



EU State aid rules for the steel sector

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What is State aid?

Article 107(1) TFEU defines 5 criteria*:

- State Resources
- Confers an advantage
- Selective
- Potential to distort competition
- Effect on trade between Member States

*all 5 must be met

In principle, prohibition

What is State aid?

State aid is not just subsidies or grants, can also cover e.g.:

- Tax waivers or deferrals
- Sale of assets below market price (e.g. land sale)
- Omission to collect or enforce debt
- Guarantees
- Sheltering from bankruptcy proceedings

Compatibility

Article 107 (1) TFEU contains a **general prohibition** of State aid.

But: The TFEU leaves room for a number of policy objectives which can be supported through State aid and are considered **compatible with the internal Market** (through individual decision or block-exemption).

Definition "Steel Sector"

All activities related to the production of one or more of the following products:

- (a) pig iron and ferro-alloys;
- (b) crude and semi finished products of iron, ordinary steel or special steel;
- (c) hot finished products of iron, ordinary steel or special steel;
- (d) cold finished products;
- (e) tubes (all seamless steel tubes, welded steel tubes with a diameter of over 406.4 mm).

State aid for the Steel Sector

Steel sector is subject to the general rules but to a more rigorous application than other industries:

- Certain types of aid that are particularly distortive are prohibited for the steel sector
- Other types of aid that contribute to the EU 2020 objectives are possible

Certain types of aid are excluded

Specific exclusions of the steel sector:

- No Rescue and Restructuring aid (= no support for companies in difficulty)
- No Regional aid (= no support for investment in disadvantaged regions)

No Closure aid (generally prohibited for all sectors, with the exception of uncompetitive coal mines)

Other types of aid are possible

Steel companies (as all other companies) can benefit from several categories of State support measures that contribute to the EU 2020 objectives, such as:

- Research, Development and Innovation aid
- Environmental aid
- Training aid
- De minimis aid

Emissions Trading

Steel is recognised as one of 15 sectors at risk of carbon leakage in the **ETS State aid Guidelines** adopted in May 2013.

It may therefore receive financial compensation as from 1.1.2013 until 31.12.2020 during the ETS 3rd phase.

The rules allow subsidies of up to 85% of the increase faced by the most efficient companies in each sector from 2013 to 2015, a cap that will gradually fall to 75% in 2019-2020.

Conclusion

EU State aid policy for the steel sector aims at limiting its structural problems and increasing competitiveness of the whole sector

At the same time the rules allow to stimulate sustainable development and the use of innovative technologies in the industry



Thank you for your attention!

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