



*Employers entrusted to deliver
Sustainability Growth Innovation*

Position Paper

**Revision of State Aid Rules on Services of General Economic Interest (SGEI),
with focus on housing**

31 July 2025

Executive summary

SGI Europe welcomes the Commission's initiative to revise the SGEI framework. This revision presents an opportunity to reposition State aid as a genuinely strategic instrument for enhancing European competitiveness and cohesion. The rules must strike the right balance, providing flexibility for Member States to meet local needs, while safeguarding the integrity of the single market and aligning State aid with the EU's broader economic and strategic objectives. Services of general interest - in housing and beyond - must be empowered to contribute fully to the success of Europe's economic, social, and green ambitions.

As the cross-sectoral social partner representing providers of Services of General Interest from a broad range of sectors, SGI Europe's contribution reflects shared beliefs from multiple stakeholders.

SGI Europe's views on the revision of State aid rules

Europe's economic and industrial landscape faces urgent challenges. Delivering on climate, digital, and strategic autonomy objectives, addressing slowing productivity, and reinforcing social cohesion all demand policy ambition. The revision of the SGEI framework must reflect these needs and anchor that State aids are an industrial policy lever.

SGIs are the backbone of local, regional, and national development, central to competitiveness, innovation, and social inclusion. Rather than being last-resort interventions when "markets fail," they must be positioned as structural engines of solutions. The framing of public support primarily as a response to market failure should be changed. The framework should also enable Member States and local authorities to define eligible target groups in accordance with their local circumstances. This requires a paradigm shift: from fragmented, risk-averse application of rules to using SGEI as a lever for Europe's competitiveness agenda.

This revision of State aid rules on services of general economic interest (SGEI) must be placed at the heart of Europe's industrial and social agenda. It should facilitate investment in key areas - housing, energy, transport, social, digital infrastructure - that answer to citizens' needs and foster growth. State aid rules should ensure fair competition and high-quality SGIs across all territories. SGEI should not fill only the gaps left by the market, but proactively shape a European model for growth, cohesion, and sustainability.

At the same time, it is crucial to put in place robust safeguards to avoid excessive market distortion and maintain a level playing field. In this perspective, we believe that the SME definitions should be better aligned to ensure public SMEs are not unfairly excluded from State aid. They operate with commercial responsibility while fulfilling a public service mission, offering a wide range of services and playing a critical role in ensuring access to modern SGIs.

Flexibility for Member States is essential to accommodate differing national and regional realities. However, the rules must also protect against fragmentation of the internal market.

The administrative burden of the reporting obligation could be eased. Trust in the capacity of Member States and local authorities should be prioritised, shifting the focus from unnecessary paperwork to robust contract-based accountability and real results. Reporting should be meaningful and proportional.

Similarly, the requirement to quote the SGEI Decision in every entrustment act should be removed where measures otherwise meet all compatibility conditions. Transparency is essential, but it should not come at the expense of efficiency or lead to legal formalism for its own sake.

Expanding the scope and raising the thresholds of the SGEI de minimis Regulation, which currently exempts small-scale aid from notification could enable local authorities to more effectively deploy targeted support without triggering disproportionate administrative procedures.

Conclusion

Europe needs a forward-looking instrument that empowers SGIs to support competitiveness, social progress, and green transition objectives, always within the robust framework of the single market.

SGI Europe urges the Commission to be ambitious: enact higher thresholds, smarter and simpler administration, equal access for public SMEs, and a renewed focus on using State aid as a strategic driver for Europe's sustainable future.