

**Situation of State Aid
Granted at the European Union Level,
from the Perspective of the „Scoreboard 2014”**

At the end of 2014, the European Commission published data and information on all State aid, notified and exempted from notification; these data and information were submitted by all Member States, through the interactive system “SARI” (State Aid Reporting Interactive), representing the basis for achieving the Scoreboard of State aid granted at the EU level in 2014.

According to the **classification of the Community experts, State aid is divided in two main categories:**

- 1. State aid awarded under the General Framework (non-crisis);**
- 2. State aid granted for fighting against the financial and economic crisis,** which – on its turn - is divided into:

- a. State aid granted to financial and banking sector;
- b. State aid granted under the Temporary Framework.

State aid awarded under the General Framework (Non-crisis)

In 2013, State aid awarded under the General Framework (non-crisis) amounted to 62.73 billion Euros, representing 0.49% of the Community Gross Domestic Product (GDP) at the European Union level (EU-28) (*Table 1*). It was the lowest level of the non-crisis State aid recorded since 1992 until now, this being possible due to significant reductions which took place in France (minus 15% compared to 2012), in Italy (minus 21% compared to 2012), in Spain (minus 28% compared to 2012), and in Portugal (it had the largest decrease of State aid, namely minus 47% compared to State aid granted in 2012).

Table 1.
Non-crisis State Aid at the EU level (EU-28)

- 2013 constant prices -

		2010	2011	2012	2013
The volume of Non-crisis State Aid granted in the EU-28*	billion Euros	73.01	66.35	66.73	62.73
GDP of EU-28	billion Euros	12,789.8	13,173.5	13,437.7	13,529.1
Share of State Aid in EU-GDP	%	0.57	0.51	0.51	0.49

* total State Aid, excluding State Aid granted to railway transport, including State Aid to agriculture

In 2013, over 50% of the total State aid at the Community level was awarded by the following 4 Member States (MS): France, Germany, Great Britain and Italy; these MS granted the largest State aid (in terms of value) during the year 2013.

The lowest State aid - in terms of value - was awarded by the following 3 Member States: Bulgaria, Cyprus and Estonia, which granted together 0.46% of the total State aid at the Community level (**Table 2**).

Table 2.
Share of Non-crisis State Aid* in the Community State Aid
(the highest and the lowest recorded values)

- 2013 constant prices -

		2010	2011	2012	2013
The volume of Non-crisis State Aid granted in the EU-28	billion Euros	73.01	66.35	66.73	62.73
of which:					
France	billion Euros	15.70	13.58	15.17	12.98
	%	21.51	20.47	22.74	20.70
Germany	billion Euros	14.19	12.29	11.99	12.02
	%	19.45	18.53	17.98	19.16
Romania	billion Euros	0.30	0.66	0.87	0.88
	%	0.42	1.01	1.30	1.40
Cyprus	billion Euros	0.12	0.14	0.12	0.10
	%	0.17	0.21	0.18	0.17
Estonia	billion Euros	0.05	0.05	0.06	0.06
	%	0.06	0.08	0.09	0.1

* Total Non-crisis State Aid, including State aid for agriculture, fisheries, aquaculture (not included - in the total - State aid for the railway sector)

In 2013, **Romania** awarded State aid amounting to 879.2 million Euros (including State aid to agriculture), which represented 1.4% of the total State aid granted at the Community level (**Table 2**).

During the same year, Greece awarded State aid amounting to 2.91 billion Euros (4.43% of the total non-crisis State aid granted at Community level), Poland: 2.67 bln. Euros (4.26% of the total), Czech Republic: - 1.65 bln. Euros (2.64%), and Hungary: 1.52 bln. Euros (2.43%).

Table 3.
Structure of State Aid awarded in the EU-MS*, and the share of these State Aid
in the National GDP, in 2013 (the highest and the lowest recorded values)

- current prices –

Crt. No.	Structure of Non-crisis State Aid (EU-28)	M.U.	2013
	of which:		
1.	France	billion Euros	12.98
	% of the National GDP	%	0.61%
	Agriculture, fisheries, aquaculture	%	10.9%
	Horizontal State Aid	%	74.88%
	Sectoral State Aid	%	15.0%
2.	Germany	billion Euros	12.02
	% of the National GDP	%	0.43%
	Agriculture, fisheries, aquaculture	%	8.37%
	Horizontal State aid	%	78.18%
	Sectoral State aid	%	13.47%
3.	Romania	billion Euros	0.88
	% of the National GDP	%	0.61%
	Agriculture, fisheries, aquaculture	%	3.99%
	Horizontal State aid	%	90.59%
	Sectoral State aid	%	5.42%
4.	Cyprus	billion Euros	0.10
	% of the National GDP	%	0.58%
	Agriculture, fisheries, aquaculture	%	20.40%
	Horizontal State aid	%	71.5%
	Sectoral State aid	%	8.06%
5.	Estonia	billion Euros	0.06
	% of the National GDP	%	0.34%
	Agriculture, fisheries, aquaculture	%	52.29%
	Horizontal State aid	%	47.72%
	Sectoral State aid	%	0.27%

* not included State aid to railway sector

Even though France and Germany have awarded the largest State aid in the EU (in terms of values), these MS have maintained a low share of State aid in the national GDP (France: 0.61%, Germany: 0.43%), and the aid measures to horizontal objectives represented over **75%** of the total non-crisis State aid granted.

In 2013, Romania granted over 90% of the non-crisis State aid for horizontal objectives, namely: environmental protection (energy producing from renewable sources of energy, and energy producing through cogeneration – over 70% of the State aid), regional development, and R&D&I.

Chart 1.

Share of Non-crisis State Aid in Total State Aid awarded at Community level (examples from the EU Member States)

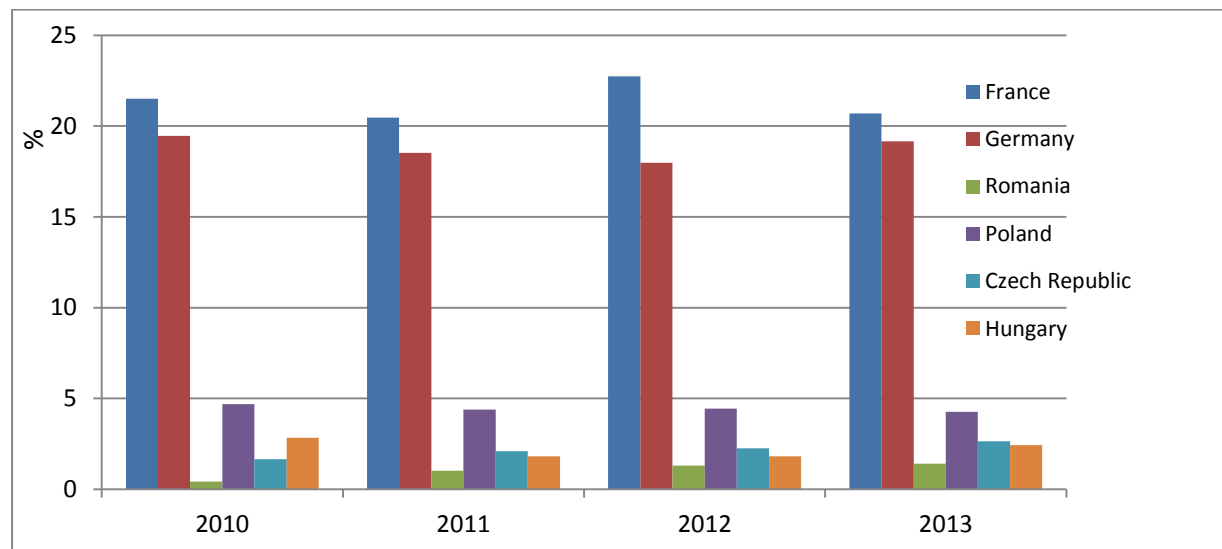
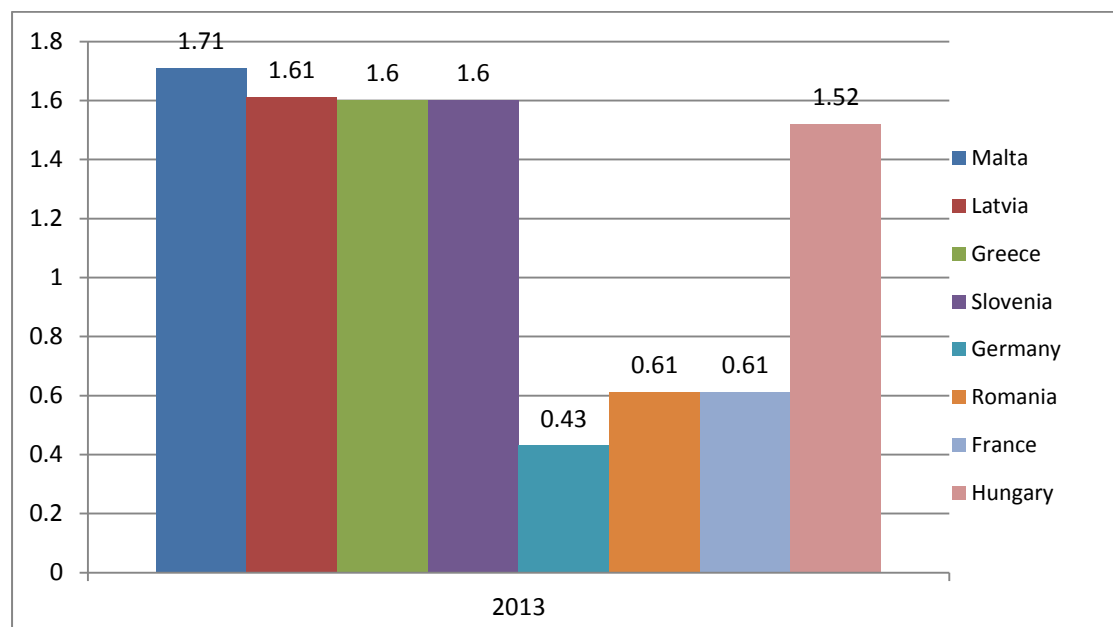


Chart 2.

Share of State Aid into the GDP recorded by each EU Member State, in 2013 (examples)



Classification of State Aid granted under the General Community Framework (Non-crisis)

According to the established objectives, State aid granted at Community level is divided into:

- State aid awarded for **horizontal objectives** of common interest, namely:
 - a) for **regional development**;
 - b) for **R&D&I** (Research, Development and Innovation);
 - c) for **the environmental protection (including aid granted for energy saving)**;
 - d) for **the SMEs (including the aid granted in the form of risk capital)**;
 - e) for **culture and heritage preservation**;
 - f) for **training and creating new jobs (new employment)**;
 - g) for **promoting export**;
- State aid awarded to **sectoral objectives**, among them being:
 - a) aid awarded to **rescuing / restructuring** firms in difficulty;
 - b) aid granted to **sectoral (economic) development**;
 - c) State aid awarded for: **coal** production, **mines closures**, **steel** production, **shipbuilding**, media and telecommunications.
- State aid granted to **agriculture, fisheries, and aquaculture**;
- State aid awarded to **transport**.

In 2013, State aid granted to **horizontal objectives, at the EU-28 level**, amounted to 47.90 billion Euros, having a share of 76.36% in the total Community State aid (less State aid granted to railway transport). The level of State aid in 2013 was lower than the level in 2011 (49.70 billion Euros).

Table 4

Amount and percentage of State Aid* awarded for **horizontal objectives**, at EU level (including Romania)

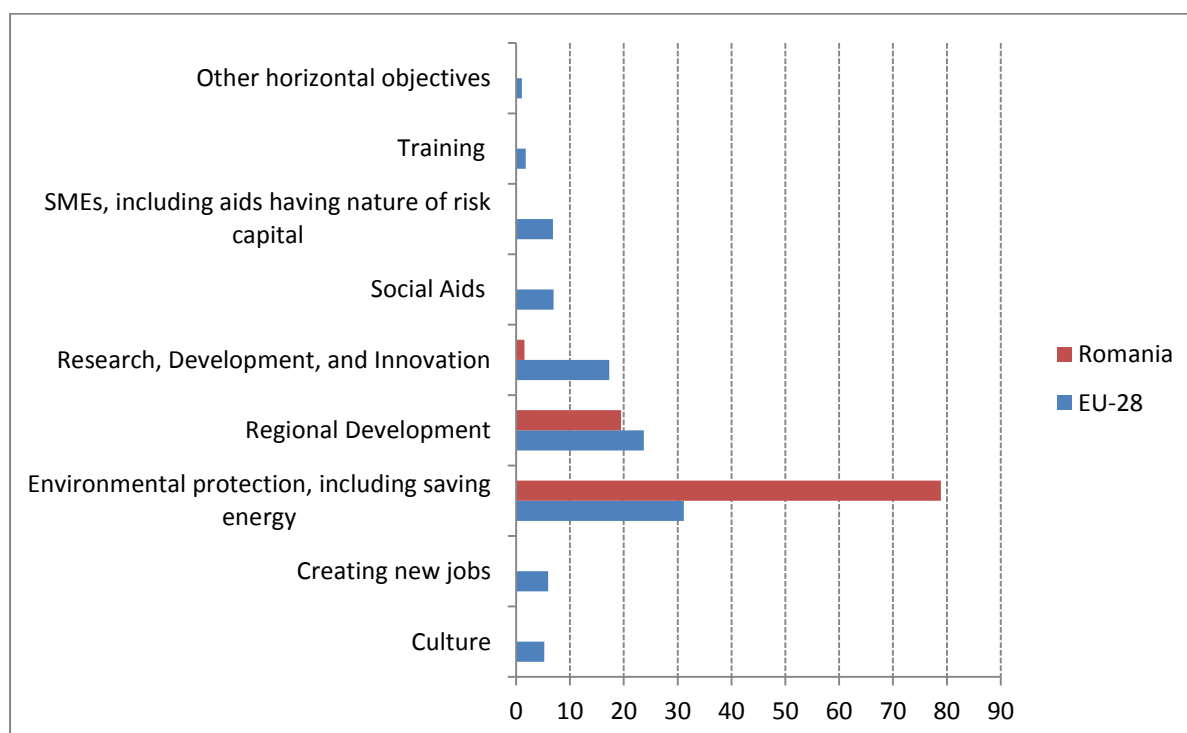
- 2013 constant prices -

		2011	2012	2013
Total State Aid awarded to horizontal objectives , at the Community level (EU-28)	billion Euros, 2013 constant prices	49.70	49.45	47.90
Share in the Total Community State aid	%	74.9%	74.10%	76.36%
Total State Aid awarded to horizontal objectives, in Romania	billion Euros, 2013 constant prices	0.39	0.58	0.79
Share in the Total National State aid	%	59.16%	67.73%	90.59%

* excluding State aid granted into the railway transport sector

Chart 3.

Share of State Aid granted for main horizontal objectives, in EU-28, and in Romania



Over the analysed period, the most important State aid for horizontal objectives **at EU-28 level** has been granted for environmental protection (including producing and saving energy), to regional development, and in the field of research, development and innovation (R&D&I) – **Chart 3**.

Romania had a similar situation, with an important difference regarding State aid awarded to environmental protection, which recorded a much higher share in the horizontal objectives as compared to the Community average; namely, State aid to environmental protection held - in Romania – a share of 78.89% of State aid to horizontal objectives, as compared to the share recorded at the EU level - 31.13%.

The main factor that determined this situation was the high level of State aid granted by the **Ministry of Economy**, through two State aid schemes, established by the *"GD no. 219 / 2007 on promoting cogeneration based on a useful heat demand"*, and by the *"Law no. 220 / 2008 establishing the system to promote energy production from renewable energy sources"*.

At the same time, important State aid has been granted to undertakings through State aid schemes aimed at regional development. The Ministry of Public Finance has granted, in 2013, important State aid for ensuring sustainable economic development, and for the project developed by the firm „Ford Romania SA” in Craiova.

The Ministry of Economy has granted State aid for strengthening and upgrading the productive sector, through investment achieved by large enterprises, related to the operation a) "Support for strengthening and upgrading the productive sector, by tangible and intangible investment" - Priority Axis 1 ("An innovative and eco-efficient

production system"), within the Sectoral Operational Programme "Increasing Economic Competitiveness".

In 2013, **Sectoral State aid awarded at the EU level** amounted to 6.66 billion Euros, having a share of 10.62% in the total granted State Aid (less State aid awarded to the railway transport) – **Table 5**.

Table 5.

Volume of State Aid granted for sectoral objectives, at the EU level

		2011	2012	2013
Total State aid granted for sectoral objectives (EU-28)	Billion Euros, 2013 constant prices	7.57	8.31	6.66
Share in the Total Community State Aid (less railway transport sector)	%	11.42%	12.45%	10.62%
of which:				
Sectoral development	Billion Euros	5.50	6.10	4.61
Rescuing / restructuring firms in difficulty	Billion Euros	0.56	0.69	0.50
Aid for closing mines	Billion Euros	1.51	1.51	1.54

Sectoral State aid awarded in **Romania**, in 2013, amounted to 47.7 million Euros, having a share of 5.42% in the total national State aid (less State aid to railway transport sector).

The most important sectoral State aid approved by the European Commission for Romania was granted in 2013 by the Ministry of Economy, and amounted to 33.4 million Euros, aiming to close 3 mining production units within the National Pit Coal Company Petrosani SA (namely, Petrila, Paroseni, and Uricani).

The largest sectoral State aid at Community level (EU-28) has been granted by the Member States mentioned below:

- for the **sectoral development** objective: France (1.95 billion Euros, in 2013), Greece and Denmark;
- for the objective "**rescuing / restructuring firms in difficulty**": Greece, and Malta;
- for the objective "**closing unprofitable coal mines**": Germany, and Romania.

State aid awarded to **agriculture at Community level** has attained, in 2013, a value of **8.4 billion Euros**, and a share of **13.40%** of total State aid (less State aid granted to railway transport).

The level of such State aid (in value terms) decreased gradually, during the 2011-2013 period, from 9.4 billion Euros in 2011, to 8.4 billion in 2013 (**Table 6**).

The most important State aid to agriculture has been awarded by the following EU Member States: France (1.4 billion Euros), Finland (1.12 billion Euros), Germany (1.01 billion Euros), Italy (0.74 billion Euros), and Poland (0.72 billion Euros).

In **Romania**, State aid granted to agriculture, in 2013, amounted to 35.0 million Euros.

Table 6.

State aid* awarded, at Community level (EU-28), in the agriculture field, and in the field of transport (less State aid granted to railway transport)

- 2013 constant prices –

		2011	2012	2013
Total State aid granted in the <u>agriculture</u> field (EU-28)	Billion Euros	9.34	9.31	8.40
Share in the total Community State aid	%	14.12%	13.96%	13.40
Total State aid granted in the <u>transport</u> field (EU-28)	Billion Euros	2.17	1.90	1.39
Share in the total Community State aid	%	3.20%	2.85%	2.21%

* less State aid granted in the railway sector

Member States which awarded the largest State aid in the **transport field** (less the railway transport) were the following: Germany (0.20 billion Euros), Spain (0.15 bln. Euros), Denmark (0.13 bln. Euros), Finland (0.12 bln. Euros), the Netherlands (0.19 bln. Euros), and France (0.11 bln. Euros), the majority State aid being granted in the field of maritime transport.

Regarding State aid for undertakings operating in the **railway sector**, it should be mentioned that, in 2013, at the EU level, the awarded amount was of **42.3 billion Euros**. Among the EU Member States that granted the largest State aid in the railway sector were: France, with the highest level (13.7 bln. Euros), followed by Germany (9.3 bln. Euros), Italy (5.2 bln. Euros), and Belgium (3.12 bln. Euros).

In 2013, **Romania** awarded to the railway sector a State aid amounting to 0.295 billion Euros. Other EU Member States from our area granted subsidies for this sector, as follows: Hungary - 0.85 billion Euros, Poland – 0.50 bln. Euros, Czech Republic – 0.51 bln. Euros, and Croatia – 0.33 bln. Euros.

Classification of State Aid according to its nature, at the EU level

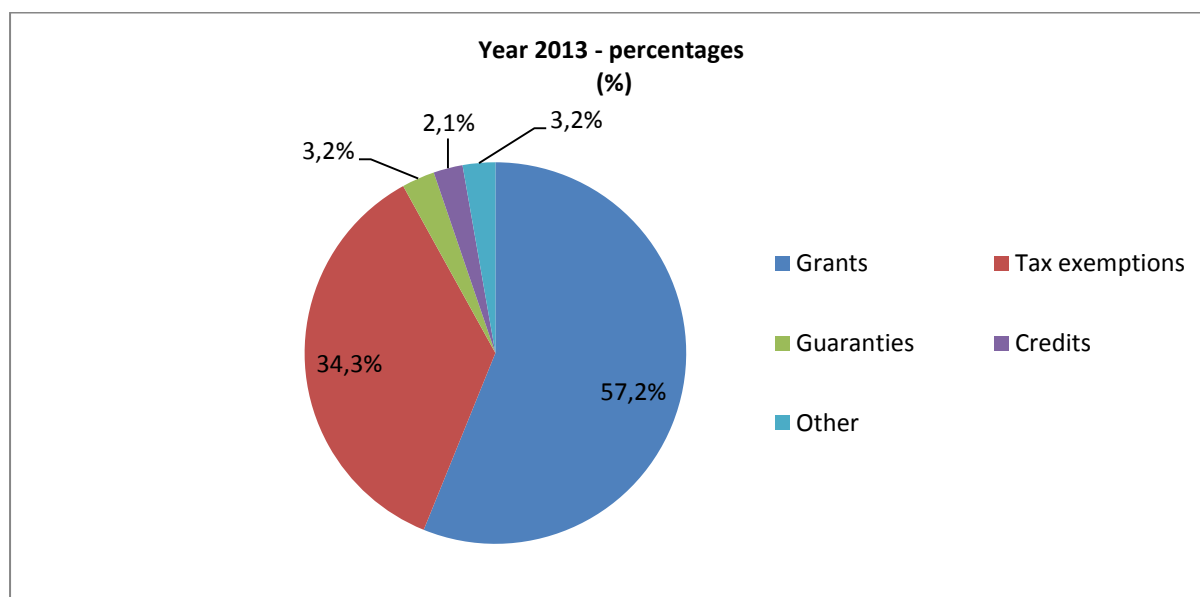
From data centralized by the Community experts, with regards to the nature of Non-crisis State aid, resulted that over 57% of the State aid took the form of grants, subsidies, non-refundable amounts, transparent State aid - easy to be quantified in cases of aid schemes or in cases of individual aid (**Chart 4**).

At the same time, it should be mentioned that over 34% of State aid awarded by the Member States took the form of tax exemptions (exemptions/reductions to budgetary duties payment, other fiscal aids), all these forms being considered, by the European Commission, as less transparent State aid.

Non-crisis State aid has been also granted in the form of guarantees, and credits, but its share was much small (3% of the total non-crisis State aid).

Chart 4.

Structure of State Aid granted at the Community level, in 2013, according to its nature



In **Romania**, the non-crisis State aid awarded in the form of grants, subsidies, and non-refundable amounts, represented – in 2013 - over 99% of the total State aid granted at the national level.

State aid awarded for fighting against the financial and economic crisis

Starting with 2008, the financial crisis has caused major turbulences in the financial markets, and this has led to the fast intervention of the European governments, in order to limit, as much as possible, its negative effects.

State aid granted to the financial institutions was decisive for restoring the confidence in the financial sector, and avoided (prevented) a general crisis within the European banking system.

State aid awarded to the financial and banking sector

During the period October 1, 2008 - October 1, 2014, the European Commission took more than 450 decisions to authorize State aid measures granted for the financial sector.

The total volume of State aid authorized **for recapitalizing the financial institutions, and for rescuing the impaired assets** within the financial institutions amounted to 1,490.3 billion Euros.

Table 7

Total volume of State aid authorized during the period 2008-2013, at EU level, in the form of measures for recapitalizing the financial sector, and in the form of measures for rescuing the impaired assets

The form of State aid	Total volume of State aid authorized during the period 2008-2013	
	Billion Euros	Share in the Community GDP - 2013
Measures for recapitalizing the financial sector	821.13	6.3%
Measures for rescuing the impaired assets	669.13	5.1%
Total	1,490.26	11.4%

As regards **guarantees and other support forms authorized for the banks liquidity**, it should be mentioned that these attained the highest level in 2009 (volume: **835 billion Euros**; share in the EU GDP achieved in 2013: 6.4%).

In 2013, due to the decrease of economic crisis intensity, the guarantees and other forms of support for the banks liquidity (in terms of volume) dropped to **349.7 billion Euros**, and, respectively, to 2.7% of the EU GDP recorded in 2013 (**Table 8**).

Table 8

The amounts authorized in the form of State aid to guarantees, and other measures of liquidity, within the EU

Form of State aid	Total amount authorized in 2009 (highest level for 2008-2013)		Total amount authorized in 2013	
	Billion Euros	Share in the Community GDP - 2013	Billion Euros	Share in the Community GDP - 2013
Guarantees	835.8	6.4%	349.72	2.7%

Table 9

State Aid awarded, and revenues/amounts collected, over the period 2008-2013, according to the instrument for granting State Aid used by the Member States

Instrument (form) of State Aid	Total State aid awarded during the period 2008-2013		Total revenues collected (earned) by the Governments of the EU MS for the measures granted between 2008-2013 (ex. taxes, guarantee premium)	
	Billion Euros	Share in the Community GDP - 2013	Billion Euros	Share in the Community GDP - 2013
Measures for	448.16	3.4%	109.64	0.8

recapitalizing the financial sector				
Measures for rescuing the impaired assets	188.24	1.4%		
Other measures of liquidity	70.15	0.54%		
Guarantees	3.13	0.02%	38.16	0.3%

At the EU level, the most important State aid for the financial sector having the nature of **recapitalizing measures** has been awarded by the following 5 EU Member States: **Great Britain** (100.14 billion Euros – 5% of the national GDP), **Germany** (64.2 bln. Euros – 2.43% of the national GDP), **Ireland** (62.78 bln. Euros – 38.3% of the national GDP), **Spain** (61.85 bln. Euros – 6.05% of the national GDP), and **Greece** (40.85 bln. Euros – 22.44% of the national GDP).

Over the period 2008-2013, the largest State aid amount for the category of measures aimed at **rescuing impaired assets** has been granted by the following 4 Member States (MS): Germany (the largest State Aid awarded: 79.9 billion Euros; 2.92% of the national GDP), followed by Great Britain (40.4 bln. Euros; 2.13% of the national GDP), Spain (32.90 bln. Euros; 3.22% of the national GDP), and Belgium (21.83 bln. Euros; 5.70% of the national GDP).

Up to the 1st October, 2013, the Commission has approved measures related to financial crisis in nearly all Member States, except Bulgaria, the Czech Republic, Estonia, Malta, Croatia, Poland and Romania.

State Aid awarded under the Temporary Crisis Framework

While the EC authorized the total amount of State aid to be granted under the Temporary Crisis Framework, at the EU level, over the period 2009-2011 (82.9 billion Euros), the EU Member States awarded (under the same Temporary Crisis Framework, and during the same period) a volume of State aid amounting to 35.7 billion Euros.

The most important State aid has been awarded by Germany (17.7 billion Euros), France (6.2 bln. Euros), Austria (1.8 bln. Euros), Slovenia (1.5 bln. Euros), and Sweden (1.1 bln. Euros).

The measures granted under the Temporary Crisis Framework were valid until the end of 2011.

Annex
regarding the situation of State Aid*
granted in the European Union (EU-28), in 2013

Crt. No.	EU (28 MS – Member States)	Total State aid granted in the MS of the EU-28 (million Euros) - 2012 -	Share of State aid granted by the MS in the Total Community State aid - %	GDP achieved by the Member States of the EU (EU MS) (million Euros) - 2013 -	Share of State aid in the national GDP
	TOTAL EU-28	62,736.9	100%	13,529,100	x
	of which:				
1	France	12,988.8	20.70	2,113,687	0.61
2	Germany	12,017.6	19.16	2,809,480	0.43
3	Great Britain	4,607.7	7.34	2,017,194	0.23
4	Italy	3,520.4	5.61	1,618,904	0.22
5	Sweden	3,367.4	5.37	436,342.4	0.77
6	Greece	2,919.7	4.65	182,438	1.60
7	Spain	2,779.2	4.43	1,049,181	0.26
8	Poland	2,671.0	4.26	395,962.4	0.67
9	Finland	2,545.7	4.06	201,341	1.26
10	Denmark	2,526.0	4.03	252,938.9	1.00
	EU-28 Average	2,240.60	3.57	483,162.1	0.49
11	Netherlands	2,006.7	3.20	642,851	0.31
12	Austria	1,816.3	2.90	322,594.6	0.56
13	Czech Republic	1,658.1	2.64	157,284.8	1.05
14	Hungary	1,524.0	2.43	100,536.5	1.52
15	Belgium	1,466.4	2.34	395,262.1	0.37
16	Romania	879.2	1.40	144,282.2	0.61
17	Ireland	797.2	1.27	174,791.3	0.46
18	Slovenia	579.1	0.92	36,144	1.60
19	Portugal	543	0.87	171,211	0.32
20	Latvia	373.6	0.60	23,265	1.61
21	Lithuania	205.3	0.33	34,955.6	0.59
22	Slovakia	198.9	0.32	73,593.2	0.27
23	Croatia	170.1	0.27	43,561.5	0.39
24	Luxembourg	158.1	0.25	45,288.1	0.35
25	Malta	129.3	0.21	7,543.9	1.71
26	Bulgaria	120.7	0.19	41,047.9	0.29
27	Cyprus	104.2	0.17	18,118.9	0.58
28	Estonia	63.0	0.10	18,738.8	0.34

* Including aid for agriculture, fisheries, and aquaculture (not included State aid granted for the railway sector)