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*The EU State Aid System in the face of crises*

*Summary*

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The aim of this dissertation is to examine the structure and evolution of state aid instruments during three breakthrough precedents: the financial crisis of 2008, the outbreak of the COVID-19 pandemic in 2020 and the escalation of Russia's military aggression against Ukraine in 2022. The doctoral dissertation therefore critically assesses the functioning of the EU state aid system in situations of contemporary systemic crises, particularly by analysing the relevant regulations, the application of soft law acts and case law. State aid is, in principle, prohibited under the EU legal system. However, in circumstances specified in the Treaty on the Functioning of the European Union (hereinafter referred to as the TFEU), the European Commission (hereinafter referred to as the EC or Commission) is empowered to control and regulate the rules for granting state aid. In times of crisis, the EC can establish special rules on state aid instruments, enabling Member States to intervene in support of affected economic entities, while ensuring a level playing field within the internal market, preventing waste of subsidies or excessive subsidisation by individual EU Member States. In this context, each of the crises under study, which have had significant impact on the functioning of the EU internal market may constitute a turning point in the development and shaping of the EU system of state aid law.

This dissertation employs the legal-dogmatic method, the historical-descriptive method, the economic analysis of law, and the empirical-legal method. The research thesis has been tested by analysing the research questions using the adopted scientific methods.

Thesis: The EU state aid system is an effective tool for preventing negative economic effects in the event of a crisis of a systemic nature affecting the EU internal market.

Research questions:

1. How have various crises influenced the development of the EU state aid system?
2. Do the EU state aid regulations constitute a coherent control tool enabling the modification of the rules for granting it in response to changes in the situation on the common market?
3. Do the EU state aid regulations adequately account for the economic aspects of the common internal market?
4. Were EU state aid regulations an effective tool to effectively prevent or mitigate the effects of economic crises of various origins (the 2008 financial crisis, the outbreak of the COVID-19 pandemic in 2020 and the escalation of Russia's military aggression against Ukraine in 2022)?
  - 4.1. Was their application necessary to maintain the functioning of the internal market?

4.2. Were the measures taken proportionate to the actual threat to the internal market?

4.3. Do they enable sustainable economic development?

Chapter I examines the process of evolution of regulations in the field of control of state interventions in the economy consisting in favouring certain entities or branches of the economy, as well as the impact of the economic situation on undertaking the above-mentioned interventions. This chapter aims to present a retrospective analysis of the development of state aid law. The formation of European regulations concerning the development of support for certain types of activities by the state is presented from the emergence of mercantilist ideas, the conclusion of interstate agreements on subsidies for foreign trade, to the emergence of general outlines of the structure of state aid principles during the negotiations of Community treaties and their further evolution.

Chapter II reviews and analyses EU regulations on state aid from the perspective of coherence and transparency. The analysis of EU regulations governing state aid is a matter of correctly defining and specifying the scope of state actions under in this category. It is therefore necessary to make a conceptual distinction between state aid and other actions constituting a manifestation of intervention in the efficiency of enterprise management.

Chapter III focuses on presenting the role and significance of the economic aspects of EU state aid control, including ex-ante and ex-post control. This chapter addresses the issue of granting aid as a remedy for numerous market failures. The chapter contains an analysis of the main economic aspects related to EU state aid rules. The first issue under consideration is the economic justification of state aid control. The considerations present arguments related to the rationality and justification for granting state aid, as well as potential threats to the functioning of the common market related to its granting. The next step is to refer to the principles and methods of ex-ante and ex-post assessment of granted aid developed in the decision-making practice of the EC and in the judgments of the CJEU. The use of economic assessment methods is crucial, as determining whether a particular aid measure favours a specific enterprise can be challenging.

Chapter IV analyses the activities of EU bodies (in particular the EC) in the area of establishing rules for state aid control in response to crisis situations. This chapter presents and critically analyses the response of the EU authorities responsible for state aid control in the case of three systemic crises: the financial crisis of 2008, the COVID-19 pandemic and the Russian aggression against Ukraine and the related consequences for the EU internal market. The

evolution of the EC's state aid policy is a dynamic process resulting from the interconnection of this area of regulation with the main economic and political events that affect the EU. A number of integration periods in the process of creating the EU show how the objectives and priorities of state aid policy were and are influenced by all political and economic conditions. The scope of the EC's discretion in exercising its powers was subject to institutional control, as well as political mechanisms and pressures that indirectly shape its decision-making practice. Analogous mechanisms also occur in the case of a systemic economic crisis in the internal market.

The conclusion includes a verification of the adopted thesis, an assessment of the research questions, and final conclusions. The conclusion reviews the research findings, offering final observations based on the applied evaluative criteria.

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