

STATE AIDS AND STRUCTURAL FUNDS

What is State Aid

Article 87(1) of the Treaty of Rome sets out the criteria as to what constitutes State Aid, namely:

- Aid provided through State resources;*
- Distorts or threatens to distort competition;
- Favours certain undertakings or the production of certain goods;
- Affects trade between Member States.

*Includes allocations from approved Structural Funds programmes.
N.B To be considered State Aid, all of the above criteria have to be satisfied.

The European Commission (EC) consider that State Aid includes the following examples:

- Grants to firms for Investment, Training or Research and Development;
- Cash injections to public enterprises;
- Loans and Guarantees;
- Consultancy advice;
- Infrastructure projects benefiting identifiable end users.

Whilst this list is by no means exhaustive, it does reflect some of the activities associated with Structural Funds programmes.

The importance of State Aid

You will see from the foregoing that all benefits given by Her Majesty's Government at all levels to certain undertakings could be State Aid. It is important that any businesses that receive Structural Funds support in good faith should never find themselves facing problems or uncertainties.

The EC can insist that any illegal State Aid can be halted and repaid with interest. In addition, the recipient of such funding is open to legal action from any competitor within the European Union to seek damages.

It should be noted that the State aid rules are developing all the time, particularly with new regulations and case law.

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Sources of further information

- The European Secretariat from your Government Office. A list is available from [Annex E](#).
- The Department's State Aid Policy Unit website.
<http://www.dti.gov.uk/ccp/stateaid/>
- The EC's Competition Directorate website.
http://europa.eu.int/comm/competition/state_aid/legislation/