



European Commission - Competition

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Why control State aid?

A company which receives government support gains an advantage over its competitors. Therefore, the [Treaty](#) generally prohibits State aid unless it is justified by reasons of general economic development. To ensure that this prohibition is respected and exemptions are applied equally across the European Union, the European Commission is in charge of ensuring that State aid complies with EU rules.

What is State aid?

State aid is defined as an **advantage** in any form whatsoever conferred on a **selective basis to undertakings** by national public authorities. Therefore, subsidies granted to individuals or general measures open to all enterprises are not covered by this prohibition and do not constitute State aid (examples include general taxation measures or employment legislation).

To be State aid, a measure needs to have these features:

- there has been an **intervention by the State or through State resources** which can take a variety of forms (e.g. grants, interest and tax reliefs, guarantees, government holdings of all or part of a company, or providing goods and services on preferential terms, etc.);
- the intervention gives **the recipient an advantage on a selective basis**, for example to specific companies or industry sectors, or to companies located in specific regions
- **competition has been or may be distorted**;
- the intervention is likely to **affect trade between Member States**.

Despite the general prohibition of State aid, in some circumstances government interventions is necessary for a well-functioning and equitable economy. Therefore, the Treaty leaves room for a number of **policy objectives for which State aid can be considered compatible**. The [legislation](#) stipulates these **exemptions**. The **laws** are regularly reviewed to improve their efficiency and to respond to the European Councils' calls for less but better targeted State aid to boost the European economy. The Commission adopts new legislation is adopted in close cooperation with the Member States.

How is State aid verified?

The European Commission has strong investigative and decision-making powers. At the heart of these powers lies the **notification** procedure which -except in certain instances- the Member States have to follow.

The [2013 revision of the State aid Procedural Regulation](#) introduced the possibility of conducting State aid sector inquiries, which was previously only possible as part of Antitrust and Merger control. State aid sector inquiries can be launched in situations where State aid measures may distort competition in several Member States, or where existing aid measures are no longer compatible with the regulatory framework.

Read about the [procedures the Commission follows in its investigation](#).

Aid measures can only be implemented after **approval by the Commission**. Moreover, the Commission has the power to **recover incompatible State aid**.

Three Commission Directorates-General carry out State aid control: [Fisheries](#) (for the production, processing and marketing of fisheries and aquaculture products), [Agriculture](#) (for the production, processing and marketing of agricultural products), and [Competition](#) for all other sectors.

Companies and consumers in the European Union are also important players who may trigger investigations by lodging [complaints](#) with the Commission. Furthermore, the Commission invites interested parties to submit comments through the [Official Journal](#) of the European Union when it has doubts about the compatibility of a proposed aid measure and opens a [formal investigation procedure](#).

Transparency

As of 1 July 2016 the new transparency requirements for state aid enter into force and become mandatory based on Article 9 and annex III of [GBER](#), the corresponding provisions of [FIBER](#) and [ABER](#), and where provided for in notifications and decisions.

The [state aid transparency public search](#) gives access to state aid individual award data provided by Member States in compliance with the European transparency requirements for state aid. Citizens and companies can easily access information about awarded aid: name of the beneficiary, amount, location, sector and objective.

The purpose of the transparency requirements is to promote accountability of granting authorities and to reduce asymmetries on the market for state aid. Complementary information on all authorised state aid in the EU, including information in relation to the transparency requirement,



can be found in the [database of competition cases \(ISEF registry of the European Commission\)](#)

See also

- The [contribution of competition policy to addressing the recent financial and economic crisis, including state aid decisions in the financial sector](#).