Basic information

1999/2110(COS) COS - Procedure on a strategy paper (historic)	Procedure completed
Competition, State aid: manufacturing sector, 1993-1997. 7th report **Subject** 2.60.03 State aids and interventions	

Key players

European Parliament	**Committee responsible**	**Rapporteur**	**Appointed**
	ECON Economic and Monetary Affairs	JONCKHEER Pierre (V /ALE)	27/07/1999
Council of the European Union			

Key events

Date	Event	Reference	Summary
30/03/1999	Non-legislative basic document published	COM(1999)0148	Summary
13/09/1999	Committee referral announced in Parliament		
30/11/1999	Vote in committee		Summary
30/11/1999	Committee report tabled for plenary	A5-0087/1999	
18/01/2000	Decision by Parliament	T5-0011/2000	Summary
18/01/2000	Debate in Parliament		
18/01/2000	End of procedure in Parliament		
24/10/2000	Final act published in Official Journal		

Technical information

Procedure reference	1999/2110(COS)
Procedure type	COS - Procedure on a strategy paper (historic)
Procedure subtype	Commission strategy paper
Legal basis	Rules of Procedure EP 148
Stage reached in procedure	Procedure completed
Committee dossier	ECON/4/10896

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee report tabled for plenary, single reading		A5-0087/1999 OJ C 296 18.10.2000, p. 0007	30/11/1999	
Text adopted by Parliament, single reading		T5-0011/2000 OJ C 304 24.10.2000, p. 0023-0072	18/01/2000	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(1999)0148	30/03/1999	Summary

Competition, State aid: manufacturing sector, 1993-1997. 7th report

1999/2110(COS) - 18/01/2000 - Text adopted by Parliament, single reading

In adopting the report by Mr Jonckheer (Greens/EFA, B), the European Parliament adopts the resolution on the seventh survey on state aid in the European Union in the manufacturing and certain other sectors. The resolution reaffirms the Parliament's concern to see the elimination of illegal state aids but recognises that state aid will remain necessary to fulfil other objectives such as sustainable development and social cohesion. The Parliament calls for the elimination of illegal state aid given across the EU and regrets the high level of illegal state aid given in some Member States; such illegal aid gives an unfair advantage to the businesses which receive it and distorts competition, leading to an inefficient and wasteful allocation of scarce resources. In view of the different shortcomings concerning data available in the present Survey, the Parliament asks the Commission to monitor in close cooperation with the Member States the possibilities for improving data quality in time for the Ninth Survey. The Parliament reiterates its demand that the Commission should come forward in the near future with a proposal for a register of public aid covering all kinds of public aid given to companies and set out, at least, the size and the names of of companies having received the bulk of aid; this register should be updated regularly - at least once a year - and made public. The EP calls on the Commission to expand upon its conclusion that the 'candidate countries' compliance with the State aid acquis well in advance of accession is indispensable' since specific regaulation before accession and transitional periods afterwards might be necessary to allow for the creation of a diversified, competitive and environmentally sustainable economic structure in these countries. It also calls on the Commission, in connection with repayment of unlawful state aid, to institute effective arrangements to harmonise the rules on repayments.

Competition, State aid: manufacturing sector, 1993-1997. 7th report

1999/2110(COS) - 30/03/1999 - Non-legislative basic document

PURPOSE : to present the Commission's Seventh Survey on State Aid in the European Union in the Manufacturing and certain other sectors.
CONTENTS : the survey includes national aid given in the Community of 15 Member States to the manufacturing, agriculture, fisheries, coal, transport, railways, inland waterways, maritime and airline, and financial services sector. The survey shows the amount of aid given by the Member States to the restructuring of their manufacturing industries started to decrease : the aid awarded to the manufacturing sector in the European Union during the period under review 1995-1997 amounts to an annual average of some 37,7 billion euro, which represents a decrease of 13%, compared with the 42 billion euro of aid annually awarded during the previous period 1993-1995. This overall drop in the volume of aid is almost exclusively the result of a large decrease of the aid levels in 3 Member States - in Germany and, to a lesser extent, Italy and France. In the course of the next 2 or 3 years, we should observe a decrease concerning the reconstruction of the air transport sectors and the financial services sector. However, the persistence of a high level of aid and the fact that the actual reduction is due to a large reduction in Germany, are, for the Commission, two major reasons to keep pressure on State Aid in the Community. In regard to cohesion within the European Union, the findings of the Survey indicate that the gap between the level of State Aid granted in the richest Member States and in the four cohesion countries is slowly diminishing. It appears that the share of aid in the four cohesion countries - Greece, Ireland, Portugal and Spain - has increased from around 7.5% of total aid to the manufacturing sector during the previous period to approximately 11% in 1995-1997. By way of comparison, the share of the four big economies - Germany (37%), Italy (28%), France (12%) and the UK (5%) - in manufacturing aid has decreased from 87% to 82%. The Commission would like to see these trends continue. With the introduction of the Regional Aid Guidelines, the Commission is endeavouring to ensure that regional aids support viable investments that make a contribution to regional development. Also, the newly established multisectoral framework for regional aid destined for large investment projects has the effect of protecting less-favoured countries or regions from being out-manoeuvered by better-off regions. As was noted in previous surveys, a relatively large volume of aid falling outside schemes promoting horizontal, sectorial or regional objectives is still granted on an ad hoc basis to individual enterprises. Ad hoc aid, which is granted mainly for rescue and restructuring of companies, at the same time, is most prone to distort

competition. In the manufacturing sector, it increased in volume from 6% of total aid to this sector in 1992 to 10% in 1997. If aid granted to the new German Länder is added, their share in overall aid to manufacturing shifted from 19% in 1992, to 37% in 1994 and has subsequently fallen back. In this context, the Commission intends to revise its Guidelines on aid for rescue andrestructuring. This aid will not be used as a pretext to protect national industries in decline or companies in difficulty. Lastly, whilst State aid control is essential for the maintenance of fair and equitable competition in the Union, downward pressure on government interventions that distort competition and affect trade also has to be exercised on a world-wide level. The multi-lateral trading system must therefore be reinforced in the light of the objectives of European Competition Policy. In order to achieve this, the Commission, in collaboration with Member States, must counter all anti-competitive practices that threaten European industry by striving for greater subsidy disciplines on all three fronts. Firstly, under the auspices of the WTO Subsidies Agreement; secondly, in the context of bilateral agreements with third countries where the principles of rigorous subsidy discipline will continue to be a key dimension, and, thirdly, the Union should, in the appropriate international fora, continue to encourage the improvement of international labour standards.