State aid: aid to industry and services, scoreboard for 2001 and 2002

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The European Commission published the spring 2002 update of the State aid Scoreboard. The Scoreboard seeks to further increase transparency and raise awareness of the need to control State aid. In the context of the commitments made by Member States at Stockholm and Barcelona to demonstrate a reduction in State aid by 2003, a selection of data have been presented in this Scoreboard in a way that might allow more informed choices to be made with regard to State aid reductions and where these reductions may be possible. The overall level of national State aid in the EU fell from EUR 105 billion in 1996 to EUR 82 billion in 2000. Whilst the reduction in aid to regional objectives (EUR 12 billion), financial services (EUR 4 billion) and transport (EUR 4 billion) contributed most to this EUR 23 billion drop, decreases were also seen in levels of aid granted to steel, shipbuilding and other manufacturing sectors as well as the agricultural sector. In contrast with the overall downward trend, there was a significant increase of EUR 4 billion in aid to environment. The two Member States that have contributed most to the marked decrease are Germany (a fall of EUR 7 billion) and Italy (a fall of EUR 8 billion) due largely to substantial reductions of aid for regional objectives. It should be noted that disparities exist between Member States in the resources allocated to national State aid but are diminishing as State aid as a percentage of GDP falls in the majority of Member States. Sectoral distribution of aid varies considerably among Member States and over time. The task of reducing State aid levels will not be easy. As the Barcelona European Council renewed its call to Member States to redirect aid towards horizontal objectives, including economic and social cohesion, the greatest room for manoeuvre for Member States to reduce aid levels is arguably to be found in aid for particular manufacturing and service sectors. The Commission has embarked on a long-term reform exercise aimed at simplifying State aid procedures for clear-cut cases and concentrating Commission resources on the most serious distortions of competition. New Community guidelines and frameworks have or are in the process of being drawn up. Aid granted in the area of small and medium-sized enterprises and training, responding to strict criteria which currently have been approved by the Commission, are now exempted from notification requirements. Furthermore, a new employment block exemption is currently being prepared. Such group exemptions should ensure a reduced level of administrative effort on the part of Member States and the Commission prior to implementation of aid targeted towards these objectives, thereby allowing a greater focus on monitoring the effectiveness of such aid. The new environmental protection and the multi-sectoral framework have been approved and their impact on State aid levels will be closely followed up.