College of Europe
Collège d'Europe
Brugge Natolin

ECTS CARD

STUDY PROGRAMME

ECO

ACADEMIC YEAR

2025 - 2026

SEMESTER

2nd

COURSE TITLE

STATE AID CONTROL IN THE EU: OBJECTIVES, METHODS, EFFECTS

COURSE PROFESSOR

PHEDON NICOLAIDES

COURSE ASSISTANT

UYANGA LKHAGVAJAV

NATURE OF COURSE (COMPULSORY, OPTIONAL)

COMPULSORY

LANGUAGE OF INSTRUCTION

ENGLISH

ECTS CREDITS

3

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1. COURSE OBJECTIVE

The course examines the system of control of state aid in the EU, the rationale for common rules on state aid, the concept of state aid, the economic effects of state aid and the conditions for the compatibility of state aid with the internal EU market.

2. LEARNING OUTCOMES

Students will learn:

- The criteria for determining when a public measure constitutes state aid.
- The conditions under which state aid is compatible with the internal market.
- To identify the economic effects of state aid and how state aid control may raise overall welfare.
- To determine whether a public authority acts as a private investor.
- The provisions of the main block exemption regulation and of the de minimis aid regulation.
- The objectives and principles of the guidelines on public funding of services of general economic interest.

The learning outcomes for this course correspond to the following learning outcomes for the European Economic Studies programme:

- Use economic theory to assess current problems and policies.
- Understand the normative assumptions, implications and limitations of economic theory and economic policy making.
- Integrate knowledge of related disciplines (e.g. EU law, environmental policy and concerns) into the domain-specific knowledge of the economics of state aid.
- Demonstrate knowledge of the European Union' institutions, competences and substantive principles; as well as their interaction with Member States' policy powers and governance.
- Think innovatively and provide constructive analytical commentary on how the evolution of EU

rules and policies may impact on future market development.
- Describe, explain and illustrate the core normative assumptions, implications and limitations of legal theory and political science theory related to economics.
- Use knowledge of economics, legal principles, strategic management and political science to analyse contemporary public policy problems.
- Work together in groups to solve problems, share tasks, prepare assignments, go through case studies and make presentations.
- Recognise, analyse, explain and critique economic developments and economic policies in Europe.
- Find, select, critically evaluate and use references, data and other sources of information within a short amount of time.

3. COURSE CONTENTS

System of state aid control & concept of state aid

1. EU system of state aid control; the roles of EU institutions and Member States; statistics on state aid.
2. Concept of state aid and the interpretation of its constituent components.

Compatibility conditions

1. Conditions for the compatibility of state aid with the internal market and assessment of their effectiveness and completeness.
2. GBER, de minimis aid & ex post evaluation of large aid measures.
3. Evaluation of the impact of state aid measures.

Economic effects and “market economy investor principle”

1. Analysis of the economic effects of state aid and how to calculate the minimum necessary amount of aid.
2. Market economy investor; market operator; market creditor.

Special themes

1. Public funding of services of general economic interest and related cases.
2. Calculation of the amount of state aid in loans & guarantees and related cases.
3. Calculation of the amount of state aid needed to cover the “funding gap” of infrastructure projects.

4. TEACHING METHOD(S)

Lectures, in-class exercises and group presentations.

All students participate in group presentations.

5. COURSE MATERIAL

Extensive slides distributed in advance.

Commission notice on the notion of state aid:

https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52016XC0719(05)&from=EN

Services of General Economic Interest:

https://ec.europa.eu/competition/state_aid/legislation/sgei.html

Commission regulations:

https://competition-policy.ec.europa.eu/state-aid/legislation/regulations_en

Economic effects of state aid:

Christian Buelens, Gaëlle Garnier, Matthew Johnson and Roderick Meiklejohn, The Economic Analysis of State Aid: Some Open Questions, European Economy, Number 286, September 2007

Spector, D., State Aids: Economic Analysis and Practice in the EU, in Vives, X., Competition Policy in the EU, 2009.

Haucap, J. & U. Schwalbe, Economic Principles of State Aid Control, Dusseldorf Institute for Competition Economics, 2011.

Kavanagh, J. G. Niels and S. Pilsbury, The Market Economy Investor: An Economic Role Model for Assessing State Aid, in E. Szyszczak (ed.) Research Handbook on European State Aid Law, Research Handbooks in European Law series (Edward Elgar, 2011).

Kassim, H. & B. Lyons, The New Political Economy of EU State Aid Policy, Journal of Industrial Competition and Trade, 2013, vol. 13. [see whole issue]

Adina Claici, State Aid Economics, Copenhagen Economics, May 2017

6. EVALUATION

All students will have to take a written examination [essay with case analysis] [75% of mark] and contribute to an in-class presentation [25% of mark].

Second session examination [resit]: Written, no presentation [100% of mark].