

State Aid Modernisation – Main elements of Belgian’s position (March 2014)

In general, even if the Commission’s proposals have evolved in the right direction, some aspects remains problematic for Belgium, notably as regard the Commission’s approach of State Aid :

1. The State Aid rules remains strongly oriented towards an objective of reduction of the amount of aid granted rather than mobilizing this instrument as a tool towards **UE objectives of industrial competitiveness, innovation, transition towards a resource efficient economy**. More proportionality would be welcomed. Furthermore, the process of modernisation implies a **growing complexity** of the rules, which will not facilitate their efficient use in support of UE objectives. Integrated approach of innovation and articulation industry /services could also be better taken into account, and the external dimension of competitiveness should be fully embedded in the reflections.
2. **Subsidiarity principle** should also be fully taken into account and respected as far as the administrative organization of Member States, question of opportunity of aid and policy orientations are concerned.
3. Some provisions, notably regarding transparency and calculation methods (net extra costs), will generate a **disproportionate administrative burden** for Member States.
4. The **notion of aid** is still not fully clarified, notably as regards the new provisions of the GBER, and would deserve an in-depth dialogue. For some policy fields, the existence or not of a State Aid remains unclear (clusters, consequences of the Halle/Leipzig judgment for economic infrastructures, culture, sport,...). We strongly regret that the communication on the notion of Aid was only published at the end of the modernization process.

- Transparency and creation of a central website

The provisions of the GBER as regard transparency remain really problematic for Belgium, in terms of opportunity and of feasibility.

We are not in favor of the creation of a central website. It would imply a huge administrative burden and would be extremely complex to implement in a Federal State. Furthermore, Belgium doesn’t have a central administration for State Aid, or at the national level or at the regional level. Our system is based on the accountability of authorities in charge of granting aids.

Technical prescriptions imposed by the Commission (annex IV) seem too binding and require heavy ICT developments; the transition period is too short. Member States should have more flexibility as regard publication practicalities.

The proposed provisions tend to impose to Belgium a new administrative organization; this entails the subsidiarity principle. What are the Commission’s proposals to limit the administrative burden and enhance flexibility as regards administrative organization ?

Finally, the publication of individual data remains source of concerns, as regards implications for external competition or business climate environment.

- Aid ceiling for the benefit of GBER (Article 1§2.(a))

We are not in favor of the introduction of a **ceiling** as proposed in the text. It will apply equally to a vast panel of measures (aids for SMEs or large enterprises, investment

support or softer measures. Fiscal aids,...), which doesn't seem appropriate and could generate perverse effects.

It also rises a lot of questions as regards the implementation of this provision : What would happen if the actual budget of a measurement exceeds the planned budget, would there be withdrawal of the exemption ex post? How to deal with texts that cover different regimes, should we globalize or can we address the different measures separately? ...

What are the Commission's intentions regarding that provision ?

- **Ex post evaluation**

Taking impact measurement and evaluations into account for the compatibility analysis, notably in the GBER context, rises some questions. It goes beyond the mandate of DG COMP, which would then take position on the opportunity of the public expenses. This matter is under Member States' competencies.

Another point of concerns is the Commission's approach regarding methodological provisions, which appears too theoretical and prescriptive. How does the Commission intends to amends its proposals as to answer to Member States' reservations ?

- **Innovation Aids**

The Commission sticks to a classic definition of R&D phases. It would be possible to deepen the integrated approach of innovation, taking better into account non technological innovation, close to market activities (TRL scale for ex.), service innovation,... We also ask the Commission to reintegrate in the GBER the provisions on **SME consultancy**.

In line with EU orientations, notably with those of the High level group on **Key Enabling Technologies**, we strongly plead for a more favourable treatment of pilots and demonstrators, which face a "valley of death" for their financing. It's furthermore a key element for facilitating synergies between activities under Horizon 2020, and national activities, notably with the support of Structural Funds.

As regards **innovation clusters**, some clarifications about the notion of aid as regards support to animation costs (existence of aid or not) would be welcomed. National and regional situations and policies vary widely in that field and we think we can often conclude of the absence of market for this kind of activities, which should be considered outside the scope of State Aid rules.

The use of the net extra costs approach for RDI aid doesn't seem appropriate.

- **Level playing field**

We would like to remind the Commission that the Competition policy is an important **industrial policy tool**, and that the revision process should fully integrate industrial competitiveness challenges, notably as regard external competition (Level playing field). State Aid policy can't be restrained to the sole Internal market.

The Commission should develop a more proactive approach of the analysis of competition distortions vis-à-vis extern competitors. Does the Commission intend to develop new proposals as regard a more efficient use of the matching clause?

- **Training Aid**

We ask the Commission to reintegrate salary costs for the training people in the eligible costs for large enterprises.