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NOTE

From: Austrian delegation
To: Council

Subject: Essential building blocks for a competition law and State aid framework enabling European competitiveness
- Information from the Austrian delegation

Delegations will find attached an information note from the Austrian delegation on Essential building blocks for a competition law and State aid framework enabling European competitiveness with a view to AOB items at the meeting of the Competitiveness Council on 27 May 2021.

Essential building blocks for a competition law and State aid framework enabling European competitiveness

Europe's competition policy and its State aid framework are at a crossroads. Clear rules and fair competition behaviour have been crucial for the development of a level playing field in our common Single Market and are, therefore, essential for our wealth, global competitiveness and even more important, for the current period of recovery and resilience. However, the global competition environment has evolved. The COVID-19 crisis has severely impacted the European economic system and its global trade relations and has shown shortcomings for which adaption and renewal are needed.

The paper reflects different approaches towards a future competition and state aid framework. Starting with an outline of new rules for merger control that might create more fairness in global competition and finding good ways to enable European digital sovereignty, it is also stated that competition must not be an end in itself - better consideration of quality and innovation is key. As third country actors also distort competition in Europe, the work for a level playing field is crucial.

In order to strengthen the EU's resilience and competitiveness, a push for modernization of state aid procedures is essential, as it is also a boost for recovery. The temporary framework is therefore a good basis for further discussions. In order to not-exclude especially newly founded innovative enterprises from aid measures due to a lower equity-ratio in early stages, the description of "company in difficulty" has to be re-defined. Besides the positive "green effects" of state aid and the need to simplify rules for aid to risk financing, the external dimension and a multi-country state aid approach - including improvements for the use of IPCEIs - will be also key for the future global competitiveness of the EU.