

State Aid Control in the EU: Objectives, Methods, Effects

Course Syllabus, Academic Year 2025-26

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20 hours

Course objectives

The students learn the structure of state aid control in the EU, the concept of state aid, the criteria for assessing the compatibility of state aid with the internal market, the economic impact of state aid and various methods for determining whether financial transactions between public authorities and undertakings confer selective advantages to undertakings.

Course methodology

The course is based on lectures, in-class exercises, discussion and group presentations and assessment of real cases.

Course outline

Day 1 (3.5h) [11 February]: System state aid control, concept of state aid & main instruments

1. The EU system of state aid control; statistics on state aid
2. The concept of state aid
3. In-class exercise on the concept of state aid

Day 2 (3.5h) [12 February]: Compatibility principles

1. Principles of compatibility of state aid with the internal market
2. The main state aid rules : GBER & de minimis aid
3. Ex post evaluation of state aid measures

Day 3 (3h) [18 February]: MEIP & the GGE of state aid

1. The concept of MEIP
2. In-class exercise on MEIP
3. The Gross-Grant Equivalent [GGE] of state aid and how to calculate the amount of state aid in loans & guarantees

Day 4 (3.5h) [19 February]: Ex post evaluation in practice

1. Group presentation 1: Institutions of state aid control: Comparison of EU and UK systems I
2. Group presentation 2: Institutions of state aid control: Comparison of EU and UK systems II
3. Group presentation 3: Review of JRC's quality assessment of evaluation plans 2023 & 2024

Day 5 (3h) [4 March]: Economics of state aid & SGEI

1. Economics of state aid
2. Services of general economic interest: Concept, rules and the problem of funding of SGEI

3. Summary of the main points of the course and discussion on issues raised by students

Day 6 (3.5h) [5 March]: Presentations & discussion

1. Groups presentation 4: Review of cases on state aid for decarbonisation [amounts & methodology]
2. Group presentation 5: Review of cases on state aid for R&D [amounts & methodology]
3. Group presentation 6: Review of cases on state aid for regional development [amounts & methodology]

In-class exercises

Exercise on the concept of state aid: No preparation is necessary.

Exercise on MEIP: No preparation is necessary [except for understanding of the material presented at the lecture].

Requirements for group presentations

Students are divided into six groups with 4, 4, 3, 3, 3, 3 students, respectively: Presenters and discussants (all students act as presenters in at least one group and as discussants in at least one group).

The presenters prepare in advance a power point presentation [minimum font size 20]. The power point slides must be distributed to all students before the start of class. The presentation should not exceed 30 minutes. About 25-30 minutes should be reserved for discussion.

The discussants ask questions and make comments during and at the end of each presentation.

Group 1: Institutions of state aid control I

References:

UK Subsidy Control Act 2022. It can be accessed at:

<https://www.legislation.gov.uk/ukpga/2022/23/enacted/data.pdf>

UK Subsidy Control Regime. Various documents can be accessed at:

<https://www.gov.uk/government/collections/subsidy-control-regime>

Register of UK subsidy cases:

<https://www.gov.uk/cma-cases?keywords=subsidies&page=1>

Read the above documents. You may also consult any relevant academic papers such as those on the UK Subsidy Control Insider. It can be accessed at:

<https://www.lexxion.eu/en/uksci/#overview>

Your tasks:

- (a) Review the institutional set-up of subsidy control in the UK.
- (b) Compare the UK principles to the compatibility conditions of the EU.
- (c) Compare the EU and UK systems and assess i) which system is likely to be more effective in controlling state aid, ii) less likely to create “bureaucratic” inefficiencies, iii) more likely to protect competition and iv) likely to commit type 1 errors [false positive (allow “bad” aid)] and type 2 errors [false negative (prohibit “good” aid)].

Group 2: Institutions of state aid control II

References:

UK Subsidy Control Act 2022. It can be accessed at:

<https://www.legislation.gov.uk/ukpga/2022/23/enacted/data.pdf>

UK Subsidy Control Regime. Various documents can be accessed at:

<https://www.gov.uk/government/collections/subsidy-control-regime>

Register of UK subsidy cases:

<https://www.gov.uk/cma-cases?keywords=subsidies&page=1>

Read the above documents. You may also consult any relevant academic papers such as those on the UK Subsidy Control Insider. It can be accessed at:

<https://www.lexxion.eu/en/uksci/#overview>

Your task:

- (a) *There are about 100 cases in the register. Read them. Then classify them according to the following: i) subsidy objective, ii) subsidy instrument, iii) subsidy amount, iv) decision of CMA [positive/negative/conditional] and the nature of the criticism, if any.*
- (b) *How do you think they would have been assessed by the European Commission?*

Group 3: Ex post evaluation of state aid

Find any relevant papers on the purpose and methodology of ex post evaluation.

Find actual ex post evaluation reports.

Read the Commission staff paper on the ex post evaluation of state aid. It can be accessed at:

https://ec.europa.eu/competition/state_aid/modernisation/state_aid_evaluation_methodology_en.pdf

European Commission, An Empirical Approach for Evaluating EU Thematic-Objective Interventions, 2021. It can be accessed at:

https://ec.europa.eu/regional_policy/sources/policy/evaluations/helpdesk/cr_seqdd_en.pdf

Joint Research Centre, Quality assessment of evaluation plans and reports in the area of State aid (EVALSA III): the 2024 activity report. It can be accessed at:

https://publications.jrc.ec.europa.eu/repository/bitstream/JRC141213/JRC141213_01.pdf

Your tasks:

- (a) *Explain in detail the various methodologies presented by the Commission, identify the methodology you prefer and explain why you prefer it.*
- (b) *Review the JRC document and present its main findings?*
- (c) *What lessons do you draw?*

Group 4: State aid for decarbonisation

Read sections 3 & 4.1 of the Commission guidelines on climate, environmental protection and energy. They can be accessed at:

https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.C_.2022.080.01.0001.01.ENG&toc=OJ%3AC%3A2022%3A080%3ATOC

Find relevant Commission decisions on state aid for decarbonisation. They can be accessed at: <https://competition-cases.ec.europa.eu/search?caseInstrument=SA>

Your tasks:

- (a) Search the relevant literature and find the answers to the following questions. What is decarbonisation? What is the economic problem? Summarise the main points in the literature on the purpose, application and effectiveness of state aid for decarbonisation. What are your own conclusions on these issues?*
- (b) Read at least 10 Commission decisions on different cases and Member States since 2022. i) What are their precise objectives, ii) what aid instruments are used, iii) how is the need and proportionality of aid determined, iv) how are undue distortions avoided?*

Group 5: State aid for research

Read section 3 & of the Commission RDI Framework. It can be accessed at:

https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=uriserv:OJ.C_.2022.414.01.0001.01.ENG

Find relevant Commission decisions on state aid for RDI. They can be accessed at:

<https://competition-cases.ec.europa.eu/search?caseInstrument=SA>

Your tasks:

- (a) Search the relevant literature and find the answers to the following questions. Why is research subsidised? What is the economic problem? Summarise the main points in the literature on the purpose, application and effectiveness of state aid for research. What are your own conclusions on these issues?*
- (b) Read at least 10 Commission decisions on different cases and Member States since 2022. i) What are their precise objectives, ii) what aid instruments are used, iii) how is the need and proportionality of aid determined, iv) how are undue distortions avoided?*

Group 6: State aid for regional development

Read section 5 of the Commission guidelines on state aid regional development. They can be accessed at:

[https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52021XC0429\(01\)](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52021XC0429(01))

Find relevant Commission decisions on state aid for regional development [“large investment projects”]. They can be accessed at:

<https://competition-cases.ec.europa.eu/search?caseInstrument=SA>

Your tasks:

- (a) Search the relevant literature and find the answers to the following questions. Why is regional development subsidised? What is the economic problem? Summarise the main points in the literature on the purpose, application and effectiveness of state aid for regional development. What are your own conclusions on these issues?*
- (b) Read at least 10 Commission decisions on different cases and Member States since 2021. i) What are their precise objectives, ii) what aid instruments are used, iii) how is the need and proportionality of aid determined [distinguish between scenario 1 (investment decision) and scenario 2 (location decision) cases], iv) how are undue distortions avoided?*

Course material

Commission documents:

2016 Commission notice on the notion of state aid: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.C_.2016.262.01.0001.01.ENG&toc=OJ:C:2016:262:TOC

Services of General Economic Interest:

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

Compatibility principles:

https://ec.europa.eu/competition/publications/cpb/2014/011_en.pdf

However, please note that since 2020 these principles have been adjusted and re-named. Please see how they have been re-arranged in recently adopted guidelines.

Ex post evaluation methodology:

https://ec.europa.eu/competition/state_aid/modernisation/state_aid_evaluation_methodology_en.pdf

See also my weekly blog on state aid cases:

State Aid Uncovered: [State Aid Blogs Archiv - Lexxion](#)

Academic papers:

Claici, A. State Aid Economics, Copenhagen Economics, May 2017

Dewatripont, M. and P. Seabright, Wasteful Public Spending and State Aid, *Journal of the European Economic Association*, Apr. - May, 2006, Vol. 4, No. 2/3, pp. 513-522.

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]

Friederiszick, H. & M. Merola, Regional state aid control in Europe: A legal and economic assessment, ESMT Working Paper, No. 15-05

Nulsch, N., Is subsidizing companies in difficulties an optimal policy? An empirical study on the effectiveness of state aid in the EU, IWH-Diskussionspapiere, 2014, No. 9.

Finke, D., A guardian in need of support: the enforcement of EU state aid rules, *Journal of European Public Policy*, 2022, vol. 29(4).

Piechucka, ., L. Saurí-Romero, B. Smulders, Industrial Policies, Competition, and Efficiency: The Need for State Aid Control, *Journal of Competition Law & Economics*, 2023, vol. 19(4), pp. 503–526.

Evaluation

Examination: Written, essay with an analysis of a case: 75% of mark.

Group presentation: 25% of mark.

Resit: Written examination [no presentation]: 100% of mark.