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# The Financial Crisis and its implications for State Aid and Competition Policy

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# Financial and economic crisis



- Competition and State Aid rules: maximise positive effects, minimise negative spillovers
  
- State aid - common objectives:
  - preserve financial stability
  - deal with the risk of insolvency
  - ensure lending to the rest of the economy

# Financial and economic crisis



- State aid – taking into account the need to ensure:
  - fair competition between member States
  - fair competition between banks
  - a return to normal market functioning
  
- Mergers

# State aid – banking sector



- Rescue measures
- National support and recapitalisation schemes
  - Guidelines
  - Pricing of guarantee schemes
  - Communication on recapitalisation
- Restructuring

# State aid – “real” economy



- Commission's Economic Recovery Plan
- State Aid Action Plan
- Aid for the transition (employment, training, retraining, SMEs)

# Mergers



- Standstill obligation – no hindrance to acquisition of failing banks or their assets
- Counterfactual
- Failing firm defence
- Remedies

# The longer view



- EU competition rules can deal with most scenarios
- Important to stand firm: relaxing the rules would hinder growth and recovery