



EUROPEAN COMMISSION

Competition DG

Markets and cases III: Financial services
State aids II

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Subject: CP 80/2010 Complaint against the UK export credit scheme

Dear Sir and Madam,

I refer to your letter dated 22/23 March 2010 concerning the potential State aid that has been granted to the Guaranteed Export Finance Corporation (GEFCO).

According to your complaint, the GEFCO's activity is financed among others by the Export Credits Guarantee Department (ECGD) through arrangements of different kinds. I observe that, according to the information provided in your complaint, the GEFCO is a non-profit company established to refinance loans supported by ECGD (Britain's export credit agency) under the Fixed Rate Export Financing scheme and does not seem to conduct any commercial activities unrelated to its main tasks. The complaint is therefore based on the fact that a part of the State (the ECGD) is granting support to a non-profit entity (the GEFCO), which seems not to carry out any activity, where it would be in competition with other firms. The complaint provides rather vague description regarding distortion of competition that may result from this State support to GEFCO. It is only generally stated that the alleged aid affects the derivative and capital markets, in which GEFCO operates (point 6 (b) of the complaint). However, I would like to observe that GEFCO appears to be only a customer and does not offer any products on that market.

Please refer to the Case number in all further correspondence.

Therefore, it does not seem to be a producer in competition with other firm being active on these markets. In addition, as a small customer compared to the large size of these markets, it seems also that as a customer it could not affect the market prices and distort competition. Furthermore, the complaint provides even less explanation what the impact of the measure on the trade between Member States is.

I would like to inform you that, in the light of the foregoing considerations, the services of DG Competition consider that there are insufficient grounds for taking a view at this stage, pursuant to Article 20(2) of Council Regulation (EC) No 659/1999¹. In particular, in the foregoing preliminary assessment we took into consideration that the alleged aid beneficiary is a non-profit vehicle company supporting the ECGD in performing its state's activities and does not seem to be in competition with commercial firms.

Should you wish to submit further information to substantiate your complaint, in particular explaining in greater detail the potential effect of alleged aid on competition and trade as well as on the affected markets and competitors, we would ask you to do so within one month from the date of this letter. If additional information is not provided within the prescribed period, the complaint shall be deemed to be withdrawn.

In addition, I would like to inform you that DG Competition is not in charge to examine the infringement of the Council Directive 98/29/EC of 27 May 1998 on harmonisation of the main provisions concerning insurance for transaction with medium and long-term cover² and WTO's Agreement on Subsidies and Countervailing Measure. Therefore, this part of your complaint will be forwarded to DG Trade.

Yours faithfully,

Karl SOUKUP
Head of Unit

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¹ See Article 20.2 of Council Regulation (EC) No 659/1999 of 22 March 1999 laying down detailed rules for the application of Article 93 of the EC Treaty.

² OJ L 148/22, 19.5.1998.