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Last year the negotiations between Romania and the European bodies in view of accession to the EU were very tight on the Competition chapter, especially in relation to state aid matters. While the EU legislation in the competition field (including state aid) was rather rapidly enforced to a considerable extent as part of Romania's internal legal framework, the Commission's practice, the *acquis communautaire* and the correct implementation of the state aid rules raised many discussions and difficulties when it came to applying those rules in various situations.

In addition, the lack of knowledge and experience of the Romanian authorities in granting state aid resulted in important aid amounts being granted and paid without receiving the Competition Council's authorization. Although the State Aid Law came into force as of January 1, 2000 and part of the subsequent regulations by 2002, the Competition Council realized in 2004 that numerous companies received various forms of aid, that were to a large extent not notified for approval or, in some cases, incompatible. In addition, some of the aid approved by the Council appeared to have been wrongly or incompletely assessed and thus unjustifiably authorized, according to the Commission's review.

This sensitive situation was mainly due to Romania's recent accelerated privatization process and the one element that made the companies attractive to potential investors was that their substantial historical debts towards the state budgets were to be written off at the privatization time.

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