

2. Measures for Strengthening EC Competition Policy on State Aids

2.1 The Redirection of Enforcement Policy on State Aids

The First Survey on State Aids had a major impact on the EC Commission's approach to the application of Articles 92 and 93 of the EEC Treaty. The report pointed to major inadequacies in the approach that EC competition authorities had been following in this area, which was based on the review of new subsidy programmes notified to Community competition authorities by the Member States. The First Survey demonstrated, however, that the bulk of the aid that is granted in any given year falls under programmes that have received approval in previous years. Perhaps not surprisingly, the Survey indicated that such programmes have tended to accumulate in the Community rather than diminish over time.⁵⁰

In respect of this situation, Commissioner Brittan indicated, in March 1989, that greater emphasis would be placed on the review of major existing aid schemes.⁵¹ Commissioner Brittan also singled out a number of types of aids that he considers to be in particular need of greater scrutiny because of their growing importance and potential for anti-competitive effects. These aids include:

- (i) assistance provided for the promotion of exports to non-EC countries;
- (ii) general investment aids that allow governments to intervene in all branches of an economy;
- (iii) capital injections to nationalized industries and state holding companies; and
- (iv) industrial policy related aid granted to key sectors or national champions.

The decision to concentrate on certain types of aids signalled a shift in EC policy toward a more proactive approach. Rather than merely reacting to proposals for the granting of new aid by the Member States, EC competition authorities are now focussing their attention on aids that, in their view, create the greatest threat to trade and competition in the Community.⁵²