



**EUROPEAN COMMISSION**

Competition DG

Markets and cases III: Financial services  
State aids II – Task Force Financial Crisis

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

Dear Sir and Madam,

In above mentioned matter, you have sent a complaint to the Commission concerning the granting of alleged state aid to the Guaranteed Export Finance Corporation (GEFCO).

The Commission services have forwarded the non confidential version of your complaint to the UK authorities. These have informed the Commission services that in their opinion the issue does not involve unlawful aid. To this end, they have provided substantial reasoning why they do not consider the alleged measures to be unlawful aid. We attach a copy of the non confidential version of the reply for your information. This might serve to allay your previously indicated suspicions as regards unlawful aid.

On the basis of the information provided by the UK authorities as regards the State aid aspects of the measure, I note that the activity of GEFCO cannot be analysed in separation from ECGD. Both entities perform the activities in the State's interest. The fact that GEFCO's role is limited to supporting ECGD in the achievement of its tasks

**Please refer to the Case number in all further correspondence.**

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indicates that GEFCO is not an entity engaged in an economic activity defined as offering goods and services in the market<sup>1</sup>. Furthermore, GEFCO is not allowed to carry out any other economic activity for as long as it receives any support from ECGD. Therefore it seems that it cannot be considered as an undertaking, which is a prerequisite for the application of the EU State aid rules.

However, even if the conduct of GEFCO would be considered to be an economic activity, the measure can be qualified as State aid within the meaning of the Article 107 (1) TFEU only if it conveys an advantage to the recipient undertaking. In the present case, the advantage arising from the transactions performed for ECGD is entirely passed on to ECGD, which is also demonstrated by the financial result of GEFCO, which shows only a negligible profit. In this context British authorities also clarified that the profit generated by GEFCO each year arose solely from the interest on its capital and it was not distributed to the shareholders. It seems therefore that GEFCO does not enjoy any advantage from the transactions it performs for the ECGD. It seems also that it does not convey an advantage to its shareholders.

In the light and on the basis of this information, the competent department in the Directorate General for Competition does not see grounds for continuing the investigation regarding the State aid aspects and suggests closing this file.

However, should you disagree with these findings or learn of any new particulars that might demonstrate the existence of an infringement of the state aid rules, I would be grateful if you would inform my services as soon as possible. If the Commission services do not hear from you within 20 working days from the date of this letter, the complaint will be deemed to be withdrawn.

Yours faithfully

Karl SOUKUP  
Head of Unit

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<sup>1</sup> Joined cases C-180/98 to C-184-98, *Pavlov*, [2000] ECR p. I-6451, para 74