

Directorate-General for Competition – taskforce on affordable housing
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HT.6515 - Public consultation on the revised SGEI Decision

The Confederation of Swedish Enterprise appreciates the opportunity to submit its views on the draft of the new SGEI decision.

Background

The proposed revised SGEI Decision aims to introduce new rules for affordable-housing SGEIs which should prevent undue distortion in the private housing sector and bring sufficient legal certainty to Member States and public authorities, while at the same time allowing them to tailor the rules to their specific national and local housing contexts.

To that end, a new category of exemption is added to the SGEI Decision for affordable housing with the following definition: *"housing for households, who are not able, due to market outcomes and notably market failures, to access housing at affordable conditions"*. Specific conditionality is also introduced for affordable housing services of general economic interest.

The new SGEI Decision also proposes introducing sectorial changes concerning critical medicine, aviation and maritime sectors as well as changes aiming at updating and simplifying the rules.

Our views on the introduction of aid for affordable housing

The Confederation of Swedish Enterprise wishes to express its general scepticism regarding the use of State aid as a means to influence the housing market and to promote more affordable housing. In our view, even when such measures are ostensibly limited to addressing market failures, there remains a substantial risk that these failures are not defined with sufficient precision or narrowness. This often results in State aid being **ineffective and generating distortions of competition**. In the worst case, efficient operators may be crowded out by less efficient actors who adapt to the aid schemes.

We consider that high housing costs and difficulties in accessing housing — whether at affordable prices or at all — should be addressed through alternative approaches. These include improving the functioning of the market, removing obstacles and enhancing regulatory frameworks, stimulating new construction and renovation through better land allocation, and, insofar as necessary to support those most vulnerable in the housing market, directing targeted measures straight to consumers. We therefore urge the Commission to **prioritise structural reforms** over State aid interventions in this area.

As the Commission now proposes that aid under the SGEI Decision should also be permissible for affordable housing, it is essential that strict requirements are imposed to ensure that such aid may **only be granted through schemes that are open to all potential operators**, allowing them to compete on equal terms for access to the aid. Under no circumstances should the aid, whether formally or in practice, confer preferential treatment on certain market participants, such as publicly owned companies.

The possibility of granting aid should be restricted to **specific, well-documented situations** that are geographically limited and take into account the overall supply of housing. In circumstances where there is a significant oversupply of housing, it would not be reasonable to further increase that supply through State aid, as this would adversely affect market operators.

The airport passenger limit should be raised further

We note that the Commission proposes to raise the passenger threshold for airports, allowing airports with up to 500,000 passengers to receive SGEI aid under the Decision.

Although this represents a significant improvement compared to the current situation, it does not constitute a sufficient increase. There is clear evidence that airports handling around 500,000 passengers annually have very limited capacity to cover their own costs. Airports depend on a certain volume of passengers to offset the substantial fixed costs associated with infrastructure. These fixed costs have moreover risen in recent years, driven by heightened security requirements and strengthened ambitions to transition aviation towards more sustainable operations.

Existing studies indicate that at least 700,000 passengers are required for an airport to have a reasonable chance of covering its costs. Given the increase in fixed costs, this threshold now appears overly restrictive. We therefore consider that **raising the limit to 700,000 passengers would be a more appropriate benchmark for the Decision**, reflecting the actual economic conditions airports currently face. Furthermore, we believe that the same passenger threshold should also apply under the General Block Exemption Regulation (GBER).

Final comments

We note that the Commission also proposes certain additional adjustments to the Decision, including an increase in the general threshold from 15 to 20 million. In light of the significant inflation that has occurred since 2012, we have no objections to this adjustment, nor to any of the other proposed amendments to the Decision.

Best regards

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