State Aid control under the crisis

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At the time I was appointed Commissioner for Competition, in February 2010, the financial crisis turned into a public debt crisis. Greece was obliged to ask for financial support given its lack of market access, the levels of risk-premia for the debt of other members of the Eurozone were destabilizing even more the financial system and bail-outs of banks put under severe strain the functioning of the single market and the pockets of the tax-payers. This is why the enforcement of State aid, based on the four Communications adopted by the Commission under the initiative of Neelie Kroes, occupied a good deal of my time.

More than one hundred financial entities were restructured or even liquidated due to our decisions. Big entities, such as West LB or Dexia, ceased to exist in an orderly way. Many others were rescued and restructured, and were back to their normal activities, thanks to the fulfilment of the conditions established: a viable business model according to the restructuring plan approved, an adequate burden-sharing between all the parties – private and public – involved, and as much limits as possible to the unavoidable distortions of competition provoked by the authorisation of public support. DG COMP succeed to act as a "proxy" of the inexistent Resolution authorities, both at national or EU/Euro-area levels.

State aid control was able to adapt its enforcement criteria and procedures so as to avoid the materialisation of meltdown risks threatening the whole economy during the crisis. Moreover, our decisions allowed to minimise the big burden that rested on the shoulders of tax-payers. In July 2013, once the crisis receded and the new Directive on Banks Restructuring and Resolution (BRRD) was being discussed, DG COMP updated the Banking Communications adopted at the beginning of the crisis. Since then, the need for public support to the banks has dramatically diminished, the "bail-in" principle prevail and, in many countries, the taxpayers even recouped their money.

The strategy for the Modernisation of State aid, launched in 2012, was the other pillar of our crisis action in this area. The enormous amount of public support channelled to the financial sector since 2008 had a strong negative impact on the public finances. The recession aggravated those imbalances, limiting the room for manoeuvre of fiscal policies whereas the growth potential of most of the European economies shrinked. The main goal of the Modernisation strategy was to clarify the criteria to clearly distinguish between compatible "good aid" – oriented to foster growth policies where market failures existed – from non-compatible "bad aid" – especially harmful in a period of low growth and big fiscal imbalances. On top of that, the Modernisation strategy implied the adoption of updated State aid Guidelines in a number of areas –such as Energy and Environment; Research, Development and Innovation; Risk Capital; Regional Aid; Air Transport and Airports; etc. – clarifying the methods for the analysis of the compatibility of aid based on a similar more economically sound and user-friendly structure. Last but not least, the Modernisation extended the Block Exemption thresholds, for the sake of the simplification of the procedures, with a big reduction of the cases to be notified "ex-ante" to DG COMP, and therefore allowing the concentration of efforts in the really important investigations and a better sharing of responsibilities with Member States..