

Commission has ordered the U.K. government to recover the additional aid. Moreover, based on a review of the acquisition, the Commission has indicated that a further amount, in the neighbourhood of £40 million, may have to be recovered due to underspending for projected restructuring, and the overevaluation of debt items used by the Commission for its initial decision in the case.

Recent decisions of the EC Commission, however, also indicate that the crackdown on EC state aid to motor vehicle manufacturers has not eliminated the threat of large scale subsidization in the sector. The decisions in the Renault and British Aerospace/Rover cases, for example, led only to the scaling down of state aid. Also, other recent decisions by the Commission have permitted the granting of substantial assistance to motor vehicle manufacturers in a number of EC countries.⁵⁹

2.3 Measures to Control Aid to State-Owned Companies

The granting of direct and indirect subsidies to companies is another area where the EC Commission is seeking stricter adherence to the Community's competition rules on state aid. The EC Commission is not directly challenging state ownership of companies, which is an integral part of the economies of many Member States. However, it is examining measures for ensuring that state ownership does not provide the means to circumvent the Community rules on state aid.⁶⁰

The task facing EC competition authorities in this area will be a difficult one. The granting of state aid to public companies is not given any more lenient treatment under Articles 92 and 93 of the EEC Treaty than is other aid. In practice, however, aid to state-owned enterprises may be particularly hard to detect and prevent. The direct financial linkage between the government and the beneficiary makes possible the use of many hard to detect forms of aid, such as government backing for loss-making investments. It is feared that the removal, by 1992, of more visible means for governments to intervene in EC markets will lead to greater use of these types of aid.