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Cynulliad National
Cenedlaethol Assembly for
Cymru Wales

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14 September 2005

State Aid Action Plan

HT 336

Dear Madam

The Economic Development and Transport Committee of the National Assembly for Wales has recently considered the Commission's proposals for future reform of State Aids.

The Committee recognises the need for comprehensive reform, following enlargement in 2004 and welcomes the Commission's desire to promote a State Aid regime which contributes to the aims of the Lisbon strategy.

The Committee's own aim in any reform is obviously to achieve the very best possible result for Wales; one that supports our own desire for a knowledge driven economy and promotes sustainable growth, social and regional cohesion and environmental protection. But they also recognise the benefits that can be brought by applying these principles to State Aid across the Member States, bringing a level playing field to a huge consumer market.

The Committee wishes to make the following comments on the Action Plan and on Regional Aid more generally:

- In the Regional Aid guidelines, published in July, the Commission proposes that regions that fall into statistical effect areas should remain at 87(3)a for regional aid until 2009 and then should be the subject of a status review. The Committee very much welcomes this proposal and the impact it will have in Wales.
- Wales traditionally has a large proportion of small and medium sized companies and any proposals to reduce aid for larger companies might affect Wales' ability to attract and retain inward investment. We understand there has been some debate about the rules governing large investment projects, which of course tend to be undertaken by large companies, and we would welcome



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further consideration by the Commission of the effect of supporting these projects. We would also support further debate on the classification of the size of companies.



- While the Committee does not disagree with a move towards horizontal aid, support for Research and Development is an area that is very important for future economic development in Wales and we would wish to see continuing, special provision for such aid. We would not wish to see State Aid rules reduce the ability for regions to support innovative or creative projects which carry little risk to competitive markets.

Christine Gwyther

Christine Gwyther AM

Chair, Economic Development and Transport Committee

Cadeirydd, Pwyllgor Datblygu Economaidd a Thrafnidiaeth