>Comments (available in one language only)</b>                  |  |