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IRU position on DE MINIMIS STATE AID FOR THE TRANSPORT SECTOR

IRU Position on "de minimis" State aid for the transport sector.

I. ANALYSIS

- Council Regulation 994/98 authorises the Commission to set a ceiling for State aid – called *de minimis* ceiling - for certain enterprises or productions. Aid less than this is allowed as it is considered that it is not important enough to affect trade or distort competition between the Member States and therefore, it is not subject to the notification requirement.
- The *de minimis* ceiling is fixed at EUR 100 000 over a period of three years and applies to the following categories:
 - a) small and medium-sized enterprises,
 - b) research and development,
 - c) environmental protection, and
 - d) employment and training.
- The right to grant a *de minimis* aid without a notification obligation was set down in Commission Regulation 69/2001 of 12 January 2001. Regulation 69/2001 applies to aid granted to enterprises in ALL sectors, with the exception however of the transport sector. When drawing up Regulation 69/2001, a special status was given to the transport sector, which was considered as a sector where even a small amount of State aid could distort competition between transport companies.
- The EU Commission recently launched a public consultation on a draft Proposal for a Regulation amending Commission Regulation 69/2001 (deadline: 14 July 2005) http://europa.eu.int/comm/dgs/energy_transport/state_aid/doc/consultation/draft_regulation_amending_69_2001_en.pdf) aiming to rectify the situation by deleting the exclusion of the transport sector from the *de minimis* rule. It considers that the transport sector is sufficiently liberalised and consequently should also be able to benefit from aid schemes without preliminary notification to the Commission.
- The Commission is, however, of the opinion that when including the transport sector in the scope of the *de minimis* rule an exception should be made for the acquisition of vehicles. Subsidised investments in road vehicles are considered as operating aids and

could also increase the road vehicle fleet, which, in a very competitive market, might cause further non desirable reductions in profit margins.

- In the context of the Consultation procedure the IRU would like to draw the Commission's attention to the following facts:
 - a) The purchase of new road vehicles should be classified under the allowed category "environmental protection" as the purchase of Euro IV and V vehicles ensures a reduction in gaseous emissions of more than 50% in NOx to 75% in particles, compared to the Euro II standard.
 - b) Contrary to what the European Commission believes, the road vehicle fleet did not increase over the last year. Compared to the January 2005 situation, there was a decrease in January 2006 of (source: ACEA, new commercial vehicle registrations, EU + EFTA countries):
 - 9.2 % in heavy goods vehicles above 3.5 t;
 - 12.4 % in heavy goods vehicles above 16 t;
 - 20.7 % in buses and coaches above 3.5 t
 - c) According to the RENOVE judgements of the Court of Justice (Renove I – 26 September 2002 and Renove II – 13 February 2003, Spain v Commission), rolling stock for own account transport is included in the scope of application of *de minimis* State aid. Excluding rolling stock for transport for hire or reward would lead to an unequal situation.
 - d) There is a contradiction between the wordings in the preamble mentioning only road haulage and the Proposal for a Regulation mentioning all road transport companies, including freight transport as well as passenger transport. The Commission must adapt the preamble to avoid any confusion on the application of the *de minimis* State aid for passenger transport, as well.

II. IRU POSITION

In principle, the IRU is against State aid for any transport mode.

However, granting *de minimis* State aid to the transport sector can be seen as a positive step towards sustainable development when the State aid is used as an incentive to encourage road transport operators to accelerate the implementation of innovative technology and practices, such as training, higher quality services, advanced development in IT e.g. in relation to Galileo, upgraded safety and environmental performance of trucks, buses and coaches.

The exclusion of the acquisition of all road vehicles from the scope of the *de minimis* rule is in this context unacceptable and incomprehensible as road fleet modernisation is considered the most cost-effective way to reduce the impact of road transport on the environment. Therefore, the accelerated acquisition of new Euro IV and particularly Euro V vehicles must fall under the scope of application.