

Consultation document on state aid for innovation

AIM Response
Brussels, 21 November 2005

AIM took note with great interest of the Commission's communication on the consultation document on State aid for innovation. AIM would like to make following general comments on the consultation document.

State aids which distort competition in the Common Market are prohibited by the EC Treaty. However for a certain kind of activities, state aids are legitimate and art. 87 rightly provide exceptions to the general competition rules. According to AIM, a separate framework for innovation should be linked to these exceptions provided in art. 87 of the Treaty. AIM would also like to request that all kind of organisations who could be considered to be a potential user of such exceptions should be treated equally irrespective of their legal status. The Commission should also take into account other possibilities already provided to allow state aid, e.g. de minimis rules, which could be raised to a higher level in order to provide a wider exemption to low-scale State financing.

In this sense AIM would like to suggest to the Commission to provide a better understanding of what is meant by 'A separate Framework for Innovation'? What does mean "Innovation"? In the pharmaceutical sector for example, no consensus exists at all what is meant with an "innovative medicine". According to AIM state aid for innovation may be granted if the innovation is in connection with the exceptions enumerated in art. 87 e.g. innovation to deliver growth and job creation, in case of economic development of underdeveloped areas, natural disasters, etc.

AIM fully agree with the Commission's analyse (topic 24) pointing out that State aid to large undertakings or to undertakings with a high market share may only be authorised after an investigation by the Commission. In some sectors said 'highly innovative', the fixed ratios for return on investment are extremely high but this is not a reason to agree a state aid. In this case we would not speak about market failures but about market hazards.

Among market failures, the annex mentions a poor industry-academia interaction and lack of collaboration and networking. This is probably true. AIM would recommend that this problem needs probably a sector by sector analyse. As regards PPP, sometimes there is an "ethical" dimension behind the non collaboration. AIM is therefore of the opinion that PPPs should fully respect the types of governance of partners, their CSR as well as their missions which might be of general interest. However, as AIM s already pointed out in the framework of the high level group on patient mobility, it is in favour of a promotion of centre of excellence and more and better networking.

The sector of services of general interest provides a good example for the application of the general principles of competition law and the exceptions allowed by art 86 §2. In

some cases it is difficult to find a balance between the general rules and the exceptions. In these cases, the ECJ has to go one by a case by case study. That's why AIM would suggest the Commission not to develop specific ex-ante rules allowing state aid for innovation to the benefit of large companies, but should rather consider a case-by case study. In such a case, criteria as the not for profit objective of the activity or of the organisation as well as the general interest character of the activity should be considered.

About AIM

The '*Association Internationale de la Mutualité*' (International Association of Mutual benefit societies) (AIM), created in 1950, brings together 44 national federations of autonomous health insurance and social protection bodies in 31 countries, all operating according to the principles of solidarity and not-for-profit orientation.

They provide coverage against sickness and other social welfare risks to more than 155 million people, either by participating directly in the management of compulsory health insurance, by providing voluntary health insurance or by delivering directly health care and social services through own facilities.

AIM's goal is to defend and promote, at international and European level, the social values and basic principles shared by its members: access to health care as a fundamental right, solidarity and non-exclusion as essential means to ensure this access to quality health care for all, irrespective of health status or financial capacity to pay; finally, autonomous management and non profit orientation as guiding principles for health insurance based upon the needs of citizens.

AIM endeavours to voice concerns and ideas raised within the sphere of non-profit health insurance institutions in the EU. AIM positions, requiring validation through its own statutory decision-making process, do not commit its individual member organisations. Therefore, AIM involvement does not detract its member organisations from taking dissentient views.