

# **The Law of State Aid Focusing on Steel Industry**

## **Abstract**

The law of state aid is one of the fundamental pillars of the competition law. The task of this branch of law is to ensure healthy competitive environment. State interferences with the economy may, however, create unequal conditions between the competition on the market. It is therefore necessary to ensure and enforce strict regulation of state aid by law. The first part of the thesis focuses on explaining the concept of State aid under Article 107 of the Treaty on Functioning of the European Union in accordance with the case law of the Court of Justice of the European Union. Prohibited State aid is granted by State or through state resources, directly or indirectly. In addition, the measure must be attributable to the State and selectively favor only certain sectors. State does not act as reasonable private investor when providing the aid, and is not aimed at maximizing profits but at supporting the undertaking. Lastly, the aid distorts, or has the ability to distort, competition which adversely affects trade between Member State.

If the notified or planned measure appear cumulatively, such aid is prohibited and may not be granted. However, the prohibition on providing State aid is not absolute though. The thesis also deals with exemptions from the prohibition of the State aid incompatible with the internal market. First of all, there is *de minimis* exemption and then measures taken directly from the prohibition by the provisions of the Treaty on the Functioning of the European Union.

The steel industry has been experiencing an economic crisis in recent years. Steel companies residing abroad often accessing the European market are often supported by their home governments. Undertakings in the European market are disadvantaged as the implementation of State aid measures in the European union is subject to European strict rules. The adoption of stringent rules came as a result of high prosperity of the steel industry during the last century. Back then, the industry did not need any state interventions. The thesis points out the change in the situation and recent events in state aid law with regard to the steel sector.

## **Key Words:**

Competition Law

Steel Industry

State Aid