The reform of state aid 2005-2009

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The committee adopted the own-initiative report drawn up by Gunnar HÖKMARK (EPP-ED, SE) in response to the Commission's action plan on state aid reform (2005-2009). It welcomed the Commission's intention, as outlined in the reform roadmap, to modernise state aid practices and procedures, and agreed that there was a real need for comprehensive reform of state aid policy.

The report pointed out that the total amount of state aid granted each year in the EU was equivalent to around 50% of the EU's annual budget, "even by the most conservative estimates". Moreover, the level of aid varied greatly between Member States, and could therefore potentially cause considerable market distortion. MEPs believed that state aid should only be used as a last resort and should be granted "on a temporary basis", with its application being carefully monitored and evaluated. In the interests of greater transparency, the Commission was urged to publish an annual report addressed to Parliament and Council on state aid granted in the Member States. Moreover, Member States should be required to publish on the Internet the identity of state aid beneficiaries and the amount of aid granted. Companies should also be obliged to publish details of subsidies received, thereby making it easier for shareholders to evaluate the real performance of the company.

MEPs stressed that innovation and R&D were crucial to the future competitiveness of the EU and wanted state aid for these sectors to be evaluated in the light of the Lisbon objectives. They underlined the need for flexibility in the state aid system and called for aid to be targeted at start-up companies or new, innovative small firms. In this connection they supported the adoption of a general block exemption regulation by the Commission in order to simplify and consolidate existing block exemptions and to integrate a broader range of exemptions.

The committee also backed the Commission's proposal to review its guidelines on national regional aid and wanted to see greater focus on investments in infrastructure and horizontal aid in disadvantaged or least-developed regions of the EU. In addition, it welcomed the start of the process of revising the current guidelines on state aid for environmental protection, which were not properly adapted to the the increasing sophistication of investments in environmental technologies. MEPs stressed that environmental state aid, if applied correctly, could "play a crucial role in achieving the goal of sustainable development in the EU".

Lastly, the report backed the idea of forming a closer network of supervisory authorities in the Member States , but it warned that any decentralisation of competence in favour of national authorities required "rigorous monitoring and coordination" and could lead to inconsistent enforcement of state aid rules. MEPs also renewed their call for the codecision procedure to be introduced for all competition policy matters which the Council decides by qualified majority.