

## EU must tackle illegal state aid

*From Mr Philippe Bodson.*

Sir, European Union competition commissioner Neelie Kroes should get all the support she needs in order to implement what she announced as the "Monti-Plus" method for tackling state aid that distorts competition between companies. It is time to reform EU state aid policy, focusing funding in areas of the economy and situations where aid does not distort competition, but contributes to improving the internal market.

Investing taxpayers' money where it provides the best return on investment for Europe's ailing economy and encouraging innovation, research and development to unleash the dynamics of competition are the necessary ingredients needed to drive growth and jobs. Mrs Kroes' ideas should not remain objectives, but should be made reality soon. There are some excellent opportunities to put the theory to the test, one of which is the on-going investigation into alleged competition-distortive state aid granted to ABX Logistics in Belgium.

On May 3, the Commission announced that it would extend the investigation procedure on the compatibility with EU rules of the state funds used by ABX, the commercial logistics subsidiary of Belgian Railways, the SNCB. For years, Belgium has injected money into the loss-making SNCB Group to build a group with branches all over the world operating in the fields of logistical services and in parcel delivery services by road, air and sea. It needs to be seen if the new financing is justifiable under EU state aid policy.

One usually associates state aid with direct funding granted by a government to a suffering company or region. But often organisations that have been publicly financed and are now operating in commercial areas are receiving unjustified public contributions.

The Free and Fair Post Initiative is glad to see that the European Commission is continuing its efforts of market policing and state aid control in the postal services sector, where distortions of competition are still too frequent. I would encourage Jacques Barrot, the commissioner for transport in charge for the ABX case, to take this opportunity to show that the Commission speaks with one voice on competition. It is important that Europeans see that the Commission's commitment - as demonstrated in the past years with decisions on important cases, such as illegal state aid granted to Deutsche Post - remains strong.

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