

SUMMARY

Even though they clearly opt for a market economy and the strength of market forces, advanced economies pursue an active industrial policy by means of macroeconomic and microeconomic measures. As microeconomic measures may create distortions in the market, they are limited by the competition policy. Competition rules are set in different world organisations (WTO, OECD, EFTA, EU). In its legal regulations, the EU has laid down the criteria defining which state aids are allowed and which are prohibited. The implementation of those regulations is monitored by the European Commission and disputable cases are resolved by the European Court of Justice. In addition to devising state aid policy in the EU internal market, the European Commission is directly involved in implementing development policy through the mechanism of structural aids.

First, the paper presents the foundations of EU's competition policy regulating state aid and structural aid policy. Second, the analytical part sets out the scope of state and structural aids in the EU internal market as a whole and in EU Member States in particular and it identifies trends on the basis of data covering the 1990-1998 period. The paper aims to establish what is the scope of state aids in Slovenia (too generous or not) and what it should be with regard to Slovenia's level of development.

We have found out that Slovenia's volume of aid allocated for economic development is about the same as in less developed EU Member States (Greece, Ireland, Spain and Portugal). The difference is that Slovenia provides funding for those aids from its own resources (through state aids, which are one of the highest in Europe and the highest in terms of a percentage in GDP), while EU Member States mainly obtain funding from EU structural funds.