State Aid Modernisation and the revision of the R&D&I rules

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State Aid Modernisation: the context of the reform

- Ensuring effective and efficient state aid to support the EU 2020 objectives

- Macroeconomic context: limited budgetary means, limited growth dynamics

- Three main objectives: supporting growth, better prioritised enforcement and streamlining of decision making
1. Supporting growth

Foster "good" aid aiming at rectifying actual market failures and directly linked to EU 2020 objectives
- Facilitating the granting of well-designed aid targeted at common interest objectives and proven market failures
- Fostering the quality and the efficiency of public support
- Ensuring a well-functioning internal market (limiting distortions of competition)

⇒ stimulate innovation, growth and employment objectives, strengthen efficiency in times of budgetary constraints for MS
2. Better prioritised enforcement

Increase efficiency through focusing on most important and potentially distortive cases

- State aid control at EU level to be prioritised on most significant cases (large and potentially distortive aid)
- Enforcement at EU and national level (cf. GBER)
- Proportionate and differentiated rules
- Reducing regulatory burden

⇒ less red tape for administrations and for cases with limited effects, enhanced cooperation and partnership at EU and MS level
3. Streamlining of decision making

Address shortcomings of the state aid framework and related procedures

- Clarify and simplify the rules
- Enhance consistency and streamline the assessment process (consolidate horizontal and substantive rules)
- Well-informed decisions within business-relevant timelines

⇒ accelerated procedures, simplified/clarified rules for aid grantors and beneficiaries, facilitated assessment process
Delivering the SAM objectives: new rules for R&D&I aid

- Adjustment of scope to enhance effectiveness in supporting EU 2020 objectives where necessary

- Improvement of general architecture to facilitate wider use of the GBER and ensure prioritisation of enforcement

- Better design of compatibility rules to ensure predictability and proportionality of assessment
1. Adjustment of scope

Review and clarification to foster growth in a strengthened, dynamic and competitive internal market

• Treatment of EU-funded projects
• Definition of research categories (e.g. better coverage of experimental development and demonstration projects) and innovation (including non-technological innovation)
• Collaboration between research organisations and undertakings
• Research infrastructures
2. Improvement of general architecture

Ensuring the right balance between simplification and rigour in the assessment of aid

- Facilitating the granting of well-designed aid targeted at common interest objectives and proven market failures (clearer distinction between an enlarged GBER and the R&D&I Framework)
- Proportionate assessment of compatibility, possibly including notification/monitoring thresholds on aid to regular beneficiaries
- Treatment of (large) aid schemes
3. Better design of compatibility rules

Encouraging well-targeted public intervention so as to improve the level of efficiency in the economy

- Presence of a market failure (filters and benchmarking)
- Need to ensure incentive effect to avoid "free money" (net extra cost approach to ensure that aid is limited to the minimum and use of appropriate aid instruments)
- Preserving dynamic incentives to invest (avoiding foreclosure of future markets)
- Ensuring a well-functioning internal market (limiting distortions of competition and territorial restrictions)