Federal Ministry
of Economics
and Technology

External economic relations and Europe

Evaluation of state aid efficiency in selected member states – a German perspective

Claudia Dörr, Director General, European policies, Federal Ministry of Economics and Technology

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1. State aid efficiency vs efficient state aid control

- **State aid efficiency**: how best to design an efficient subsidy program for certain purposes in the common interest ?
- **efficient state aid control (ECT):** how to limit the distortion of competion by state aid in the market ?
- "state aid action plan" of the Commission (2005) "more economic approach" has tried to link these two issues as they proclaimed "less and better targeted aid"

2. State aid control by member states

- **<u>conflicting interests for member states</u>**: safeguarding the market from undue distortion vs. state aid for purposes in the common interest (e.g. social/regional cohesion)
- **<u>ECT:</u>** strong position of the Commission in state aid procedures

3. How can state aid control be provided by MS?

- Member states are obliged to keep their subsidy programs in line with EU state aid law
- State aid law part of German legal framework: granting authorities have to take into account
- In Germany: network of state aid experts to exchange knowlege/experience.
  - contact points in all ministries for respective objectives
  - Central contact point in Federal Ministry of Economics and Technology

4. How can state aid efficiency be provided by MS?

- **Government guidelines** on general state aid policy (strategic guidelines, e.g. time limit, degression)
- **Binding rules** as precondition for implementation of subsidy programs (assessment of situation, precise definition of goals, need of state intervention) for example in budgetary provisions, rules of internal procedure of government
- **Transparency and control**: a.) publication of granting opportunities and b.) efficiency control