



MINISTRY OF
NATIONAL DEVELOPMENT

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State Aid Control in Hungary

Experiences of the Hungarian State Aid
Monitoring Office
(SAMO)

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Content

- Hungarian aid system
- History of establishing State aid control in Hungary
- Present tasks of SAMO
- Main challenges

The Hungarian aid system

- Central Budget (tax allowances, multiannual aid schemes, published sub-schemes/call for applications and some individual aid)
- Specialized state bodies (Development Bank, guarantee organisations, etc.)
- Local governments (independent): individual aid, mainly de minimis aid

Legislative framework in Hungary

1992 -	Article 62 of the Europe Agreement
1999-2001	Prior notification from the aid grantors – Government Decree The SAMO was established.
2002- accession	General prohibition in the Act on Public Finance + detailed substantial and procedural rules – Government Decree
Accession-	Only procedural rules - Government Decree

First period - until 1999

- No proper legal status
- Information is obtained via inter-ministerial consultation procedure or through informal channels
- Its recommendations, proposals or comments also lacked the mandatory character, not always and sufficiently followed

Criteria of Accession

- Necessary legislative framework (to ensure prior notification system)
- State Aid Monitoring Authority
- Creditable enforcement record

Second period – 1999-2001

- An Act empowered the Minister of Finance to ensure that State aid in Hungary is to be granted in accordance with Community rules.
- A Government Decree on procedural rules relating to prior notification was also adopted.
- State Aid Monitoring Office (SAMO) has been established within the Ministry of Finance.

Second period – 1999-2001

Problems

- Local authorities did not fall under the scope of the prior notification decree
- SAMO was not empowered to initiate the suspension or recovery of non-notified aid.
- Lack of transparency, because of the direct application of the Community acquis (800 pages in English).

Third period – 2002 up to Accession

- The general prohibition of aid was incorporated in the Act on Public Finance.
- Prohibition was applicable to local governments.
- Substantive rules were summarized in a Government Decree (State Aid Code).
- The Decree was also the legal basis for suspension and recovery of illegal aid.

Fourth period – From Accession

- EU rules directly applicable
- Commission approves aid plans



Is the SAMO still necessary?

From Accession – SAMO remains

- Prior notification was effective – smooth accession from the State aid point of view
- Concentrated expertise
 - to assist aid grantor to design their aid plan in conformity with EU State aid rules
 - to represent the Hungarian authorities in COM procedures

Change in the legislation after Accession

- Abolition of general prohibition on State Aid from the Act on Public Finance
- Abolition of the State Aid Code
- Introduction of new procedural rules (Government Decree)

Agriculture, fishery and forestry does not fall under the competence of SAMO!

Mandatory and preliminary notification of aid plans

- Aid plans subject to COM approval
- De minimis and GBER aid plans
- Draft of annually published calls for applications under approved/GBER/de minimis schemes

National stand still clause

Compatible aid

De minimis

SAMO approves

**GBER, SGEI decision,
1370/2007 regulation**

SAMO approves + send
information sheet via SANI
to COM

**Other aid plans seems
to comply with EU rules**

Notify to COM

Procedure in case of incompatible aid

- The SAMO proposes modifications and/or can ask for supplementary information
- If the plan is still not compatible, the SAMO informs the aid grantor on its negative opinion who can „appeal” to the Government within 15 days
- Government instructs SAMO to notify

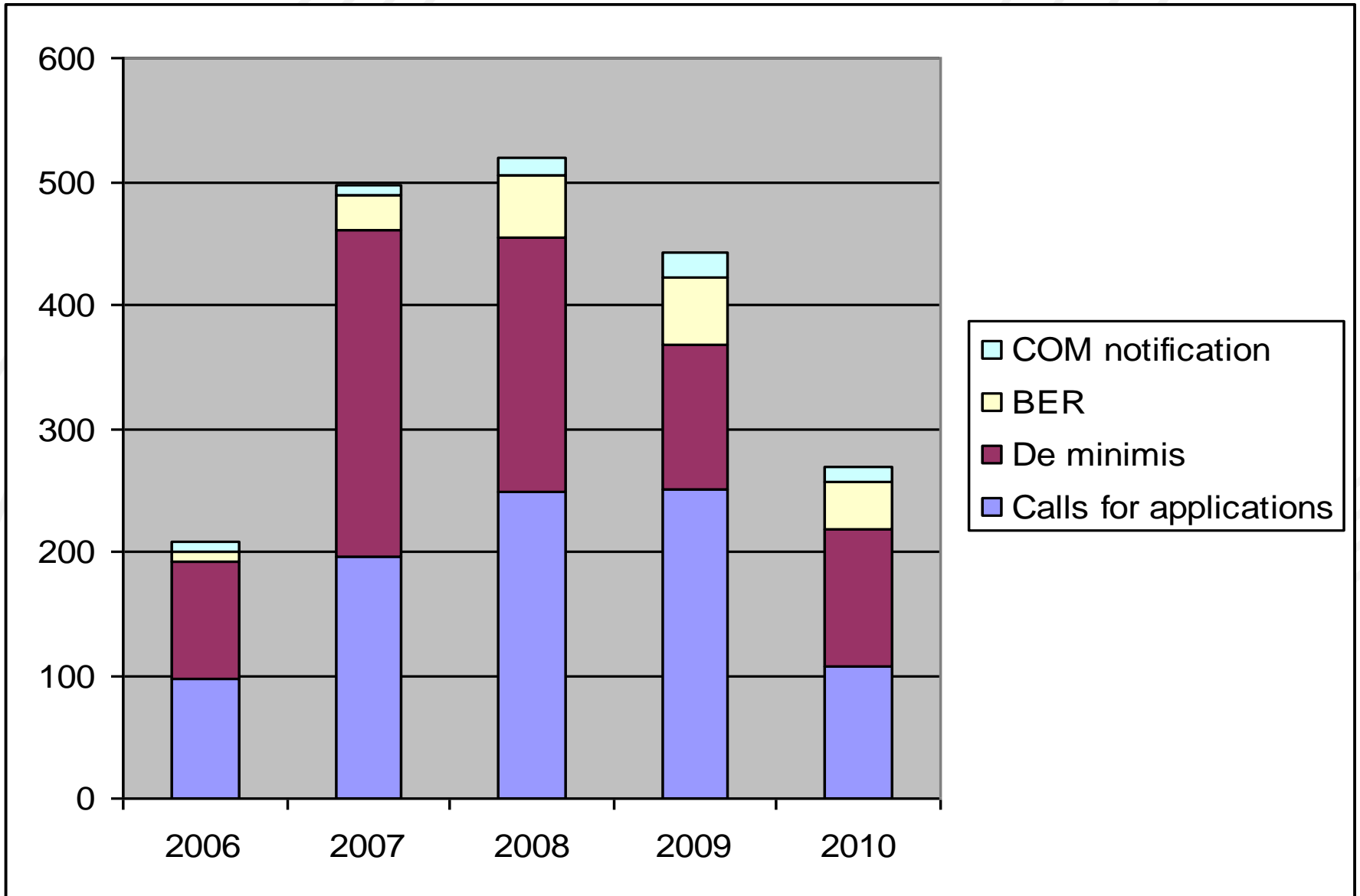
Tasks of SAMO 1.

- Helps to design aid measures in order to ensure compliance with the EU State aid rules
- Assists the aid grantors in (pre)notification-procedure
- Formal investigation procedure – assists in preparing the Hungarian position
- Coordinates and assists in answering for COM questions (complaints)

Tasks of SAMO 2.

- Recovery – coordinates the execution, but it is the responsibility of the aid grantor
- Collect data for the Scoreboard (annual report)
- Representing Hungary in multilateral meetings (prepare the Hungarian position)
- Informing & training the aid grantors (beneficiaries, advisors)

Statistics



Main problems

- Lack of knowledge concerning State aid rules
- Borderline cases / grey areas
- Change of the community rules – national law (rules on schemes) should follow
- We are the „bad guys”

State Aid Monitoring Office

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Thank you for your attention!