COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 16.04.1997
COM (97) 170 final

REPORT FROM THE COMMISSION

FIFTH SURVEY ON STATE AID IN THE EUROPEAN UNION IN THE MANUFACTURING AND CERTAIN OTHER SECTORS

CONTENTS

1a bis

C&&: IV|16

TABLES AND FIGURES

Statistical Annex

Figures

16

INTRODUCTION

Background

1. The need for an effective method of systematic quantification of State aid for the purposes of competition policy was fully perceived in 1985, the year which saw the publication of the Commission White Paper on completing the internal market. At the end of that year the Commission instructed its departments to compile and publish a fact-based analytical survey on the granting of State aid in the Member States of the Community.

Since the First Survey, covering 1981-86, concluded that transparency in the field of State aid had to be increased, it was decided that updating should be carried out, and this was done in the Second, Third and Fourth Surveys, covering the periods 1987-88, 1989-90 and 1991-92 respectively.

2. The Fifth Survey updates the existing data and covers the period up to and including 1994. It covers the last years before the accession of the three new Member States and provides information on the then prevailing structure of state support to companies in the twelve Member States of the Community. It is the first Survey that partially profited from the new system of standardized annual reports proposed by the Commission to the Member States in 1994, and which is now taking full effect.

3. The publication of this Fifth Survey reaffirms the commitment of the Commission to maintain an open policy on the control of State aid. This emphasis on transparency is increasingly important given the environment in which the Commission currently operates, both within the Union itself and in the wider international context.

The completion of the internal market and the approaching economic and monetary union require an increasingly effective control of State aid since such aid can be used to replace barriers to trade that have been dismantled in the integration process.

Member States will willingly contribute to the completion and future proper functioning of the internal market only if they are certain that all other Member States abide by the same rules when subsidising their firms. Compiling and publishing data on the aid amounts awarded is one, and not the least means with which the Commission demonstrates to the Member

States that it is constantly keeping a close watch on public interventions, both on their overall development and the development in each of the Member States. This in turn will allow it to adjust its policies where required in order to execute a fair and efficient State aid control, and to adapt to a changing economic environment.

4. Looking at the international context, this decade has witnessed the conclusion of the Europe Agreements with the Central and East European Countries (CEEC), creating an historical association between the Community and this group of countries which aims at their eventual accession to the Union. The burdens of the past of these countries in transition are particularly heavy. This urgently calls for increased transparency in the field of State aid. Through the publication of its own Surveys on State aid the Commission and indeed the whole European Union give a concrete example to these countries of the level of transparency that is expected of modern, competitive market economies. This will facilitate fulfilling the reporting obligation of the CEEC as laid down in the Europe Agreements.

   Equally important, in the context of the World Trade Organization the Survey provides an example of what we should expect from our trading partners in terms of transparency. In this respect it complements the notification of subsidies of the Community and the Member States pursuant to Article 25 of the WTO Agreement on Subsidies and Countervailing Measures. In a similar fashion the Survey furthermore provides an example for our partners in the OECD where the Commission continues to participate in the study on public support to industry.

Conceptual remarks

5. This Fifth Survey on State Aid covers the period 1992-1994, updating the Fourth Survey (published in 1995) which covered the period 1990-1992. Included in the Survey is national aid given in the Community of twelve Member States to the sectors: industry, agriculture, fisheries, coal, and transport, of which the latter comprises railways. The reasons for these limitations together with general explanations of the methodology used are given in the Technical Annex (Annex I). The Statistical Annex (Annex II) contains basic statistical data on aid to industry and on overall aid. An overview of Community Funds and Instruments is given in Annex III.

6. When comparing the different Member States, the analysis of the aid figures concentrates on the annual averages over the three-year-period 1992-1994. Where appropriate, the figures for the period 1990-1992 are given by way of comparison.

As was already the case in the preceding surveys, the periods compared overlap by one year. For comparisons between Member States, the use of overlapping three-year averages is the only way of arriving at conclusions supported by sufficiently statistically reliable figures. This is because for some of the figures amounts are at present only known over longer than one-year periods. In such cases, the amounts have to be arbitrarily assigned to individual years. Secondly, the amounts for the last year reported on (1994) are to a non-negligible extent provisional and - as was already the case for the last year of the period reviewed by the preceding Survey (1992) - will certainly be modified by the Member States during the next verification of data for subsequent years. The resulting weak viability of annual figures - particularly when broken down for Member States - is statistically straightened out by using overlapping three-year averages. In order to make the averages for the previous period comparable with those of 1992-1994, the absolute figures 1990-1992, unless otherwise indicated, are expressed at 1993 prices[1]. Throughout the Survey, therefore, figures are in real terms.[2]

---

1 For this reason, and because of the - in some cases considerable - modifications by the Member States of the 1992 figures mentioned above, figures for 1990-1992 are not the same as those published in the Fourth Survey.

2 Figures for aid to industry at current exchange rates are given in the Statistical Annex (Annex II).

7. The figures for 1993 and 1994 were drawn up by Commission departments in cooperation with the Member States concerned. Together with the already existing figures for 1990-1992 they were verified by the Member States and, if necessary, modified. This procedure ensures that a relatively high degree of reliance can be placed in the data.

   As far as Greece is concerned, the Commission, when establishing the Greek figures for preceding reports, used as a reference a study on Greek State aid and spending undertaken by a consultant. This study then served as a basis for the Commission departments' estimates and extrapolations. The contribution received from the Greek authorities has permitted improvement of the Greek data. Regrettably, however, as no comprehensive contribution is forthcoming from the Greek authorities the figures still remain essentially estimates, and therefore the results for Greece should be treated with caution.

PART I - AID TO INDUSTRY

Volume and trend of aid to industry

8. In the Community, the industrial sector is granted more aid than any of the other sectors covered by this Survey; in fact, during the period 1992-1994 45% of overall aid went to this sector. The analysis of aid in this sector of the economy occupies, therefore, the centre of this Survey.

Community Totals

9. Table 1 shows the annual amounts of aid to industry in the Community in the years 1990 to 1994.

Table 1

State aid to industry in the Community 1990-1994
Annual values in constant prices (1993).

Million ECU

	1990	*1991*	*1992*	*1993*	*1994*
EUR 12	**43777**	**39827**	**41196**	**43890**	**42830**

Although the figures should be interpreted cautiously[3], they allow the conclusion that the gradual downward trend observed in the past appears to have come to an end. This survey indicates a stable tendency in the overall volume which is situated around an annual average of almost 43 billion ECUs. The high figure for 1990 can be explained by some untypical aid awards in two Member States[4].

10. Absolute values, even if aggregated at Community level, are of only limited use for reflecting trends in national aid policies over time. Therefore, Table 2 shows aid to industry as a percentage of value added, per person employed

3 See point 6 above.
4 Some major sectorial restructuring was supported in Italy and Spain.

in this sector, and in percent of intra-Community exports of manufactured goods.[5]

Table 2

State aid to industry in the Community
Annual values 1990 to 1994

EUR 12	1990	1991	1992	1993	1994
In per cent of value added	4,0	3,6	3,9	4,2	3,8
In ECU per person employed*	1333	1238	1318	1472	1472
In per cent of intra-community export**	20,1	18,6	19,7	20,8	20,7

* at constant 1993 prices
** intra-Community exports of industrial products

Aid levels relative to value added fluctuate around four percent during the period under review.

The amount of aid per person employed in industry varies between ECU 1253 in 1991 and ECU 1471 in 1994 during the two periods reviewed. The decline in manufacturing sector employment has an effect on the development of this indicator from 1991 onwards. Aid relative to the value of intra-Community exports of manufactured goods - this ratio can be seen as a good indicator for the potential distortion of competition in the Community - also shows a slight upward tendency from 1991.

11. From Table 1 and 2 it can be seen that the absolute aid amounts and the three indicators used to mirror the tendency of aid to industry at Community largely coincide: they indicate that the downward trend observed in the past has been replaced by a stable tendency in the overall volume during the two periods reviewed. Thus the concern that the unfavourable economic conditions prevailing at the time together with the full impact of competition

5 Since a small but not exactly quantifiable part of the aid amounts has to be attributed to the service sector (trade, repair, consultancy), the figures shown may be slightly overestimated.

brought about by the progressive establishment of the internal market might tempt governments to resort to State aid seems not to have been wholly unfounded.

Comparisons between Member States

12. Table 3 compares the average aid levels in industry for the different Member States[6] for the periods 1990-1992 and 1992-1994,[7] expressed in per cent of gross value added and aid amounts per person employed in this sector. In addition, real term absolute amounts of aid are given for information.

Table 3

State aid to industry
Annual averages 1990-1992 and 1992-1994

	In per cent of value added		In ECU per person employed*		In million ECU*	
	1990 - 1992	1992 - 1994	1990 - 1992	1992 - 1994	1990 - 1992	1992 - 1994
Belgium	7,9	4,8	3015	1773	2297	1331
Denmark	1,9	2,8	639	1017	337	511
Germany	3,5	4,8	1514	2012	13965	17410
-Old Länder	:	:	*921*	*553*	*7373*	*4156*
-New Länder	:	:	*5415*	*11610*	*6592*	*13254*
Greece	12,5	10,5	1785	1588	1180	1035
Spain	2,1	1,7	605	571	1738	1494
France	2,7	3,3	1114	1350	5280	6006
Ireland	2,7	3,5	1271	1837	314	463
Italy	8,9	8,4	2397	2379	12321	11529
Luxembourg	3,5	2,9	1669	1267	62	48
Netherlands	2,5	2,1	994	822	1003	812
Portugal	4,6	4,4	514	480	618	568
United Kingdom	1,4	0,8	439	279	2484	1433
EUR 12	3,8	4.0	1296	1419	41600	42639

* 1990-1992 averages in 1993 prices

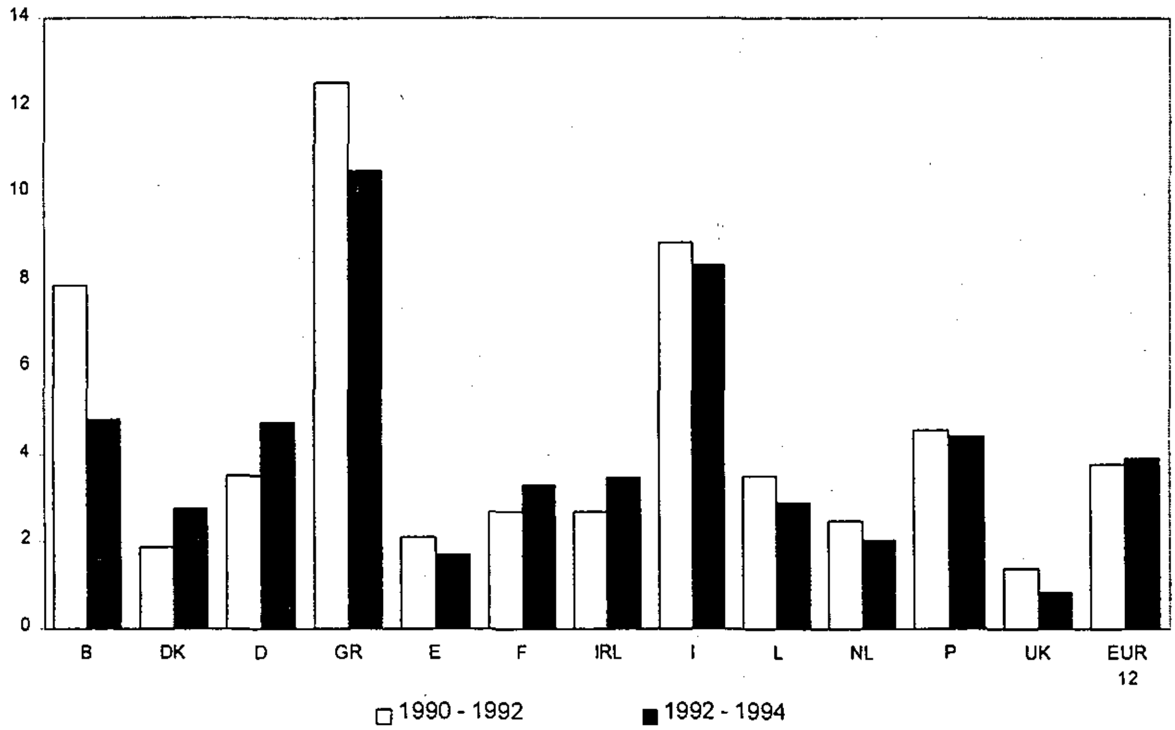
6 Germany has been divided into the old and new Länder in order to show clearly the different development in the two German areas, marked by the unprecedented adjustment process of the new Länder economy to a market system.

7 As explained in point 6 above, detailed breakdowns by Member States can only be compared reliably if overlapping three-year averages are used.

The aid levels show significant differences between the individual Member States. Figure 1 gives an overview of the situation when aid levels are expressed as aid to industry relative to value added.

Figure 1

State aid to industry
as percentage of value added (averages 1990-1992 and 1992-1994)



The highest aid levels are to be found in Greece and Italy. These countries rank high above Community average. As noted above, the continuing uncertainty attached to the figures for Greece does not yet allow any further detailed comment.

Portugal, Belgium and Germany remain above Community average, while Ireland, France, Luxembourg and Denmark are all slightly below.

The lowest aid to industry is given, in declining order, in the Netherlands, Spain and the United Kingdom. In all these countries aid is far below the Community average and declining compared to the previous period. Due to lack of statistics aid in per cent of value added for the two distinct parts of reunified Germany could not be calculated.

13. Aid per person employed in Italy is far above all Member States, followed by Germany and Ireland. The extremely high figure for the new German Länder is due both to important assistance granted by the Treuhand and to a sharp decline in the number of employees. The increase as compared with the previous reporting period reflects that the full impact of the restructuring process following German reunification in 1990, set in during the current review period. In contrast aid per person employed in the old Länder has declined. Belgium is above the Community average, with France and Luxembourg slightly below. The group of low aid givers now comprises, in descending order, Denmark, the Netherlands, Spain, Portugal, and the United Kingdom.

14. As a general conclusion on the differences in aid trends between Member States, it can be established that significant differences between the individual countries remain.

A comparison of the four big economies shows that in Italy aid as a percentage of value added is more than 10 times as high as in the United Kingdom, two and a half times as high as in France, and 1,8 times as high as in Germany. When aid is expressed in terms of ECU per person employed, the same differences can be observed. The observed discrepancies between the central Member States are reflective of their differing views on the use of the State aid instruments, and are in this sense not overly alarming.

When considering the overall differences in the Community under the aspect of cohesion, however, the results do cause some concern. A direct comparison between these four Member States and the four cohesion countries - Spain, Ireland, Portugal, and Greece - reveals that the relative importance of industrial support is rising in the more central Member States. As a matter of fact, in the four big economies, aid expressed as a percentage of value added was 3,7% in 1990-1992 and 4,2% in 1992-1994, whereas in the cohesion economies the same indicator falls from 3,3% to 2,9 % in the same period. Table 3 also shows that the volume of aid to the four cohesion countries is decreasing from 9,3 to 8,3% of total aid to industry in the Community whilst the share of the four big economies of this aid, having been around 82% during the period 1990-1992 has risen to 85% for the period 1992-1994, notwithstanding the fact that aid in the United Kingdom has actually decreased by 42 per cent between the two periods while aid in Italy has decreased by 6 per cent.

Amongst the cohesion countries, the situation of Spain is particularly aggravated. With 10 per cent of the EU population and 25 per cent of the objective 1 population, Spain accounts for only 3,5 per cent of the total volume of aid to industry and, excluding the United Kingdom, ranks in last position when aid is expressed in per cent of gross value added or in aid per person employed.

The four Member States where national public support to industry is increasing - Germany, France, Denmark and Ireland - accounted for about 48 per cent of all industrial aid in the Community during the period 1990-92 and about 57 per cent in the period 1992-94. At the same time, national public support to industry in the other Member States decreased by almost 3 500 million ECUs.

This unbalanced situation does not contribute to economic convergence and demonstrates that there is room left for improving economic and social cohesion. In this context it should be noted that in addition to national State aid, industry also benefits from Community interventions via the Structural Funds (see Annex II, Figure A1). The effectiveness of these instruments, however, depends crucially on their not being outweighed by an unbalanced development in the use of State aid measures in the Member States.

Aid to shipbuilding

15. In shipbuilding, which is a sub-sector of industry, the granting of aid is governed during the reporting period by the Seventh Shipbuilding Directive[8] which applied from the 01/01/1992.

Table 4 shows contract related operating aid covering new constructions, conversions and fishing vessels, and thus reflects the aid intensities for which the Commission sets ceilings when implementing the shipbuilding directive. The aid ceilings under the prevailing Directive are 4,5% of contract value both for ships with a contract value of less than ECU 10 million and for conversions, and 9,0% of contract value for ships with a contract value of more than ECU 10 million.

[8] OJ L 380 of 31.12.1990.

In addition to operating aid, the shipbuilding sector can receive aid for restructuring and for privatization (the latter only applies to the new German Länder). During the period under review restructuring aid totalling about ECU 800 million has been given in Belgium, Greece and Spain. In the new German Länder aid for privatization between 1992 and 1994 adds up to about ECU 1380 million.

When relating total aid given in the shipbuilding sector to the sector's value added the conclusion can be drawn that this is a heavily supported sector. As was earlier seen from Table 3, aid for the whole manufacturing sector amounts to 4,0% of the sector's value added, whereas for the sub-sector of shipbuilding aid covers 26% of the sector's value added.

The Community average for aid to the shipbuilding industry strongly declined from 34% of value added for 1988-1990 to 24% for 1990-1992, rising slightly to 26% for 1992-1994.

In the other sub-sector of industry, steel, the granting of aid in the period under review was regulated under the fifth Steel Aids Code of 1991. After aid had been virtually phased out by the end of the previous period of reporting (1990-1992), 1994 saw the formal adoption by the Commission of decisions under Article 95 ECSC Treaty concerning the restructuring, and in some cases privatisation, involving steel companies in the new German Länder, Spain, Italy and Portugal. Together these aids amounted to around ECU 2 900 million in 1994. This amount does not comprise aid granted in this sector for other objectives such as R&D, regional development and environmental protection.

Table 4

Aid to shipbuilding in 1992-1994 in per cent of contract values of ships

	1992			1993			1994		
	Small Ships*	Large Ships**	Total	Small Ships	Large Ships	Total	Small Ships	Large Ships	Total
Belgium	0,0	0,0	0,0	4,3	8,5	6,0	0,0	4,3	4,3
Denmark	0,0	8,5	8,5	4,5	7,6	7,3	4,1	8,1	7,3
Germany	4,5	8;5	8,2	4,4	7,3	6,6	4,1	6,8	6,1
*New Länder****	-	-	-	-	-	-	-	-	-
France	0,0	0,0	0,0	0,0	9,0	9,0	0,0	9,0	9,0
Spain	4,2	8,3	5,0	4,3	8,3	5,9	4,3	8,3	6,6
Greece	-	-	-	-	-	-	-	-	-
Italy	0,0	0,0	0,0	4,5	9,0	8,5	3,8	9,0	8,2
Netherlands	4,0	7,5	4,7	3,8	4,5	4,1	3,7	4,5	3,8
Portugal	0,0	0,0	0,0	0,0	0,0	0,0	0,0	8,8	8,8
U.K.	4,4	9,0	6,1	4,5	8,5	6,2	4,5	0,9	1,1
EUR 10****	-	-	-	4,3	7,8	-	4,1	7,7	6,6

* Small ships are those with a contract value of less than ECU 10 million. For these the maximum aid intensity allowed by the 7th Shipbuilding Directive is 4,5 % of contract value.

** Large ships are those with a contract value of more than ECU 10 million. For these the maximum aid intensity allowed by the 7th Shipbuilding Directive is 9,0 % of contract value.

*** According to Council Directive 92/68/EEC, until 31 December 1993 operating aid for the shipbuilding and ship conversion activities of yards operating in the territories of the former German Democratic Republic have been considered compatible with the common market up to a maximum of 36 % of reference annual turnover. The amounts spent under this provision are not included in this table, but are stated under point 15 of the text.

**** Ireland and Luxembourg do not have shipbuilding industries.

\- Note additionally that a dash indicates missing information, whereas a zero indicates no aid or lack of activity.

Types of aid instruments

16. Table 5 gives an overview of the use of the various types of aid instruments in the Member States.

Table 5

State aid to industry 1992-1994
Breakdown according to type of aid; in per cent of total industry aid awarded

in per cent

	Group A		Group B	Group C		Group D	
	Grants	Tax exemptions	Equity participations	Soft loans	Tax deferrals	Guarantees	TOTAL
Belgium	37	45	1	9	0	8	100
Denmark	94	2	0	3	0	1	100
Germany	41	25	0	21	1	11	100
Greece	54	20	0	13	0	13	100
Spain	86	0	0	12	0	2	100
France	46	19	12	5	2	15	100
Ireland	79	6	8	3	0	3	100
Italy	42	38	14	5	0	0	100
Luxembourg	93	0	0	7	0	0	100
Netherlands	78	13	0	2	0	7	100
Portugal	72	21	0	1	0	5	100
United Kingdom	87	6	0	2	1	4	100
EUR 12 (%)	48	26	6	12	1	8	100

Grants and tax exemptions, which have been classified in this Survey as group A forms of intervention, are by far the most frequently used form of aid in the Community. Within this group, direct grants are more often employed than tax exemptions. This can be explained by the fact that the former type of aid is more flexible than the latter. Since the introduction of grants is in general less "costly" in terms of parliamentary procedures than the introduction of changes to tax laws, governments have a preference to employ the former type of aid.

17. Aid in the form of state equity participation, classified under group B, represents 6% of all aid to industry granted in the European Union; the figure for this type of aid is relatively low as during the period 1992 to 1994 very few financial transfers in the form of equity participation to public undertakings including an aid element took place.

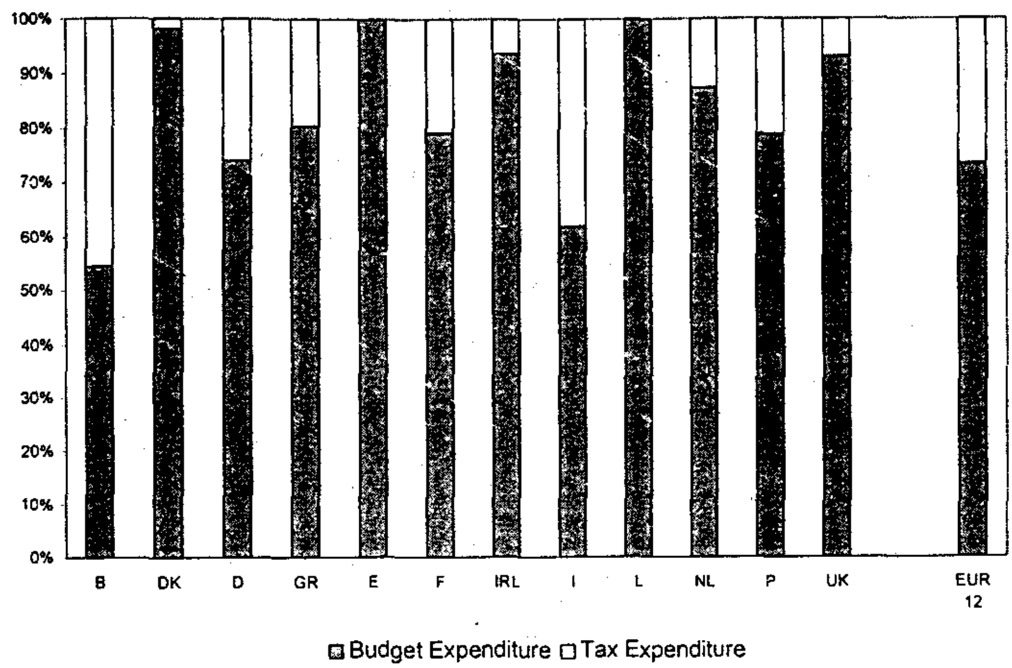
18. Forms of aid classified in group C, i.e. loans at reduced interest rates and tax deferrals, are an important form of aid in Germany and Spain. Member States generally avoid this form of aid because it puts a heavy burden on the budget. The figures for soft loans represent only the aid element; the gross budgetary resources necessary for these aids are much higher. This explains the low share in industrial aid of this aid form in the Community. Member States prefer to reduce the cost of loans by granting interest subsidies.

    Tax deferrals, mainly accelerated depreciation and the constitution of tax free reserves, is the form which is least used in the Community. Only France, Germany and the United Kingdom grant support in this form.

19. Guarantees, group D, continue to be mainly used to help in rescue and restructuring operations and to foster the development of small and medium-sized enterprises. Although its share in industrial aid is the third smallest on average, it is a significant part of aid in France, Germany, and Belgium. The calculation of the aid element of guarantees is particularly difficult and, therefore, they are, together with the equity participation, a very non-transparent form of State aid. In this as in previous surveys, no attempt has been made to calculate the aid element *ex ante* but instead current expenditure on claims under past guarantees has been taken. As set out in detail below (point 27), a different method has been employed for the purposes of this Survey in the case of Treuhand operations.

Figure 2

State aid to industry
Distribution by tax expenditure and budgetary expenditure 1992-1994



20. Figure 2 gives a breakdown of industrial aid according to the mode of financing. Budgetary expenditure, which is composed of grants, equity participation, soft loans, and guarantees, is the preferred way of financing aid in the European Union. This holds particularly for Luxembourg and Spain, where all aid is financed through the budget, and Denmark, Ireland, and the United Kingdom, where more than 90% is financed through the budget. By contrast, tax expenditure, i.e. tax rebates and tax deferrals, is used to a large extent in Belgium, Italy, Germany and France.

Objectives of aid

21. Aid to industry is also classified according to the (broad) purposes for which it is given and the sector to which it is directed, as follows:

- Horizontal objectives[9]
  - Research and Development
  - Environment
  - Small and medium enterprises
  - Trade/export
  - Energy saving
  - General investment
  - Other objectives

- Particular sectors[10]
  - Shipbuilding
  - Steel
  - Other sectors

- Regional objectives
  - Regions falling under Article 92(3)c
  - Regions falling under Article 92(3)a
  - (Only for Germany) Berlin and Zonenrand aids.

The classification of aid is, in many cases, somewhat arbitrary because it is necessary to decide which of the objectives declared by a Member State is to be considered as the primary objective. In some Member States, aid for research and development is administered through sector specific programmes, in others aid to particular sectors is limited to small and medium-sized enterprises, etc. Furthermore, primary objectives cannot give a true picture of the final beneficiaries: a very large part of regional aid is in fact paid to small and medium-sized enterprises, aid for research and development goes to particular sectors, and so on.

Consequently, conclusions about changes from one objective to another over time and, notably, conclusions about differences in objectives

---

9 Training and employment measures are excluded. See Annex I, point 14.

10 This category contains industry-specific schemes and individual aid awards scrutinized by the Commission.

between Member States can only be drawn with extreme caution. The following Table 6 gives the breakdown of aid to industry according to objectives during the period 1992-1994, and Table 7 indicates the changes over time for the three main objectives pursued by the Member States.

22. It can be seen from the percentages presented in Table 6 that more than 50% of industrial aid in the Union is spent on regional objectives. Amongst these aids more than eight out of every ten ECUs are going to areas where the living conditions are particularly low, the so-called Article 92(3)a regions[11].

23. Aid granted for horizontal objectives is ranked second. Amongst these, support for research and development[12] is given highest priority. Although it is undeniable that aids for such horizontal objectives are in most cases in the Community interest, they present, nevertheless, the drawback that their impact on competition is often difficult to assess because little or no information is available about their sectorial and regional repercussions. This is the case notably in their extreme form as general investment schemes (still accounting for 1,6% of industry aid in the Community, down from 2,1% in the previous period), where the objectives are so poorly defined that no general judgement can be made and the Commission is bound to examine all major cases of application. With regard to the functioning of the internal market, the existence of such general schemes is, therefore, increasingly difficult to justify.

24. More than 15% of industrial aid in the Community is spent on particular sectors. Having been virtually phased out in the previous period under the strict Steel Aids Code of 1991, the Commission in 1994 took decisions under Article 95 ECSC that allow aid to flow into the steel sector for major restructuring, as witnessed by the figures for 1992-1994.

25. The situation in each Member State as regards the overall composition of aid to manufacturing is as follows:

- In Belgium, horizontal aid forms the bulk of spending (82%) which is far above the average in the European Union. SMEs and energy

---

11 A list of these regions is given in Annex I, point 9.2.

12 For the reasons explained in Annex I, point 11.1, the R&D figures contained in Table 6 are certainly underestimated.

saving are the most notable horizontal objectives. Sector specific aid (3%) is very low whilst regional aid (15%) is relatively high for a geographically compact Member State without any 92(3)a regions.

- In Denmark, the largest proportion of aid is horizontal (72%) and comprises essentially of R&D aid and aid for energy saving. The sector specific aid (25%) is mostly aid to shipbuilding. Regional policy at 3% is not significant.

- In Germany, horizontal aid accounts for 15%, which is low compared with the average in the European Union. Almost two thirds of this aid is spent on SMEs and on research. Sector specific aid (5%) is also low. The most important item is regional aid (80%), the overwhelming part of which consists of 92(3)a aid for the New Länder (including aid granted via the Treuhandanstalt). This aid has increased considerably in absolute terms from the previous period reviewed.

- In Greece - regrettably, the figures are considered too unreliable for detailed comments.

- In Spain, 40% of the aid is spent for horizontal objectives, mainly for SMEs and for research and development. Sector specific aid represents 43% of total aid to industry, constituting thus the highest proportion of aid directed to specific sectors in the Community. With 16% regional aid is very low.

- In France, 44% of industry aid has horizontal objectives. An important volume of aid is directed to specific sectors (38%), although in certain cases for R&D or in the form of parafiscal levies[13]. The increase in spending on specific sectors accounts for the rise in total French aid figures. Regional policy (18%) is less significant.

- In Ireland, regional aid (73%) forms the bulk of spending and has increased considerably from the previous period reviewed. The corresponding increase in Ireland's share of total Community industry aid is in line with the Community's stated objective of increased cohesion. Horizontal objectives attract 15% of spending while 11% goes to particular sectors.

---

13 Parafiscal levies are taxes specific to a sector which are used to finance certain operations in that sector.

- In Italy, horizontal aid accounts for 27%. The most important aid category is regional aid (50%). Almost all regional aid goes into the 92(3)a regions of the country, the Mezzogiorno. Sectorial aid accounts for 22%.

- In Luxembourg, the most important item is regional aid (70%), followed by aid to SMEs (17%) and aid to R&D (8%).

- In the Netherlands, horizontal aid (74%) is by far the biggest item and considerably larger than the average in the European Union. Within horizontal aid, energy saving and R&D absorb most. Aid to particular sectors represent 11% of total aid to manufacturing. As with Belgium, regional aid (15%) is relatively important for a geographically compact Member State without any 92(3)a regions.

- In Portugal, sector specific interventions at 45% are high. Aid for horizontal objectives (29%) is almost exclusively absorbed by general investment and "other objectives". The latter ones are mostly cofinanced by the Commission and are more akin to the regional aid given in 92(3)a regions because the whole territory of Portugal, as with Ireland and Greece, is considered by the Commission as constituting a 92(3)a region.

- In the United Kingdom, regional aid (48%) forms the biggest group of support. The aid is for the most part spent in Northern Ireland which is a 92(3)a region. Aid to Northern Ireland is in fact the biggest single item of industrial aid in the United Kingdom. Horizontal aid accounts for 35% of which aid to R&D is the main item. Sectorial aid totals 17% of aid to industry

Table 6

State aid to industry 1992-1994
Breakdown of aid according to sector and function

SECTORS / FUNCTION	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
Horizontal Objectives	**82**	**72**	**15**	**60**	**40**	**44**	**15**	**27**	**30**	**74**	**29**	**35**	**30**
Research and Development	7	30	4	1	11	18	2	2	8	26	3	16	7
Environment	1	8	1	0	3	1	0	0	4	6	0	0	1
SME	15	3	5	12	12	3	5	8	17	6	0	7	6
Trade	13	9	0	11	1	19	6	10	1	2	0	7	7
Energy saving	14	23	2	0	2	0	2	1	0	27	1	0	2
General Investment	3	0	0	4	6	2	0	2	0	4	12	3	2
Other Objectives	30	0	3	31	5	0	0	3	0	3	12	0	5
Particular Sectors	**3**	**25**	**5**	**19**	**43**	**38**	**11**	**22**	**0**	**11**	**45**	**17**	**17**
Shipbuilding	2	21	3	13	12	1	0	2	0	1	1	0	3
Other sectors	1	5	2	6	31	37	11	20	0	10	44	17	14
Regional Objectives	**15**	**3**	**80**	**21**	**16**	**18**	**73**	**50**	**70**	**15**	**26**	**48**	**53**
Regions under 92(3)c	15	3	3	0	13	9	0	2	70	15	0	17	5
Regions under 92(3)a	0	0	68	21	4	9	73	48	0	0	26	32	45
Germany: (Berlin/Zonenrand)			9										4
TOTAL	100	100	100	100	100	100	100	100	100	100	100	100	100

Table 7

State aid to industry 1990-1992 and 1992-1994
Breakdown to main objectives

in per cent

	Horizontal Objectives		Particular Sectors		Regional Objectives	
	1990 - 1992	**1992 - 1994**	1990 - 1992	**1992 - 1994**	1990 - 1992	**1992 - 1994**
Belgium	62	**82**	29	**3**	9	**15**
Denmark	67	**72**	31	**25**	2	**3**
Germany	16	**15**	3	**5**	81	**80**
Greece	61	**60**	10	**19**	29	**21**
Spain	39	**40**	49	**43**	12	**16**
France	66	**44**	17	**38**	17	**18**
Ireland	31	**15**	0	**11**	69	**73**
Italy	25	**27**	18	**22**	57	**50**
Luxembourg	30	**30**	0	**0**	70	**70**
Netherlands	73	**74**	10	**11**	17	**15**
Portugal	57	**29**	33	**45**	10	**26**
United Kingdom	50	**35**	18	**17**	31	**48**
EUR 12	35	**29**	15	**17**	50	**53**

26. As regards the <u>development over time</u> of the distribution of industrial aid amongst the different main objectives, it can be seen from Table 7 that at the level of the European Union aid for horizontal objectives has continued to fall from 40% in 1988-90 (see Fourth Survey on State aid in the European Union) to 35% in 1990-92, and 30% in 1992-94. The proportion of regional aid has continued to rise, while sector specific interventions, following a decrease in the previous period, have grown because of considerable increases in France and Italy.

The slight shift from horizontal objectives to sectorial intervention does, from a competition viewpoint, cause some alarm. Of course, aid schemes under both categories can be employed for more or less hidden and unwanted purposes of industrial policy (support of single companies as national champions or protection of whole branches which are allegedly of vital national interest) and have, in such cases, particularly disastrous effects on competition. However, horizontal aid given to all sectors of the economy is, with the exception of the above mentioned general investment aid, less suitable for the distortive protection of branches than sector specific interventions.

Table 8 shows that there has been a further significant development in the rise in the volume of aid granted to individual enterprises, falling outside schemes promoting horizontal, sectorial or regional objectives. It follows that a limited number of individual aids of important volume are responsible for a disproportionate part of total aid granted. The part of such "ad hoc" aid in the total aid to European industry has increased from 7 per cent in 1990 to 36 per cent in 1994. It consists, in the main, of aid granted for rescue and restructuring of companies together with aid granted by the Treuhandanstalt.

Table 8

State aid to industry in the Community 1990-1994
Annual values in constant prices (1993)

Million ECU

	1990	*1991*	*1992*	*1993*	*1994*
Amounts including "ad hoc" cases	43777	39827	41196	43890	42830
Amounts excluding "ad hoc" cases	40614	34590	34282	31821	27344
"Ad hoc" cases as a percentage of overall industry aid	**7**	**13**	**17**	**27**	**36**

German State aid to the new Länder

27. The unification of the Federal Republic of Germany has been of particular importance for Community State aid policy. Two German States having totally different economic systems have been merged: on the one hand, a decentralized market economy based essentially on private enterprise and, on the other hand, a centrally planned economy under State control, having resulted in insufficient infrastructure and uncompetitve enterprises.

The integration of the centrally planned East German economy into the internal market has been facilitated by certain aid measures which are presented in Table A3 in Annex II. From 1992 to 1994 aid to industry in favour of the new Länder has attained a yearly average volume of more than ECU 13 250 million, up from ECU 6 600 million in the previous period (or 76% of the whole volume of aid to industry in Germany, up from 47% in the previous period). The granting of aid to the new Länder has been partly compensated by a sharp decrease in aid to old German Länder which has fallen from ECU 8 500 million for the period 1988-1990 to ECU 7 400 million for 1990-1992, and ECU 4 150 million for 1992-1994.

In the context of privatizing the former state-owned companies, aid during the period under review was also granted via the Treuhandanstalt (THA), the State holding company set up to administer, adapt, and privatize former East German public undertakings. As laid down in the Commission's decisions of 1991 and 1992 on the interventions of the THA, some of these interventions can constitute aid. This was usually the case where the THA issued guarantees for loans granted by the banking sector at market rate to its generally poor-ranking undertakings. Equally, the THA itself borrowed at market rate and then awarded loans to its undertakings at the same rate.

Due to the method used for the assessment of aid elements in guarantees (see Annex I) the aid element in guarantees only appears in the Survey once the guarantees have to be honoured. Similarly, an aid for loans at market rate only appears if and when those loans are waived and therefore transformed into grants. In the case of the THA, the Commission is of the opinion that this method undervalues the aid element in the guarantees and loans awarded by the THA in the period covered by the Fifth Survey. The risk that the buyer of companies held by the THA will not take over the whole of the loans awarded or guaranteed by the THA is very real and increases over the years. If the buyer submitted the highest bid, further to an open and unconditional call for tender, the price - including the waiving of loans - cannot be said to involve any aid. As a result, any aid elements in the guarantees and loans provided by the THA before the privatisation of such companies would never appear in the report. An exception to the method referred to above is therefore called for in the case of the THA. This is also warranted by the fact that the sale of companies to parties other than the highest bidder does involve aid, which can however only be quantified after a thorough analysis of each sales contract. In view of the sheer number of companies sold, the Commission does not possess the resources to carry out such an analysis. Only for companies above the notification thresholds decided by the Commission in December 1992 has such an analysis been made; for those cases the aid element in the sale is known and does appear in this Survey.

In the period covered by the present Survey the THA issued guarantees totalling ECU 28 432 million and awarded loans amounting to a total of ECU 41 086 million. Based on its experience with THA-cases, the Commission is of the opinion that 20% of these amounts can be regarded as aid, which are included in the Survey. In addition, grants totalling ECU 6 668 million in order to finance social plans need to be included in their totality.

PART II - OVERALL NATIONAL AID IN THE MEMBER STATES

Aid to sectors other than industry

28. The following gives an overview of State aid granted in the agriculture, fisheries, transport, and coal mining sectors on the basis of available information. The totality of aid awarded in these four sectors together with that discussed in Part I of this Survey would constitute the overall national State aid in the twelve Member States. Unfortunately, due to the fact that some Member States have not been able to supply complete information in all of these sectors, the overall amount is not a sufficiently viable figure and therefore interpretation of data given in this section must be made with utmost caution.

Aid to agriculture

29. In sectors such as agriculture where a highly-developed Community policy is in operation, the limits for granting State aid are, to a greater extent, determined by this common policy. Thus, although Articles 92-94 of the EC Treaty apply in principle to agriculture as to other sectors of the economy, Article 42 specifies that the extent to which these articles apply to agriculture should be decided by the Council. Hence the Council has limited Member States' freedom to grant State aid in certain areas of policy:

(i) Support of markets in most agricultural products (Council Regulations governing the common market organisations).

Aid, using exclusively Community (i.e. EAGGF) resources, is payable only on the basis of Council rules which provide *inter alia* for a common system of intervention buying and export refunds and, further to the reform decisions of May 1992, compensatory aid in the various sectors for price reductions in conjunction with compulsory set-aside.

(ii) Support for improving farm structure (Council Regulation (EEC) No 2328/91).

Aid concerning productive investments on agricultural holdings is determined to a large extent by the provisions of the above-mentioned Council Regulation and partly Community cofinanced.

The reporting situation in the field of agriculture is not satisfactory. Several Member States have failed to deliver to the Commission comprehensive information on their aid expenditure in this sector. Until the previous (4th) Survey, the Commission, when faced with this situation, made extrapolations and estimates in order to close the gaps. In the present Survey, in contrast, the gaps are left intact and only available data are used for the two periods 1990-1992 and 1992-1994.

Taking account of the data situation, Table 8 relates total State aid (including the national contribution to the socio-structural measures under (ii) above) in respect of products listed in Annex II of the EC Treaty - plant and livestock production and primary processing activities - to gross value added of agricultural production at the level of the holding. It will be noted that national aid taken into account in this table applies to a broader spectrum of activities than the base retained for gross valued added. Data covering the whole reporting period were available from four Member States, whilst data covering only a part of the period were available from four others. No data were available from the remainder.

Table 9

National aid in respect of products listed in Annex II of the EC Treaty as a percentage of gross value added of agricultural production in 1990-92 and 1992-94.

per cent

	1990-1992	1992-1994
Belgium	11,6	9,2
Denmark	5,4	4,8
France	11,0	N.A.
Germany*	20,9	27,2
Greece	0,04	N.A
Spain	N.A	N.A
Ireland	N.A	N.A
Italy	N.A	N.A
Luxembourg	N.A	N.A
Netherlands	4,6	N.A
Portugal	13,4	N.A
United Kingdom	8,2	6,4
EUR 12	N.A	N.A

* German agriculture aid figures include aid in the form of VAT concessions (VAT plus per hectare aid) awarded in compensation for price reductions flowing from agri-monetary changes. Of the total shown, some 10 percentage points of gross value added are accounted for by this aid.

This table should be read in conjunction with point 29 (above) and point III.10.2 of the Technical Annex.

It may be noted that the concept of total national aid encompasses individual categories of aid which may present differing levels of relevance in terms of competition policy. Therefore, it may be argued that aid for measures such as productive investment and publicity is more likely to potentially have an effect upon trade than aid which is destined simply to compensate operators for services rendered, for example, access to the countryside and aid to offset the financial burden of natural disasters. A broadly similar argument might apply to aid financed by certain parafiscal taxes where, though such aid from a legal viewpoint is considered as State aid, the economic burden falls exclusively upon the beneficiaries themselves.

Further, it should be noted that the data in Table 9 do not provide an accurate picture of the total level of support granted to agriculture in the Community or in any particular Member State. Only a limited part of this total is accounted for by the data in the table. The annual publication by the Commission entitled "The

Agricultural Situation in the Community" provides data *inter alia* on Community aid for agriculture.

Thus it may be concluded that caution must be exercised in drawing conclusions concerning the possible impact on trade from the data in Table 9, or indeed from any data relating to global volumes of aid in agriculture. (see Annex I, Section III for details).

Aid to fisheries

30. In the fisheries sector, national aids closely follow the development of and the limits imposed by the Common Fisheries Policy (CFP) thereby contributing to the realization of common objectives. Any conclusion to be drawn from the quantification of national aids has, therefore, not only to take account of their impact on competition but also of their impact on attaining a common aim.

Tables 10 and 11 show national aids and Community intervention in favour of the Community's fishing fleet, the commercialization, and first-stage processing of the products. It has to be noted that the data situation in the fisheries sector is precarious as data from several Member States were not received in time for publication.

Table 10

Aid to fisheries in per cent of gross value added* in this sector, calculated on the basis of quantities landed and average prices 1990-1992 and 1992-1994

per cent

	1990-1992	1992-1994
Belgium	1,5	3,0
Denmark	2,9	N.A.
Germany	10,8	14,2
Greece	0,3	0,2
Spain	3,3	5,3
France	4,3	N.A.
Ireland	11,1	9,0
Italy	8,6	10,0
Luxembourg	-	-
Netherlands	0,6	N.A.
Portugal	1,7	N.A.
United Kingdom	2,9	3,7
EUR 12	5,5	N.A

* Value added figures used exclude transformation industry and on-shore production.

Table 11

Community interventions in the fisheries sector in the framework of the common organisation of the market and structural policy 1990-1994.

Million ECU

	1990	1991	1992	1993	1994
Guarantee	23,6	26,2	32,1	32,4	35,5
Guidance	226,6	294,0	358,4	401,8	391,0

Aid to transport (railways)

31. Table 12 shows aid to railways as a percentage of value added in this sector. Whilst most aid is given to compensate for the imposition of social obligations or inherited liabilities on railways (Council Regulation 1191/69, as amended by Council Regulation 1893/91, and Council Regulation 1192/69) aid in percent of value added remains high. However, as figures for aid and value added were not always available these figures should be interpreted with caution.

It should be noted that whilst all Member States have systematically provided data on aid granted in this sector, not all data were available in time for publication. For the three countries concerned, their 1992 figures were taken for 1993 and 1994.

Table 12

State aid to transport (Railways) in percent of gross value added in railways* 1990-1992 and 1992-1994

in per cent

	1990-1992		1992-1994	
	Total aid	Reg. 1191/2-69	Total aid	Reg. 1191/2-69
Belgium	42,8	30,8	40,7	18,2
Denmark	13,3	8,5	N.A.	N.A.
France	26,0	15,8	N.A.	N.A.
Germany	33,0	22,0	47,2	12,9
Greece	6,04	0,21	6,03	0,17
Ireland**	14,4	7,0	12,3	6,5
Italy	34,6	11,3	N.A.	N.A.
Luxembourg***	87,4	81,2	81,1	79,1
Netherlands**	16,6	11,6	10,1	4,8
Portugal	6,9	5,0	5,5	4,0
Spain	24,1	3,5	20,6	1,0
United Kingdom	5,0	5,0	6,8	6,8
EUR 12	24,4	12,8	25,9****	9,7****

* Gross value added was not available for all countries in all years. Lacking data were estimated.

** Aid figures expressed as percentage of value added in whole transport sector as no separate figures are available for railways.

*** A considerable part of the expenditure under Regulation 1192/69 in this Member State is for retirement.

**** 1992 data were used for the three Member States who did not provide information for 1993 and 1994 in time for publication of this survey.

N.A. Whilst all Member States make every effort to provide data, three did not do so in time for publication.

Aid to coal mining.

32. Table 13 gives the aid to coal mining divided into aid not going to current production and aid granted to current production. The latter is expressed in ECU per person employed in the industry and as the share of the total aid to the sector. The general trend in the coal producing Member States is for an increase in the amount of aid per person employed compared to the previous period. After halting all aid to current production during the period 1990-1992 the United Kingdom saw a minuscule amount of aid to current production in 1992-1994 as draconian restructuring of the industry took place prior to privatisation. In Belgium the last colliery closed in the summer of 1992 and in Portugal at the end of 1994.

Table 13

Aid to the coal industry

	Yearly average of aid not destined to current production in Million ECU		Yearly average of aid destined to current production			
	1990-92*	1992-94**	1990 - 1992*		1992 - 1994	
			ECU per employee	in % of total aid	ECU per employee	in % of total aid
Belgium	790,0	473,5	27.949	7%	-	-
Germany	4.542,7	3.334,6	39.846	50%	***51.807	62%
Spain	937,1	660,8	16.272	37%	17.145	44%
France	3.145,1	2.053,7	9.045	5%	13.651	10%
Portugal		1,5	7.579	100%	10.884	76%
United Kingdom	39,6	298,4			280	2%
TOTAL	9.454,5	6.822,5	23.464	36%	34.700	48%

* in 1993 prices

** Following Commission Decision 3632/93/ECSC, from 1994 figures on the financing of social benefits are no longer included by the Commission in its annual report on aid in this sector.

*** The 1994 figures for aid to current production for Germany include an exceptional financial measure of DM 5 350 million to clear the debts of the compensation fund as they stood at the end of 1993.

After declining in the previous period the share of aid going to current production has risen considerably from 36% of the total aid for the period 1990-92 to 48% during the period 1992-94 (a tendency which persists even if the financing of social benefits had been included in the 1994 aid figures). The average aid, destined to current production, per employee in the industry has risen from 23 500 ECU in 1990-1992 to 34 700 ECU in 1992-94. This is at odds not only with the objectives of the restructuring and rationalisation of the Community coal industry but also with the establishment of the single market.

Of the aid not going to current production, the majority is to cover the social and redundancy costs resulting from the contraction of the industry. The average number of employees in the sector had decreased to 154 500 in 1994, compared with 215 500 in 1992 and 270 000 in 1990, with the most important reductions occurring in the United Kingdom, Germany and Spain.

In the case of Germany and Spain, a coal reference price system has been in operation for a number of years which keeps domestic prices net of subsidies considerably above world market prices. Although such a measure has an effect equivalent to an aid, it cannot be reflected by the usual indicators which are shown in Table 12. Therefore, the figures should be taken as an overview and not an accurate indicator of the protection afforded by aid.

The new Community framework Decision 3632/93/ECSC on State aid to the coal industry has tightened the definition of aid to cover:

- any direct or indirect measure or support by public authorities linked to production, marketing and external trade which, even if it is not a burden on public budgets, gives an economic advantage to coal undertakings by reducing the costs which they would normally have to bear;

- the allocation, for the direct or indirect benefit of the coal industry, of the charges rendered compulsory as a result of State intervention;

- aid elements contained in financing measures taken by Member States in respect of coal undertakings which are not regarded as risk capital provided to a company under standard market-economy practice.

To increase transparency, Member States are also required to enter aid in their "national, regional or local budgets or channelled through strictly equivalent mechanisms" after a transitional period not exceeding December 1996. All aid received by coal undertakings has to be shown together with their profit and loss accounts "as a separate item of revenue, distinct from turnover" from 1994 onwards.

Finally, operating aid is defined as "the difference between production costs and the selling price freely agreed between the contracting parties in the light of the conditions prevailing on the world market". The new Decision stipulates that "arrangements existing at 31 December 1993, under which aid was granted in conformity with the provisions of Decision 2064/86/ECSC and which are linked to agreements between producers and consumers, exempted under Article 85(3) of the EC Treaty and/or authorised under Article 65 of the ECSC Treaty, must be modified by 31 December 1996" to bring them into line with the provisions of the new Decision 3632/93/ECSC. For some Member States, this will result in an increase in aid amounts as the coal reference price systems are abolished.

33. For both railways and coal the observed aid amounts are high. Whilst there may be only limited competition between the coal industries, the impact of these aids on the wider markets in transport and energy cannot be ignored. As these markets are becoming integrated with the completion of the single market, competition is becoming increasingly important. The declared will of the Community to open up the transport and the energy markets render a strict aid control policy by the Commission in these sectors more and more important. The Survey will, in future, have to contain data on forms of transport other than railways (and the aviation sector, covered in section 2.2.5.: Other sectors) and forms of energy other than coal in order to provide a basis for the full assessment of the impact of aids in these sectors. In the transport sector, however, the assessment of distortions of inter-modal competition is made more difficult by the question of imputing infrastructure, environmental, and surveillance costs.

Volume of overall aid in the Community

34. The volume of State aid in the Community, given in the sectors covered by this survey and taking due account of the incompleteness of data described above, amounts on average over the period 1992-94 to ECU 95 200 million, as can be seen from Table 14. Because of missing data on some Member States' expenditure in the agricultural sector the total aid amounts are underestimated.

Table 14

Overall national aid[14] 1990-92 and 1992-94[15]
In constant 1993 prices

Million ECU

	1990-1992	1992-1994
Overall national aid	96 600	95 000

Table 15 shows Member States' total aid expenditure as a percentage of gross domestic product, per person employed, and relative to total government expenditure. It should be noted that in the case of the Member States for which figures on the expenditure in agriculture were not available, or were only partially available, the ratios are underestimated.

14 For fisheries and transport most recent data available were used where information for either 1993 or 1994 was not obtainable in time for the publication of this survey. For agriculture only the available data were used.

15 Comparisons between the two periods should take into account the changed approach on data for the coal sector in the latter period (explained on page 33).

Table 15

Overall State aid in the Member States 1990-1992 and 1992-1994 in per cent of GDP, per person employed, and relative to government expenditure

	in per cent of GDP		in ECU per person employed		in per cent of total Government Expenditure	
	1990-1992	1992-1994	1990-1992*	1992-1994	1990-1992	1992-1994
Belgium	2,9	2,0	1.369	958	5,2	3,5
Denmark	1,0	1,0	435	492	1,7	1,7
Germany	2,4	2,6	1.273	1.476	5,1	5,4
Greece**	1,9	1,7	366	318	4,0	3,5
Spain**	1,3	1,2	407	379	2,9	2,4
France**	1,7	1,4	806	664	3,3	2,5
Ireland**	1,2	1,5	411	530	3,1	3,6
Italy**	2,4	2,3	867	844	4,5	4,1
Luxembourg**	2,4	2,1	1.220	1.087	4,8	4,0
Netherlands**	0,9	0,8	458	401	1,7	1,4
Portugal**	1,5	1,2	220	185	3,6	2,6
United Kingdom	0,5	0,4	162	142	1,3	1,0
EUR 12	1,8	1,7	714	713	3,6	3,3

* 1990-1992 averages in 1993 prices

** These countries supplied no or incomplete data on aid in agriculture

Budgetary impact of aids

35. In Belgium, the financing of State aid is equivalent to 31% of the high budget deficit amounting to 6,3% of GDP in 1992-94. In Germany, where the budget deficit in 1992-94 was 2,9% of GDP, the financing of State aid is equivalent to 88% of the deficit for the period. Finally, in Italy, where the budget deficit is around 9,5% of GDP in 1992-94, the financing of the overall aid amount accounts for 24% of the deficit (for the reasons explained above, the Italian overall aid figure is underestimated, resulting in an underestimation of the ratio of the financing of the aid to the budget deficit). Compared with the preceding period, there has only been a marginal decrease in the budget deficit in Italy while the share of the deficit necessary for financing the aid has remained constant.

Table 16

Overall State aid in the Member States 1990-92 and 1992-94 broken down into main sectors

	in per cent of overall aid									
	Agriculture and Fisheries		Manufacturing		Transport		Coal		Total	
	1990-1992	1992-1994	1990-1992	1992-1994	1990-1992	1992-1994	1990-1992	1992-1994	1990-1992	1992-1994
Belgium	7	7	45	37	30	41	18	14	100	100
Denmark	19	13	31	41	50	46	0	0	100	100
Germany	10	10	38	41	24	29	28	21	100	100
Greece*	-	-	-	-	-	-	-	-	100	100
Spain*	-	-	-	-	-	-	-	-	100	100
France*	-	-	-	-	-	-	-	-	100	100
Ireland*	-	-	-	-	-	-	-	-	100	100
Italy*	-	-	-	-	-	-	-	-	100	100
Luxembourg*	-	-	-	-	-	-	-	-	100	100
Netherlands*	-	-	-	-	-	-	-	-	100	100
Portugal*	-	-	-	-	-	-	-	-	100	100
United Kingdom	18	15	58	40	23	37	0	8	100	100
EUR 12(%)	-	-	-	-	-	-	-	-		

* These countries supplied no or incomplete data on aid to agriculture

RESULTS

36. With the publication of this Fifth Survey on State aid in the European Union, the Commission and the Member States reaffirm their commitment to increasing transparency in the field of public support to the economy. The document contains a detailed analysis of the volumes of national aid, broken down into the different forms and the various objectives pursued by Member States. The data that was collected and analyzed serve the Commission, by making available a sound statistical basis, in its continuous endeavour to improve its State aid policy. The Survey serves, furthermore, the Community in the wider international context by reflecting, in a coherent and transparent way, the determined will of the Community to eliminate distorting aid that is incompatible with the internal market and to keep overall aid levels under control. It thus underlines the Community's commitment to a free world market.

37. As regards aid to industry, the figures available lead to the general conclusion that the gradual downward trend observed in the past appears to have come to an end. This survey indicates a stable tendency in the overall volume. In the period under review, the annual aid volume amounts to almost 43 billion ECUs.

    The apparent stable trend of the overall volume of industry aid is in fact due to the decrease in aid levels seen in eight of the Member States being offset by an increase in aid in the four others.

    Of these four, one is faced with an unprecedented adjustment process in adapting a part of its economy to the market system and another has carried out several exceptional restructuring operations. In the two other countries where aid increased, this increase can be attributed to a large extent to specific objectives such as energy saving and regional development.

    Budgetary expenditure is the preferred form of awarding State aid to industry in all Member States. This is to be welcomed in the sense that financing through the budget is more transparent than the alternative of financing through the tax system.

As to the objectives pursued with industry aid, a shift away from horizontal support to sector specific - particularly rescue and restructuring - and regional interventions can be observed. The latter is a welcome trend, whereas the former causes some alarm under competition aspects as aid to single companies or whole branches of industry are amongst the most distortive for competition. Horizontal aid has decreased from 35 to 30 per cent, while regional spending has increased from 50 to 53 per cent and sector specific spending from 15 to 17 per cent.

38. The most marked trend, however, can be observed in the rise in the volume of aid granted to individual enterprises, falling outside schemes promoting horizontal, sectorial or regional objectives. It follows that a limited number of individual aids of important volume are responsible for a disproportionate part of total aid granted. The part of such "ad hoc" aids in the total aid to European industry has increased from 7 per cent in 1990 to 36 per cent in 1994. It consists in the main of aid granted for rescue and restructuring of companies together with aid granted by the Treuhandanstalt.

39. As regards overall national aid to the economy, the figures, in so far as they are available to the Commission, confirm the conclusion of the previous Surveys that the volume of aid in the Community is massive. It should not be forgotten in this context that Article 92(1) of the EC Treaty, which is the basis of the Commission's State aid policy, contains a general ban on aid and that State aid is only approved where one of the derogations set out in Article 92 applies. The Commission, of course, approves aid for many purposes where these are deemed to be in the common interest. Examples of such aid for which the Commission has clearly a favourable view include regional, R&D, SME, training and environmental aid. However it cannot be denied that the piling up of State aid interventions risks to jeopardise the efficient functioning of the internal market.

CONCLUSIONS

40. The first four surveys which the Commission published on the aid volumes awarded by the Member States of the European Union to their companies, showed a slow but continuing downward trend of the overall level of aid to industry. This tendency is not confirmed by the findings of the Fifth Survey. This survey indicates a stable tendency in the overall volume which is situated around an annual average of almost 43 billion ECUs representing 4 per cent of value added in industry or more than 1400 ECUs per person employed in this sector. This is a worrying result. As well as being a source of distortion of competition, the observed high levels of State aid risk to endanger the efficient functioning of the internal market. In addition, the advancing integration and reinforcement of competition in the forthcoming Economic and Monetary Union will increase the sensitivity of companies towards aid that benefits their competitors. This situation will certainly induce the Commission to look for means that could further increase the efficiency and the strictness of its State aid control.

41. The case by case examination practiced by the Commission in order to verify the conformity of an aid with the rules laid down in the Treaty is aimed at ensuring that the aid does not breach the level necessary with respect to the market imperfections and that its contribution to the realization of objectives of Community interest counterbalances the related effects on the distortion of competition and trade. This examination however does not give the Commission the possibility to take into account, during the analysis of an aid, those aids that have already been granted in the same Member State to other companies, possibly to attain other objectives. Therefore, based on Competition rules alone the Commission has only relatively limited means to act directly with a view to limiting the overall budgets that the Member States devote to support their companies. The Commission has however already taken action and this is confirmed by certain recent orientations of the Commission's policy with regard to State aid. In 1996 the Commission took a record number of 23 negative decisions which systematically required, when the aid in question had already been paid in violation of the procedural rules, the recovery of the aid by the Member State, as

well as interest counted from the date of payment. In view of the market efficiencies forgone because of the high amount of aid, Commission action alone is not sufficient. A dialogue with all the Member States with a view to fixing precise objectives and a timetable for reducing overall aid budgets appears therefore as a necessary complement to the Commission actions.

42. The disparities between the different countries in the award of aid to industry remain important. As regards the cohesion countries, the increase of aid observed for Ireland - its share in total industry aid rose from 0,8 to 1,1 per cent - is offset by the continuing decrease of aid seen in the other three cohesion countries Spain, Portugal and Greece. The growing disparity between the cohesion countries and the central economies is at variance with the objective of cohesion and risks endangering the effectiveness of the Community's own funds used to assist these Member States in closing the gap in their level of development vis-à-vis the rest of the Community, as is also pointed out in the first Cohesion Report (COM(96)542). Furthermore, the problem of unbalanced development in the award of aid between different regions should no longer be seen solely as an internal cohesion problem. The problem is clearly aggravated when account is taken of the forthcoming enlargement. Only by strengthening its State aid policy and by securing a greater balance of aid between the different regions of the Community can the Commission prevent the negative effects of the diverging trend on economic convergence. To further reinforce the objective of reducing the above-mentioned disparities, the Commission is preparing new regional aid guidelines which envisage a gradual reduction in aid intensities in article 92(3)c areas and, a closer correspondence between aid intensities and the socio-economic conditions prevailing across all of the assisted regions.

43. Such a control policy also calls for further increases in aid transparency. It is therefore crucial that the new standardised annual reporting system be enforced thereby allowing the Commission to have a clearer picture of the regional and sectorial impact of the different forms of government support to industry, notably in the case of aid with a horizontal objective.

44. Aid, granted for horizontal objectives, which is decreasing, concerns for example, research and development, small and medium sized enterprises, the protection of the environment and energy saving. This aid therefore conforms to the criteria published in horizontal frameworks. Whereas the objectives of economic cohesion and undistorted competition in the internal market require a reduction in volumes of aid, it should also be kept in mind that European industry is equally confronted with international competition. The aid, devoted to encourage firms to undertake greater efforts in the field of research and development and in training their personnel or to help small and medium sized enterprises to overcome their difficulties in obtaining the sources of finance necessary for their development, can contribute to the reinforcement of the competitiveness of European industry. Moreover the positive externalities linked to investments in environmental protection can justify certain public interventions in the absence of the full implementation of the polluter-pays principle. Aid of this type clearly contributes to Community objectives.

45. Examination of such aid schemes represents, with respect to the overall number of cases treated, a very significant part of the decisions taken by the Commission and therefore the workload of the services. However, the Survey shows a marked rise in the volume of aid granted in the context of ad hoc cases whilst the volume of aid granted under schemes is steadily decreasing. This would suggest that the Commission should concentrate its attention upon the examination of the most important aid cases thereby liberating a substantial part of its resources currently dedicated to the examination of those aid schemes that support Community objectives and meet with well established criteria. This reorientation could be achieved by simplifying the procedures, in particular notification by Member States and examination by the Commission. Such a simplification, desirable also from the point of view of national administrations, would under no circumstances represent a weakening of the respect of the criteria that the Commission has established and which have led to a reduction in the volumes of this type of aid by limiting them to the level of support that is necessary as a function of the objectives set and the dimension and locality of the beneficiary. This is why the Commission has the intention to submit in the near future under the terms of

Article 94 EC Treaty, a proposal for a regulation that will empower it to adopt regulations allowing for the exemption of certain aid categories from notification obligations.

46. It would also appear necessary to limit more strictly aid granted for the rescue and restructuring of companies in difficulty. Even if part of this type of aid could contribute to the acceleration of the adjustment process of certain sectors in crisis and the attenuation of the social consequences of these adjustments, it is equally indispensable that they be rigorously limited to the levels necessary for the restructuring and, ensure the long term viability of the beneficiary companies in such a way that further aid would not be necessary. Furthermore the tendency of Member States, faced with budgetary restrictions, to concentrate the available resources for their regional aid schemes on a few large investments equally brings the Commission to envisage the individual examination of these cases which are likely to cause the most important distortions of competition. The criteria that will be applied for the examination of these cases are to be found in the so-called "multi-sectorial" framework which is being prepared. Moreover the same phenomena in the context of horizontal frameworks leads the Commission to envisage in the forthcoming introduction of group exemption regulations, notification ceilings for the largest aid cases as has already been done in the research and development framework.

ANNEX I

TECHNICAL ANNEX

The purpose of this annex is to outline the methodologies and sources used in order to produce this Survey on State aid, notably with regard to:

I. Scope of the study
Fields excluded

II. Categories, forms and objectives of aid

III. Type of data, sources and methods of assessing the aid element

IV. Specific problems

- Research and Development (R&D)
- Transport in Luxembourg
- Tourism; Agri-foodstuff
- Training and unemployment

I. Scope of the Study
Fields excluded

1. This Technical Annex explains the methodological background and the statistical techniques used. It is an update of the technical annex used for the preceding Survey.

   The Survey focuses on State aid to enterprises falling within the scope of Articles 92 and 93 EC Treaty and Article 95 ECSC Treaty. Accordingly, general measures (which, if they distort competition, would be dealt with under Article 101 of the EC Treaty) are not included in the figures.

2. The following measures or areas are not dealt with:

2.1. Aid whose recipients are not enterprises

- Aid to households
- Aid to the handicapped
- Aid for infrastructure (ports, airports, roads, etc.)
- Aid for university institutes
- Aid for public vocational training centres
- Aid to developing countries

2.2. General measures and other measures

- Differences between the various tax systems and general social security systems in Member States (depreciation, social security deficit, etc.)
- Quotas, public procurement, market restrictions, technical standards
- Specific tax schemes (cooperatives, owner enterprises, self-employed, etc.)[16]
- General reduction in VAT (for example, foodstuffs in the United Kingdom, certain products in the French overseas Departments)[17]

2.3. Aid granted by supranational and multinational organizations

- Community funds (ERDF, EAGGF, etc.)
- Financing by EIB and EBRD
- Support to the European Space Agency

---

16 However, a lower-than-the-standard rate of corporation tax for small businesses constitutes an aid and has been included (e.g. Germany).

17 Specific reductions such as the reduction of VAT for all products manufactured in Berlin have been included. In contrast, all goods (regardless of origin) sold in the DOM pay a lower rate of VAT. This has not been included as an aid.

2.4. Individual types of aid

- Defence (see point 11.2 of this annex)
- Aid to energy, except coal (see points 10.2 and 11) and aid for energy saving and alternative (renewable) energy
- Aid to transport, except railways (see point 10.2); and the aviation sector covered under section 2.2.5.: Other Sectors.
- Training and unemployment measures (see point 14)
- Press and media
- Buildings and public works
- Public utilities such as gas, water, electricity, telecommunications (tariff structure and financing)

II. Categories, forms and objectives of aid

3. Categories of aid

All aid represents a cost or a loss of revenue to the public authorities and a benefit to recipients. However, the "aid element", i.e. the ultimate financial benefit contained in the nominal amount transferred, depends to a large extent on the form in which the aid is provided. Aid should therefore be subdivided in accordance with the form in which it is provided. Four categories have been identified for this purpose. Each category is represented by a letter: A, B, C, or D, followed either by the number 1 or 2, meaning respectively budgetary aid (i.e. aid provided through the central government budget) or tax relief (i.e. aid granted via the tax system), plus an A if the aid element is known; for example, C1A means that which is being referred to is the aid element (A) of a soft loan (C1).

4. Group A (A1 + A2)

4.1. The first category (A) concerns aid which is transferred in full to the recipient. In other words, the aid element is equal to the capital value of the aid. This first category has been subdivided into two groups depending on whether the aid was granted through the budget (A1) or through the tax or social security system (A2).

4.2. List of aid coming under categories A1 and A2

- Grants
- Interest subsidies received directly by the recipient
- General research and development schemes (see point 11)
- Tax credits and other tax measures, where the benefit is not dependent on having a tax liability (i.e. if the tax credit exceeds the tax due, the excess amount is repaid)

- Tax allowances, exemptions, and rate reliefs where the benefit is dependent on having a tax liability
- Reduction in social security contributions

5. Group B1

5.1. It is necessary to determine whether a financial transfer by the public authorities in the form of equity participation is an aid to the recipient or a matter of the public sector engaging in a commercial activity and operating like a private investor under normal market conditions. Consequently, although equity participation, in their various forms, could have been included in the first category, they have been grouped together under a separate category (B1). An estimate of the aid element contained in such equity participation is set out in category B1A.

5.2. List of aid coming under category B1

- Equity participation in whatever form (including debt conversion)

6. Group C (C1 + C2)

6.1. The third category (C) covers transfers in which the aid element is the interest saved by the recipient during the period for which the capital transferred is at his disposal. The financial transfer takes the form of a soft loan (C1) or tax deferral (C2). The aid elements (C1A/C2A) in this category are much lower than the capital values of the aid.

6.2. List of aid coming under categories C1 or C2

- Soft loans (new loans granted) whether from public or private sources. (The transfer of interest subsidies is categorized under A1)
- Participatory loans from public or private sources
- Advances repayable in the event of success
- Deferred tax provisions (reserves, free or accelerated depreciation, etc.)

7. Group D1

7.1. The last category (D1) covers guarantees, expressed in nominal amounts. The aid elements (D1A) are normally much lower than the nominal amounts, since they correspond to the benefit which the recipient receives free of charge or at lower than market rate if a premium is paid to cover the risk. However, if losses are incurred under the guarantee scheme, the total loss, net of any premiums paid, is included under D1A, since it can be considered as a definitive transfer to the recipient. The nominal amounts of these guarantees are shown under D1 to give an indication of the contingent liability.

particular no figures have been given for aid to local transport. State aid in the aviation sector is covered under section 2.2.5.: "Other Sectors".

10.3. Industry

In the case of aid to industry and the service sector, the figures have generally been taken from notifications under Article 93 and from information submitted within the context of the notification and standardized annual reporting procedure set out in the Commission letter of 22.02.1994 to the Member States. Furthermore, data are checked against national publications on the award of aid, national accounts, draft budgets and other available sources.

10.4. Steel

The figures presented in the study have been compiled from the steel aid monitoring reports from the Commission to the Council. The figures show the amount of aid granted to undertakings.

10.5. Tax expenditure

With regard to tax expenditure, the OECD concept was used as a starting point.

"A tax expenditure is usually defined as a departure from the generally accepted or benchmark tax structure, which produces a favourable tax treatment of particular types of activities or groups of taxpayers".

Thus, for example, tax reliefs granted to certain development areas i.e. to only a part of the territory of the tax authority, are regarded as tax expenditures, whereas the rate structure is regarded as an integral part of the benchmark tax system.

However, in some cases, such departures from the benchmark system are on the borderline between aid within the meaning of Article 92(1) EC and general measures. Further work has to be carried out in order to elucidate this "grey area".

10.6. Methods of assessing the aid element

10.6.1. In order to analyze the different forms of aid on a fully comparable basis, it is necessary to reduce them to a common denominator - the grant element which they contain. To this end the methods currently employed by the Commission in its control of State aid have been used. These methods are all official Commission policy and have been discussed at a technical level with the Member States.

10.6.2. The basic approach to evaluating the aid element is the common method of evaluation used in calculating the net grant equivalent of state interventions (for latest update see annex of the Communication of the Commission on regional aid schemes, OJ C 31 of 3.2.1979; see also Resolution of the Council of 20.10.1971, OJ C 111 of 4.11.1971).

Obviously, the receipt of an aid may change the tax liability of some recipients. However, taking account of the allowances and reductions that can be claimed against profits tax and the losses made by certain companies, the effective rate of tax paid in general by companies is much lower than the theoretical maximum rate. Therefore it is considered that the results obtained without taking account of taxation are closer to reality than if the maximum theoretical rate had been employed. The common denominator is therefore grant equivalent and not net grant equivalent.

Method applied to different forms of aid

10.6.3. Group A - grants, relief from social charges, etc.
No calculations of the aid element are necessary because this group comprises all interventions which can be considered as constituting grants or grant equivalents.

10.6.4. Group B - equity (including debt conversion).
In line with established Commission policy, such interventions constitute aid when a private investor operating under normal market conditions would not have undertaken such an investment. See Commission communication " Application of Articles 92 and 93 of the EEC Treaty and of Article 5 of Commission Directive 80/723/EEC to public undertakings in the manufacturing sector", OJ No C 307 of 13.11.1993, p3[21]. This method is based on calculating the benefit of the intervention to the recipient.

As regards capital injections to State Holding companies, the overall performance of each company was examined and the aid element taken as the amounts required to cover recurring losses.

10.6.5. Group C - soft loans and deferred tax provisions.
In accordance with the common method of evaluation, benefits accorded to an enterprise over a period of time in the form of soft loans and deferred tax provisions are discounted back to the present. The discount rate is the "reference rate" which represents the rate at which companies can borrow under normal market conditions. The definition of the reference rate in each Member State has been formally adopted by the Commission (see point 14 of the common method of evaluation). The aid element in a soft loan in any one year is, therefore, the difference between the reference rate and the rate at which the State accords the loan multiplied by the value of the loan.

---

21 See also "Application of Article 92 and 93 EEC to public authorities' holdings", Bulletin EC 9-1984, further "The Measurement of the Aid Element of State Acquisitions of Company Capital" - IV/45/87 Evolution of Concentration and Competition Series, Collection : Working Papers 87.

In the case of participatory loans the net cost was calculated as the difference between the rate of return effectively received by the state on these participatory loans and the reference rate. In the case of repayable advances, because of the unduly large number of individual cases, the actual net cost to the State was taken as an estimate of the aid element.

10.6.6. Group D - amounts covered under guarantee schemes.
For loans awarded under exchange rate guarantee schemes, the aid element is calculated as though the loan were a soft loan in the currency which is guaranteed against exchange rate fluctuations. The aid element is the difference between the reference rate for the currency which is covered by the guarantee and the rate of interest at which the loan is given less any charge for the guarantee. This calculation is therefore based on calculating the benefit of the scheme to the recipient[22]. For simple loan/guarantee schemes it is normally impractical, because of the volume of cases, to look at every guarantee and decide what would be the price the recipients would normally have to pay for such a guarantee. Consequently, at the global level the net cost of such schemes to the Government (i.e. the difference between the cost of guarantees honoured by the state and any revenue from charges for the securities) was taken, except in large individual cases or for certain sectors where the value of the guarantee can be calculated on the basis of the value to the recipient[23].

10.7. Although figures for loans or guarantees from publicly owned credit institutions are given when they are considered as constituting aid, there are greater difficulties in identifying and quantifying such interventions than for other forms of aid, because by their very nature they are less transparent. In order to avoid any unwarranted discrimination with respect to the different treatment of aids in these areas, additional work as to identifying and quantifying such aid will have to be done.

---

22 Where this information is not available, the global losses to the Government are taken as an approximation of the aid element.

23 This has been the Commission's policy as regards guarantees in the steel and shipbuilding sectors and in individual rescue cases.

IV. Specific problems

11. Research and Development (R&D)

11.1. R&D schemes

The figures include extra-mural Government funding of R&D programmes for nationalized or private enterprises classified under A1A[24]. In view of the global nature of the sources used, it has not always been possible to exclude certain elements of public procurement from extra-mural expenditure (e.g. R&D contracts). Because only direct funding of R&D has been included, it is considered that the figures for R&D have been underestimated (R&D contracts and Public Research (see 11.2 and 11.3 below) have been omitted because of the inability to quantify the aid element in such interventions).

11.2. R&D contracts

Figures for research and development contracts have not been included in the figures, since the aid element is, at present, often unquantifiable. Furthermore, the sources do not permit research and development contracts intended specifically for military purpose to be isolated nor the impact on the market of such contracts to be evaluated[25].

11.3. Public Research

No figures are given for any aid element contained in the intramural funding of government or public research establishments or research carried out by institutes of higher education. This omission may be important for certain sectors where state or semi-state bodies carry out large scale R&D that may have commercial repercussions[26].

11.4. Nuclear energy

Member States provide aid to the nuclear energy sector through the intermediary of their public undertakings or through the intermediary of R&D financing (mainly in the form of R&D contracts and public research). Only some of this direct financing could be included in the figures for R&D (2.1.1.). The figures on nuclear energy contained in R&D figures may well be underestimated. Since the R&D figures exclude R&D contracts and public research, the aid element of such measures is difficult to quantify.

---

24 Accelerated depreciation for R&D equipment is not considered as an aid.

25 See point 9.2. of the Community framework for Research and Development Aid, OJ C 83 of 11.4.1986.

26 See point 9.1 of the Community framework for Research and Development Aid,.

12. Transport in Luxembourg

Transport figures appear to be higher in Luxembourg relative to other Member States due in the main to particularly high payments for pensions of former railways employees. No further details are available.

13. Tourism and Agri-foodstuff industries

Due to a lack of information on these two sectors it is probable that the data included in the study are incomplete.

14. Training and unemployment

It is not always apparent whether certain fiscal or social security measures constitute aid or form a coherent and integral part of the fiscal or social security system. In addition, incentive schemes exist in different Member States to stimulate or facilitate general training or the employment of certain socially disadvantaged groups of workers. In so far as such schemes are not industry-specific and are available across the whole economy, and in fact genuinely constitute part of a general system of employment measures, they are not to be considered as State aids. Although a number of training and employment schemes have been treated by the Commission as State aid, not all Member States' measures in these fields have up to now been examined in detail. Because of the considerable problems in delimiting employment aids, particularly those concerning training, from general measures and in order to present figures that are comparable between Member States, no training and unemployment measures have been analyzed in the present report.

STATISTICAL ANNEX

The methodology used for the tables contained is explained in the Technical Annex.

Table A1	State aid to industry. Annual amounts of aid element 1990-1994 in current prices and national currencies.
Table A2	State aid to industry. Annual amounts of aid element 1990-1994 in current prices and ECU.
Table A3	State aid to the new German Länder. Annual averages 1992-1994 in ECU.
Tables A4/1-12	Total State aid - annual average 1992-1994 by Member State
Figure A1	State aid to industry and Community Social and Regional Funds. Annual averages 1992-1994 per employee in ECU.

Table A1

State aid to industry in current prices 1990-1994

Million national currency

Industry					
	1990	1991	1992	1993	1994
Belgium	62.591,68	122.959,62	74.360,25	42.225,40	40.180,71
Denmark	2.444,82	2.362,69	2.604,90	4.607,55	4.478,04
Germany	20.289,56	24.695,70	29.845,34	36.716,45	34.165,75
Greece	221.903,74	213.410,97	294.685,02	289.697,34	233.136,64
Spain	285.919,74	155.573,36	251.519,09	179.675,64	235.323,46
France	35.297,37	31.262,53	33.353,72	40.468,79	45.659,52
Ireland	282,81	200,38	224,31	451,77	430,11
Italy*	23.180,57	18.346,51	19.870,64	21.919,77	21.752,24
Luxembourg	2.029,05	2.341,60	2.533,70	1.614,10	1.631,50
Netherlands	2.724,30	1.814,39	1.708,10	1.622,42	1.971,02
Portugal	133.997,53	77.353,97	77.644,63	76.236,48	171.132,51
United Kingdom	2.000,37	1.864,24	1.459,07	905,34	961,56
EUR 12	40.458,98	38.054,65	40.839,78	43.890,55	43.549,91

* In Billion Lira

Table A2

State aid to industry in current prices 1990-1994

Million ECU

	Industry				
	1990	1991	1992	1993	1994
Belgium	1.475,34	2.912,13	1.787,73	1.117,47	1.013,18
Denmark	311,19	298,75	333,55	606,77	593,67
Germany	9.887,17	12.042,22	14.772,14	18.961,39	17.748,44
Greece	1.101,74	947,58	1.193,15	1.078,67	809,68
Spain	2.211,02	1.210,98	1.898,07	1.204,87	1.481,23
France	5.105,08	4.483,15	4.870,00	6.100,50	6.934,92
Ireland	368,35	260,97	294,86	564,75	541,71
Italy	15.230,94	11.965,84	12.455,82	11.904,96	11.364,60
Luxembourg	47,83	55,46	60,91	39,88	41,14
Netherlands	1.178,26	785,12	750,84	745,87	912,93
Portugal	739,88	433,08	444,45	404,72	869,29
United Kingdom	2.802,20	2.659,36	1.978,25	1.160,70	1.239,13
EUR 12	40.458,98	38.054,65	40.839,78	43.890,55	43.549,91

Table A3

German State aid to the new Länder - yearly average 1992-1994

	Million ECU	in per cent	in per cent of total aid
Grants	5.583	42,1	32,1
Tax exemptions	2.497	18,9	14,3
Equity participations	6,4	0,1	0,04
Soft loans	3.269	24,7	18,8
Tax deferrals	0,00	0,00	0,00
Guarantees	1.898	14,3	10,9
TOTAL	13.254	100,00	76,1

During the years of 1992 to 1994 aid totalling a yearly average of ECU 13 254 bn was granted to the new Länder. This volume represents 76% of all German aid to industry. The increase of the overall volume of German aid resulting from granting aid to the new Länder has been partially compensated by a decrease of the aid to Berlin and to the Zonenrand.

Most of the aid to the new Länder is in the form of grants (42,1%), followed by soft loans (24,7%), tax exemptions (18,9%), and guarantees (14,3%).

Figure A1

Aid to industry and Community Funds per employee
Average 1992 - 1994

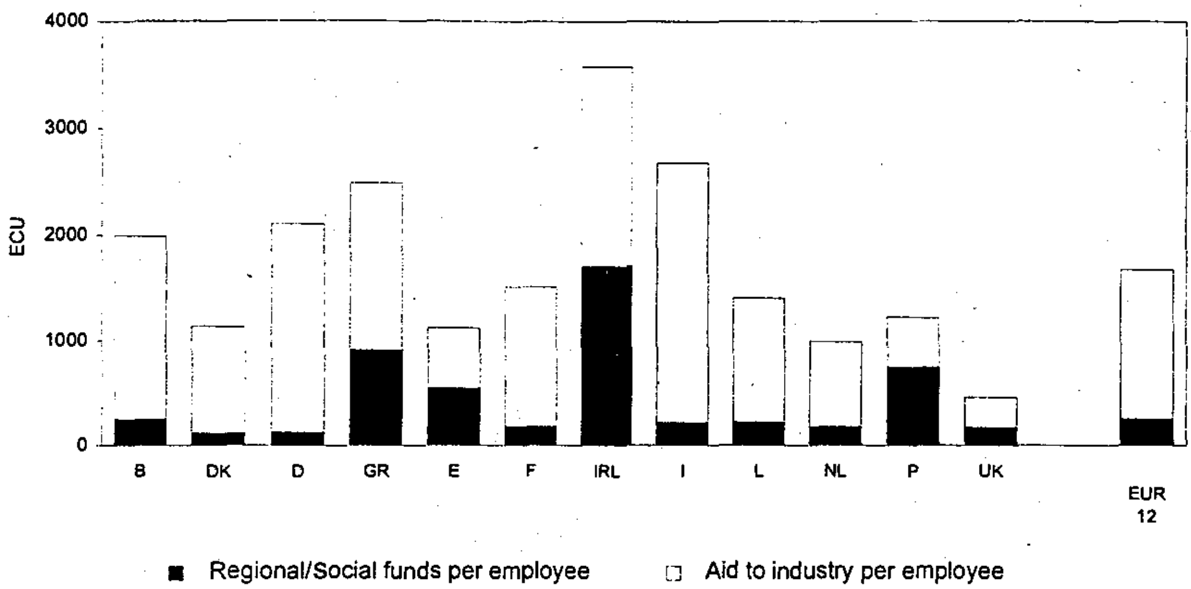


Figure A1 shows the importance of the Community's Social and Regional Fund when compared with the sum of all national aid to industry. It will be seen that these funds contribute a significant fraction of available resources in the four Cohesion countries:

The contribution of the above funds represents:

60,7% of total support in Portugal,
48,7% in Spain,
43,1% in Ireland and
36,4% in Greece,

while the Community average is only 17,8%.

Belgium

Table A4/1

Total state aid - annual average 1992 - 1994

in Million ECU

	SECTORS/FUNCTION	A1A	A2A	B1A	C1A	C2A	D1A	TOTAL
1.1.	Agriculture	259,52	0,00	0,00	0,00	0,00	0,00	259,52
1.2.	Fisheries	2,29	0,00	0,00	0,00	0,00	0,00	2,29
2.1.	Industry/Serv.: Horizontal Objectives	268,74	587,63	14,85	112,89	0,00	86,81	1.070,91
2.1.1.	*Research and Development*	*68,37*	*0,16*	*0,00*	*24,56*	*0,00*	*0,00*	*93,09*
2.1.2.	*Environment*	*6,83*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*6,83*
2.1.3.	*SME*	*165,67*	*23,07*	*0,04*	*1,64*	*0,00*	*0,00*	*190,42*
2.1.4.	*Trade*	*6,72*	*0,00*	*0,00*	*86,69*	*0,00*	*81,39*	*174,80*
2.1.5.	*Energy saving*	*0,00*	*180,33*	*0,00*	*0,00*	*0,00*	*0,00*	*180,33*
2.1.6.	*General Investment*	*21,15*	*6,84*	*0,00*	*0,00*	*0,00*	*5,42*	*33,42*
2.1.9.	*Other Objectives*	*0,00*	*377,23*	*14,80*	*0,00*	*0,00*	*0,00*	*392,03*
2.2.	Industry/Services: Partic. Sectors	1.974,88	0,00	0,00	2,87	0,00	0,00	1.977,74
2.2.1.	*Steel*	*1,96*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*1,96*
2.2.2	*Shipbuilding*	*28,77*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*28,77*
2.2.3.	*Transports*	*1.451,99*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*1.451,99*
	of which Regulations 1191/69 and 1192/69	*647,38*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*647,38*
2.2.4.1.	*Coal: Aid to current production*	*13,59*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*13,59*
2.2.4.2.	*Coal: Other aids*	*473,52*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*473,52*
2.2.5.	*Other sectors*	*5,04*	*0,00*	*0,00*	*2,87*	*0,00*	*0,00*	*7,91*
3.	Regional Aids	177,45	5,27	0,00	0,00	0,00	13,85	196,57
3.1.	*Regions under 92(3)c*	*177,45*	*5,27*	*0,00*	*0,00*	*0,00*	*13,85*	*196,57*
3.2.	*Regions under 92(3)a*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
	TOTAL (1 + 2 + 3)	2.682,88	592,91	14,85	115,76	0,00	100,66	3.507,04

Denmark

Table A4/2

~~Total state aid - annual average 1992 - 1994~~

in Million ECU

	SECTORS/FUNCTION	A1A	A2A	B1A	C1A	C2A	D1A	TOTAL
1.1.	Agriculture	147,21	0,00	0,00	0,00	0,00	0,00	147,21
1.2.	Fisheries	13,69	0,00	0,00	0,00	0,00	0,00	13,69
2.1.	Industry/Serv.: Horizontal Objectives	338,21	9,46	0,00	15,35	0,00	4,40	367,42
2.1.1.	*Research and Development*	*136,65*	*7,98*	*0,00*	*6,82*	*0,00*	*0,12*	*151,58*
2.1.2.	*Environment*	*38,25*	*1,48*	*0,00*	*0,00*	*0,00*	*0,00*	*39,73*
2.1.3.	*SME*	*7,65*	*0,00*	*0,00*	*3,80*	*0,00*	*3,24*	*14,69*
2.1.4.	*Trade*	*42,51*	*0,00*	*0,00*	*2,34*	*0,00*	*1,04*	*45,88*
2.1.5.	*Energy saving*	*113,16*	*0,00*	*0,00*	*2,39*	*0,00*	*0,00*	*115,54*
2.1.6.	*General Investment*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
2.1.9.	*Other Objectives*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
2.2.	Industry/Services: Partic. Sectors	680,57	0,00	0,00	0,00	0,00	0,26	680,83
2.2.1.	*Steel*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
2.2.2	*Shipbuilding*	*106,63*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*106,63*
2.2.3.	*Transports****	*550,62*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*550,62*
	of which Regulations 1191/69 and 1192/69	*348,45*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*348,45*
2.2.4.1.	*Coal: Aid to current production*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
2.2.4.2.	*Coal: Other aids*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
2.2.5.	*Other sectors*	*23,32*	*0,00*	*0,00*	*0,00*	*0,00*	*0,26*	*23,57*
3.	Regional Aids	13,13	0,00	0,00	0,57	0,00	0,00	13,70
3.1.	*Regions under 92(3)c*	*13,13*	*0,00*	*0,00*	*0,57*	*0,00*	*0,00*	*13,70*
3.2.	*Regions under 92(3)a*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
	TOTAL (1 + 2 + 3)	1.192,81	9,46	0,00	15,92	0,00	4,66	1.222,85

*** 1990-1992 averages used in order to arrive at EUR 12 estimates in Table 12

Germany

Table A4/3

Total state aid - annual average 1992 - 1994

in Million ECU

	SECTORS/FUNCTION	A1A	A2A	B1A	C1A	C2A	D1A	TOTAL
1.1.	Agriculture	4.038,61	0,00	0,00	0,00	0,00	0,00	4.038,61
1.2.	Fisheries	18,87	0,00	0,00	0,00	0,00	0,00	18,87
2.1.	Industry/Serv.: Horizontal Objectives	1.421,09	287,14	8,16	784,92	50,80	103,30	2.655,41
2.1.1.	*Research and Development*	*744,71*	*0,00*	*0,00*	*14,57*	*0,00*	*0,00*	*759,29*
2.1.2.	*Environment*	*107,63*	*0,00*	*0,00*	*42,08*	*0,00*	*0,00*	*149,70*
2.1.3.	*SME*	*269,63*	*229,65*	*0,00*	*228,80*	*50,80*	*32,03*	*810,91*
2.1.4.	*Trade*	*0,00*	*21,45*	*0,00*	*0,00*	*0,00*	*0,00*	*21,45*
2.1.5.	*Energy saving*	*279,28*	*36,04*	*0,00*	*9,60*	*0,00*	*0,00*	*324,93*
2.1.6.	*General Investment*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
2.1.9.	*Other Objectives*	*19,85*	*0,00*	*8,16*	*489,86*	*0,00*	*71,27*	*589,14*
2.2.	Industry/Services: Partic. Sectors	21.682,67	146,99	0,00	13,83	0,00	0,00	21.843,48
2.2.1.	*Steel*	*108,58*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*108,58*
2.2.2	*Shipbuilding*	*575,32*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*575,32*
2.2.3.	*Transports*	*12.114,17*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*12.114,17*
	of which Regulations 1191/69 and 1192/69	*3.258,95*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*3.258,95*
2.2.4.1.	*Coal: Aid to current production*	*5.532,99*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*5.532,99*
2.2.4.2.	*Coal: Other aids*	*3.334,60*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*3.334,60*
2.2.5.	*Other sectors*	*17,01*	*146,99*	*0,00*	*13,83*	*0,00*	*0,00*	*177,83*
3.	Regional Aids	4.970,11	3.831,83	0,00	2.851,18	157,31	1.833,09	13.643,52
3.1.	*Regions under 92(3)c*	*378,93*	*20,62*	*0,00*	*52,56*	*0,00*	*0,00*	*452,11*
3.2.	*Regions under 92(3)a*	*4.578,12*	*2.456,03*	*0,00*	*2.798,62*	*0,00*	*1.833,09*	*11.665,85*
3.3.	*Germany: (Berlin/Zonenrand)*	*13,07*	*1.355,18*	*0,00*	*0,00*	*157,31*	*0,00*	*1.525,55*
	TOTAL AID (1 + 2 + 3)	32.131,34	4.265,95	8,16	3.649,93	208,11	1.936,39	42.199,89

Greece

Table A4/4

Total state aid - annual average 1992 - 1994

in Million ECU

	SECTORS/FUNCTION	A1A	A2A	B1A	C1A	C2A	D1A	TOTAL
1.1.	Agriculture	0,65	0,00	0,00	0,00	0,00	0,00	0,65
1.2.	Fisheries	1,20	0,00	0,00	0,00	0,00	0,00	1,20
2.1.	Industry/Serv.: Horizontal Objectives	240,89	122,30	0,00	116,82	0,00	134,88	614,89
2.1.1.	*Research and Development*	*12,81*	*0,00*	*0,00*	*0,21*	*0,00*	*0,00*	*13,02*
2.1.2.	*Environment*	*0,11*	*0,00*	*0,00*	*0,51*	*0,00*	*0,00*	*0,62*
2.1.3.	*SME*	*0,00*	*7,95*	*0,00*	*115,59*	*0,00*	*0,00*	*123,54*
2.1.4.	*Trade*	*0,00*	*72,00*	*0,00*	*0,48*	*0,00*	*42,76*	*115,24*
2.1.5.	*Energy saving*	*0,75*	*0,00*	*0,00*	*0,03*	*0,00*	*0,00*	*0,77*
2.1.6.	*General Investment*	*0,00*	*42,35*	*0,00*	*0,00*	*0,00*	*0,00*	*42,35*
2.1.9.	*Other Objectives*	*227,22*	*0,00*	*0,00*	*0,00*	*0,00*	*92,13*	*319,34*
2.2.	Industry/Services: Partic. Sectors	417,44	14,91	0,00	0,08	0,00	0,00	432,43
2.2.1.	*Steel*	*2,27*	*0,79*	*0,00*	*0,00*	*0,00*	*0,00*	*3,06*
2.2.2	*Shipbuilding*	*134,68*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*134,68*
2.2.3.	*Transports*	*236,73*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*236,73*
	of which Regulations 1191/69 and 1192/69	*6,79*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*6,79*
2.2.4.1.	*Coal: Aid to current production*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
2.2.4.2.	*Coal: Other aids*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
2.2.5.	*Other sectors*	*43,76*	*14,12*	*0,00*	*0,08*	*0,00*	*0,00*	*57,96*
3.	Regional Aids	132,85	65,04	0,00	18,70	0,00	0,00	216,58
3.1.	*Regions under 92(3)c*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
3.2.	*Regions under 92(3)a*	*132,85*	*65,04*	*0,00*	*18,70*	*0,00*	*0,00*	*216,58*
	TOTAL (1 + 2 + 3)	793,02	202,25	0,00	135,60	0,00	134,88	1.265,75

Spain

Table A4/5

Total state aid - annual average 1992 - 1994

in Million ECU

	SECTORS/FUNCTION	A1A	A2A	B1A	C1A	C2A	D1A	TOTAL
1.1.	Agriculture	N/A	N/A	N/A	N/A	N/A	N/A	
1.2.	Fisheries	94,85	0,00	0,00	0,00	0,00	0,00	94,85
2.1.	Industry/Serv.: Horizontal Objectives	396,40	0,00	5,99	182,11	0,00	32,50	616,99
2.1.1.	*Research and Development*	*68,92*	*0,00*	*0,00*	*100,54*	*0,00*	*0,00*	*169,47*
2.1.2.	*Environment*	*44,70*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*44,70*
2.1.3.	*SME*	*128,15*	*0,00*	*3,99*	*52,18*	*0,00*	*5,28*	*189,60*
2.1.4.	*Trade*	*0,62*	*0,00*	*0,00*	*17,21*	*0,00*	*0,00*	*17,83*
2.1.5.	*Energy saving*	*24,54*	*0,00*	*0,28*	*0,00*	*0,00*	*0,18*	*25,00*
2.1.6.	*General Investment*	*48,42*	*0,00*	*1,71*	*9,37*	*0,00*	*27,04*	*86,54*
2.1.9.	*Other Objectives*	*81,04*	*0,00*	*0,00*	*2,81*	*0,00*	*0,00*	*83,84*
2.2.	Industry/Services: Partic. Sectors	3.898,50	0,00	0,02	0,55	0,00	0,00	3.899,07
2.2.1.	*Steel*	*118,34*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*118,34*
2.2.2	*Shipbuilding*	*180,43*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*180,43*
2.2.3.	*Transports*	*2.056,64*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*2.056,64*
	of which Regulations 1191/69 and 1192/69	*106,95*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*106,95*
2.2.4.1.	*Coal: Aid to current production*	*521,67*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*521,67*
2.2.4.2.	*Coal: Other aids*	*660,80*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*660,80*
2.2.5.	*Other sectors*	*360,62*	*0,00*	*0,02*	*0,55*	*0,00*	*0,00*	*361,19*
3.	Regional Aids	251,12	0,00	0,00	0,00	0,00	0,00	251,12
3.1.	*Regions under 92(3)c*	*195,44*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*195,44*
3.2.	*Regions under 92(3)a*	*55,68*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*55,68*
	TOTAL (1 + 2 + 3)	4.640,87	0,00	6,01	182,65	0,00	32,50	4.862,03

France

Table A4/6

Total state aid - annual average 1992 - 1994

in Million ECU

	SECTORS/FUNCTION	A1A	A2A	B1A	C1A	C2A	D1A	TOTAL
1.1.	Agriculture	613,93	0,00	0,00	0,00	0,00	0,00	613,93
1.2.	Fisheries	41,07	0,00	0,00	0,00	0,00	0,00	41,07
2.1.	Industry/Serv.: Horizontal Objectives	809,97	523,14	0,00	307,59	104,63	891,61	2.636,93
2.1.1.	*Research and Development*	*584,63*	*450,18*	*0,00*	*65,27*	*0,44*	*0,00*	*1.100,53*
2.1.2.	*Environment*	*40,57*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*40,57*
2.1.3.	*SME*	*107,33*	*34,98*	*0,00*	*37,04*	*26,56*	*0,00*	*205,90*
2.1.4.	*Trade*	*14,17*	*0,00*	*0,00*	*191,87*	*77,63*	*859,53*	*1.143,20*
2.1.5.	*Energy saving*	*28,31*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*28,31*
2.1.6.	*General Investment*	*27,14*	*37,98*	*0,00*	*13,41*	*0,00*	*32,08*	*110,60*
2.1.9.	*Other Objectives*	*7,81*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*7,81*
2.2.	Industry/Services: Partic. Sectors	9.390,23	16,27	733,13	12,71	28,35	0,00	10.180,69
2.2.1.	*Steel*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
2.2.2	*Shipbuilding*	*64,69*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*64,69*
2.2.3.	*Transports****	*5.631,43*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*5.631,43*
	of which Regulations 1191/69 and 1192/69	*3.336,21*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*3.336,21*
2.2.4.1.	*Coal: Aid to current production*	*225,24*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*225,24*
2.2.4.2.	*Coal: Other aids*	*2.053,70*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*2.053,70*
2.2.5.	*Other sectors*	*1.415,17*	*16,27*	*733,13*	*12,71*	*28,35*	*0,00*	*2.205,63*
3.	Regional Aids	482,14	577,73	0,00	0,99	0,00	0,37	1.061,22
3.1.	*Regions under 92(3)c*	*187,61*	*325,95*	*0,00*	*0,99*	*0,00*	*0,00*	*514,55*
3.2.	*Regions under 92(3)a*	*294,53*	*251,78*	*0,00*	*0,00*	*0,00*	*0,37*	*546,67*
	TOTAL (1 + 2 + 3)	11.337,33	1.117,13	733,13	321,29	132,98	891,98	14.533,85

*** 1990-1992 averages used in order to arrive at EUR 12 estimates in Table 12

Ireland

Table A4/7

Total state aid - annual average 1992 - 1994

in Million ECU

	SECTORS/FUNCTION	A1A	A2A	B1A	C1A	C2A	D1A	TOTAL
1.1.	Agriculture	N/A	N/A	N/A	N/A	N/A	N/A	
1.2.	Fisheries	11,15	0,00	0,00	0,00	0,00	0,00	11,15
2.1.	Industry/Serv.: Horizontal Objectives	56,69	0,00	0,00	0,00	0,00	15,27	71,95
2.1.1.	*Research and Development*	*11,23*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*11,23*
2.1.2.	*Environment*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
2.1.3.	*SME*	*22,12*	*0,00*	*0,00*	*0,00*	*0,00*	*1,29*	*23,41*
2.1.4.	*Trade*	*15,74*	*0,00*	*0,00*	*0,00*	*0,00*	*13,97*	*29,71*
2.1.5.	*Energy saving*	*7,60*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*7,60*
2.1.6.	*General Investment*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
2.1.9.	*Other Objectives*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
2.2.	Industry/Services: Partic. Sectors	189,24	0,00	0,00	0,00	0,00	0,00	189,24
2.2.1.	*Steel*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
2.2.2	*Shipbuilding*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
2.2.3.	*Transports*	*136,99*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*136,99*
	of which Regulations 1191/69 and 1192/69	*72,42*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*72,42*
2.2.4.1.	*Coal: Aid to current production*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
2.2.4.2.	*Coal: Other aids*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
2.2.5.	*Other sectors*	*52,24*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*52,24*
3.	Regional Aids	259,70	29,83	37,68	15,34	0,00	0,37	342,91
3.1.	*Regions under 92(3)c*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
3.2.	*Regions under 92(3)a*	*259,70*	*29,83*	*37,68*	*15,34*	*0,00*	*0,37*	*342,91*
	TOTAL (1 + 2 + 3)	516,76	29,83	37,68	15,34	0,00	15,63	615,24

Italy

Table A4/8

Total state aid - annual average 1992 - 1994

in Million ECU

	SECTORS/FUNCTION	A1A	A2A	B1A	C1A	C2A	D1A	TOTAL
1.1.	Agriculture	N/A	N/A	N/A	N/A	N/A	N/A	
1.2.	Fisheries	119,92	0,00	0,00	0,00	0,00	0,00	119,92
2.1.	Industry/Serv.: Horizontal Objectives	2.324,79	0,00	761,57	182,99	0,00	3,59	3.272,94
2.1.1.	*Research and Development*	*191,75*	*0,00*	*0,00*	*103,11*	*0,00*	*0,00*	*294,86*
2.1.2.	*Environment*	*9,77*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*9,77*
2.1.3.	*SME*	*850,54*	*0,00*	*0,00*	*48,70*	*0,00*	*3,59*	*902,83*
2.1.4.	*Trade*	*465,85*	*0,00*	*759,05*	*3,43*	*0,00*	*0,00*	*1.228,32*
2.1.5.	*Energy saving*	*155,12*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*155,12*
2.1.6.	*General Investment*	*271,98*	*0,00*	*0,00*	*2,40*	*0,00*	*0,00*	*274,39*
2.1.9.	*Other Objectives*	*379,77*	*0,00*	*2,52*	*25,35*	*0,00*	*0,00*	*407,64*
2.2.	Industry/Services: Partic. Sectors	9.446,69	4,04	934,79	73,41	0,00	0,00	10.458,92
2.2.1.	*Steel*	*645,16*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*645,16*
2.2.2	*Shipbuilding*	*211,16*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*211,16*
2.2.3.	*Transports****	*7.811,90*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*7.811,90*
	of which Regulations 1191/69 and 1192/69	*2.425,80*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*2.425,80*
2.2.4.1.	*Coal: Aid to current production*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
2.2.4.2.	*Coal: Other aids*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
2.2.5.	*Other sectors*	*778,47*	*4,04*	*934,79*	*73,41*	*0,00*	*0,00*	*1.790,71*
3.	Regional Aids	1.058,19	4.531,33	3,13	386,62	0,00	9,21	5.988,49
3.1.	*Regions under 92(3)c*	*88,81*	*89,37*	*3,13*	*63,95*	*0,00*	*1,04*	*246,31*
3.2.	*Regions under 92(3)a*	*969,38*	*4.441,96*	*0,00*	*322,67*	*0,00*	*8,17*	*5.742,18*
	TOTAL (1 + 2 + 3)	12.949,58	4.535,37	1.699,49	643,02	0,00	12,80	19.840,27

*** 1990 - 1992 averages used in order to arrive at EUR estimates in Table 12

Luxembourg

Table A4/9

Total state aid - annual average 1992 - 1994

in Million ECU

	SECTORS/FUNCTION	A1A	A2A	B1A	C1A	C2A	D1A	TOTAL
1.1.	Agriculture	N/A	N/A	N/A	N/A	N/A	N/A	
1.2.	Fisheries	N/A	N/A	N/A	N/A	N/A	N/A	
2.1.	Industry/Serv.: Horizontal Objectives	10,62	0,00	0,00	3,52	0,00	0,00	14,15
2.1.1.	*Research and Development*	*2,68*	*0,00*	*0,00*	*1,01*	*0,00*	*0,00*	*3,69*
2.1.2.	*Environment*	*1,85*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*1,85*
2.1.3.	*SME*	*5,78*	*0,00*	*0,00*	*2,47*	*0,00*	*0,00*	*8,25*
2.1.4.	*Trade*	*0,32*	*0,00*	*0,00*	*0,04*	*0,00*	*0,00*	*0,36*
2.1.5.	*Energy saving*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
2.1.6.	*General Investment*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
2.1.9.	*Other Objectives*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
2.2.	Industry/Services: Partic. Sectors	180,44	0,00	0,00	0,00	0,00	0,00	180,44
2.2.1.	*Steel*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
2.2.2	*Shipbuilding*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
2.2.3.	*Transports*	*180,34*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*180,34*
	of which Regulations 1191/69 and 1192/69	*176,12*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*176,12*
2.2.4.1.	*Coal: Aid to current production*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
2.2.4.2.	*Coal: Other aids*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
2.2.5.	*Other sectors*	*0,10*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,10*
3.	Regional Aids	33,06	0,00	0,00	0,00	0,00	0,00	33,06
3.1.	*Regions under 92(3)c*	*33,06*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*33,06*
3.2.	*Regions under 92(3)a*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
	TOTAL (1 + 2 + 3)	224,12	0,00	0,00	3,52	0,00	0,00	227,65

Netherlands

Table A4/10

Total state aid - annual average 1992 - 1994

in Million ECU

	SECTORS/FUNCTION	A1A	A2A	B1A	C1A	C2A	D1A	TOTAL
1.1.	Agriculture	293,39	0,00	0,00	0,00	0,00	0,00	293,39
1.2.	Fisheries	2,38	0,00	0,00	0,00	0,00	0,00	2,38
2.1.	Industry/Serv.: Horizontal Objectives	423,26	100,62	0,00	13,66	0,27	59,90	597,71
2.1.1.	*Research and Development*	*161,72*	*51,26*	*0,00*	*-1,20*	*0,00*	*0,00*	*211,78*
2.1.2.	*Environment*	*45,33*	*0,00*	*0,00*	*0,00*	*0,27*	*0,00*	*45,61*
2.1.3.	*SME*	*13,68*	*7,33*	*0,00*	*0,00*	*0,00*	*28,47*	*49,48*
2.1.4.	*Trade*	*0,00*	*0,00*	*0,00*	*14,86*	*0,00*	*0,00*	*14,86*
2.1.5.	*Energy saving*	*173,63*	*42,03*	*0,00*	*0,00*	*0,00*	*0,00*	*215,66*
2.1.6.	*General Investment*	*13,12*	*0,00*	*0,00*	*0,00*	*0,00*	*22,80*	*35,92*
2.1.9.	*Other Objectives*	*15,77*	*0,00*	*0,00*	*0,00*	*0,00*	*8,63*	*24,40*
2.2.	Industry/Services: Partic. Sectors	1.092,03	0,00	0,00	0,00	0,00	0,00	1.092,03
2.2.1.	*Steel*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
2.2.2	*Shipbuilding*	*9,16*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*9,16*
2.2.3.	*Transports*	*1.006,42*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*1.006,42*
	of which Regulations 1191/69 and 1192/69	*475,46*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*475,46*
2.2.4.1.	*Coal: Aid to current production*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
2.2.4.2.	*Coal: Other aids*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
2.2.5.	*Other sectors*	*76,44*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*76,44*
3.	Regional Aids	119,90	0,00	0,00	0,00	0,00	0,00	119,90
3.1.	*Regions under 92(3)c*	*119,90*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*119,90*
3.2.	*Regions under 92(3)a*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
	TOTAL (1 + 2 + 3)	1.930,96	100,62	0,00	13,66	0,27	59,90	2.105,41

Portugal

Table A4/11

Total state aid - annual average 1992 - 1994

in Million ECU

	SECTORS/FUNCTION	A1A	A2A	B1A	C1A	C2A	D1A	TOTAL
1.1.	Agriculture	151,22	0,00	0,00	0,00	0,00	0,00	151,22
1.2.	Fisheries	4,03	0,00	0,00	0,00	0,00	0,00	4,03
2.1.	Industry/Serv.: Horizontal Objectives	97,00	37,25	1,13	0,36	0,00	29,16	164,90
2.1.1.	*Research and Development*	*15,60*	*0,00*	*1,13*	*0,00*	*0,00*	*0,00*	*16,73*
2.1.2.	*Environment*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
2.1.3.	*SME*	*2,50*	*0,00*	*0,00*	*0,05*	*0,00*	*0,00*	*2,55*
2.1.4.	*Trade*	*0,54*	*0,00*	*0,00*	*0,19*	*0,00*	*0,00*	*0,73*
2.1.5.	*Energy saving*	*7,42*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*7,42*
2.1.6.	*General Investment*	*0,38*	*37,25*	*0,00*	*0,12*	*0,00*	*29,16*	*66,91*
2.1.9.	*Other Objectives*	*70,57*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*70,57*
2.2.	Industry/Services: Partic. Sectors	353,43	1,85	0,49	5,27	0,00	0,00	361,04
2.2.1.	*Steel*	*93,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*93,00*
2.2.2	*Shipbuilding*	*4,54*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*4,54*
2.2.3.	*Transports*	*98,15*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*98,15*
	of which Regulations 1191/69 and 1192/69	*71,41*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*71,41*
2.2.4.1.	*Coal: Aid to current production*	*4,67*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*4,67*
2.2.4.2.	*Coal: Other aids*	*1,50*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*1,50*
2.2.5.	*Other sectors*	*151,56*	*1,85*	*0,49*	*5,27*	*0,00*	*0,00*	*159,17*
3.	Regional Aids	68,53	82,41	0,00	0,27	0,00	0,00	151,21
3.1.	*Regions under 92(3)c*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
3.2.	*Regions under 92(3)a*	*68,53*	*82,41*	*0,00*	*0,27*	*0,00*	*0,00*	*151,21*
	TOTAL (1 + 2 + 3)	674,22	121,50	1,62	5,91	0,00	29,16	832,40

United Kingdom

Table A4/12

Total state aid - annual average 1992 - 1994

in Million ECU

	SECTORS/FUNCTION	A1A	A2A	B1A	C1A	C2A	D1A	TOTAL
1.1.	Agriculture	520,49	0,00	0,00	0,00	0,00	0,00	520,49
1.2.	Fisheries	22,30	0,00	0,00	0,00	0,00	0,00	22,30
2.1.	Industry/Serv.: Horizontal Objectives	444,58	26,05	0,00	0,01	13,19	22,07	505,89
2.1.1.	*Research and Development*	*236,50*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*236,50*
2.1.2.	*Environment*	*7,22*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*7,22*
2.1.3.	*SME*	*80,23*	*0,00*	*0,00*	*0,00*	*0,00*	*21,11*	*101,34*
2.1.4.	*Trade*	*103,40*	*0,00*	*0,00*	*0,00*	*0,00*	*0,96*	*104,36*
2.1.5.	*Energy saving*	*0,12*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,12*
2.1.6.	*General Investment*	*10,25*	*26,05*	*0,00*	*0,00*	*13,19*	*0,00*	*49,49*
2.1.9.	*Other Objectives*	*6,86*	*0,00*	*0,00*	*0,01*	*0,00*	*0,00*	*6,87*
2.2.	Industry/Services: Partic. Sectors	1.904,55	0,00	0,00	0,00	0,00	0,00	1.904,55
2.2.1.	*Steel*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
2.2.2	*Shipbuilding*	*6,42*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*6,42*
2.2.3.	*Transports*	*1.349,73*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*1.349,73*
	of which Regulations 1191/69 and 1192/69	*1.344,83*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*1.344,83*
2.2.4.1.	*Coal: Aid to current production*	*7,33*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*7,33*
2.2.4.2.	*Coal: Other aids*	*298,39*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*298,39*
2.2.5.	*Other sectors*	*242,68*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*242,68*
3.	Regional Aids	576,99	62,95	4,54	30,62	0,00	29,27	704,37
3.1.	*Regions under 92(3)c*	*175,64*	*62,95*	*4,54*	*0,42*	*0,00*	*0,00*	*243,56*
3.2.	*Regions under 92(3)a*	*401,35*	*0,00*	*0,00*	*30,19*	*0,00*	*29,27*	*460,82*
	TOTAL (1 + 2 + 3)	3.468,92	89,00	4,54	30,62	13,19	51,34	3.657,61

ANNEX III

COMMUNITY FUNDS AND INSTRUMENTS

I. Community Funds, Instruments and Programmes

Below a brief description of the main Community funds, instruments and programmes is given. It should be noted that the Cohesion Financial Instrument and Cohesion Fund were established in April 1993 and May 1994 respectively. Moreover in July 1993, halfway through the reporting period, the second reform of the Structural Funds (EAGGF-Guidance, ERDF, Social Fund, FIFG) took place thereby confirming the basic principles which inspired the first reform in 1988 and bringing in a number of operational improvements. A further innovation was that, in accordance with the conclusions of the Edinburgh European Council, the resources of the Structural Funds allocated to four Member States eligible for assistance from the Cohesion Fund (Greece, Spain, Ireland and Portugal) would double in real terms between 1992 and 1999 and that total funding for the Structural Funds over the period 1994-99 would amount to ECU 141 471 million (at 1992 prices). A new instrument was also introduced with the entry into operation in 1994 of the FIFG to provide support for the restructuring of the fisheries sector.

Close on the heels of the Structural Funds reform, the 4th FPRD (4th Framework Programme for Research and Technological Development) was also adopted for the period 1994-1998. This new Framework Programme now includes all the Community research and development activities. Its budget is ECU 13,1 billion. Its overall structure has been streamlined to respond to three major challenges:

- developing scientific and technological excellence in Europe, to meet the needs of industry and improve the quality of life in the Member States.
- furthering cooperation and improving the coordination and exploitation of the Member States' research efforts.
- framing and implementing other Community policies.

- EAGGF-Guarantees

The Common Agricultural Policy is a general system of market support based on external protection and internal intervention. As such, it is comparable to import quotas and customs tariffs, systems which bring about a transfer of resources between sectors, without the recourse to direct aid. Much of EAGGF Guarantee expenditure is concerned with a system of support of this type and therefore cannot be regarded as comparable to expenditure on aid. Moreover, the breakdown by Member State has little meaning in this case because the ultimate beneficiary may not be in the Member State where the expenditure took place. Around 35% of expenditure is in the form of price compensation aid granted to producers or processors.

- EAGGF-Guidance

The activities of the EAGGF Guidance Section are divided into direct measures and indirect measures. Direct measures may be considered as aid to public and private investors in respect of investment projects or programmes. In recent years direct measures have accounted for around half of the Guidance budget. Indirect measures on the other hand are carried out on the Community's initiative and with its financial help but they are executed by Member States. As a result the expenditure will have been covered in most cases under the heading of national aid. In general they can be considered as socio-structural measures (e.g. farmers' early retirement scheme), remedial measures in favour of the less-favoured regions, or investment aid at the farm level.

- FIFG

Structural assistance for the fishing industry was first granted as far back as 1971, the year in which it was agreed to use funds from the Guidance Section of the European Agricultural Guidance and Guarantee Fund (EAGGF) to encourage the construction and modernisation of inshore and pelagic fishing vessels together with the processing and marketing of fish. In 1978 the original rules were replaced by a series of annual interim measures widened in scope to encompass the restructuring of the inshore fleet and the development of aquaculture.

In 1983 a system of multiannual programmes was put into effect, based around schemes under which aid could be granted for restructuring the industry and conversion of fishing activities. In 1986 the need to reinforce this approach resulted in the whole range of structural measures for the fleet and aquaculture being grouped together in a single regulatory framework .

Schemes designed to assist the processing and marketing of fishery products developed from a different source, which was shared with the structural policy for processing and marketing of agricultural products. For a long time, one and the same Regulation covered the processing and marketing of both types of products. However, in order to ensure that better account was taken of the specific requirements of the fisheries sector, the two were split in 1989; assistance for the processing and marketing of fishery products has since had its own rules, integrated from that date into the Community's Structural Funds arrangements.

In 1993 the structural elements of the Common Fisheries Policy (CFP) were overhauled and three major changes were introduced. These ensured greater coherence between different aspects of the policy, removed the partition which had divided the CFP from other Community activities and, took account of the changes affecting the sector. The CFP's structural measures were integrated into the Community's system of structural funds when these were reformed in 1993. Moreover the different fishery finances available for such activity were regrouped in one fund known as the Financial Instrument for Fisheries Guidance (FIFG).

- Social Fund

The objectives of the Social Fund are to improve employment opportunities for young people (under the age of 25) and for other groups deemed to be in need of support (long-term unemployed, the handicapped, migrant workers and other socially disadvantaged groups). The Fund therefore contributes to the financing of operations carried out by the public or private operators in the following areas:

- the prevention of long term unemployment;
- vocational training;
- technical advice concerned with job creation;
- facilitate the adaptation of workers to industrial changes and changes in production system.

All applications for assistance are submitted through the Member States. Money from the Social Fund is paid out on a horizontal and not on a sectorial basis, so an extrapolation corresponding to the concept of aid within the meaning of Article 92 of the Treaty is not possible.

- Regional Fund

The European Regional Development Fund (ERDF) aims to reduce disparities within the Community by providing financial support to:

- regions whose development is lagging behind (Objective 1);
- regions in industrial decline (Objective 2);
- rural problem areas (Objective 5b).

This support is focused mainly on infrastructure, human resources and productive investment.

As ERDF aid is generally paid out on a horizontal and not on a sectorial basis, identification of expenditure which corresponds to the concept of State aid within the meaning of Article 92 of the Treaty is not always possible. As an alternative, figures relating to industry and services and, economic development have been retained; the data obtained by using this approach therefore only provide an idea of the scale of ERDF aid involved.

- Cohesion Financial Instrument - Cohesion Fund

After the principle of the Cohesion Fund had been incorporated into the Maastricht Treaty, the Edinburgh European Council further decided to establish a provisional instrument to provide Community financial support to the beneficiary Member States from 1993 while awaiting the entry into force of the Treaty which in turn permitted establishment of the Cohesion Fund.

The Commission adopted the proposal for a Regulation establishing the cohesion financial instrument based on Article 235 of the Treaty which was subsequently adopted by Council on 30/IV/93 and extended until the end of 1994.

The Cohesion Fund was established by Article 130d of the EC Treaty, as amended by the Treaty of Maastricht and represented a further stage in the policy of solidarity initiated mainly through the Structural Funds. This Fund makes its own specific and complementary contribution since it is grounded principally in the requirements stemming from the prospect of economic and monetary union (which is already starting to become a reality). From the outset the Fund has created its own identity on the basis of three major principles.

The first is its limited field of implementation: the protocol on economic and social cohesion states that the Cohesion Fund "will provide Community financial contributions to .... Member States with a per capita GNP of less than 90% of the Community average."

Secondly, assistance is restricted to the part-financing of projects in the fields of the environment and trans-European transport networks.

Thirdly, as a result of its links with the implementation of economic and monetary union, the Fund assists Member States which have drawn up a programme complying with the conditions on excessive public deficits as laid down in Article 104c.

In addition the Cohesion financial instrument and later (from May 1994) Cohesion Fund, contributed towards the objective of cohesion. However given that most of the credits available were devoted to infrastructure projects and not productive investment, the figures are only presented for information below in Table B.

- Community Research and Technological Development (RTD)

  Community research activities are conducted essentially at two levels:

(I) by shared cost actions with third parties for RTD projects and by coordination of research activities in the Member States (Indirect actions).
(II) At the Joint Research Centre (Direct actions).

DG XII (Science, Research and Development) administers the indirect actions of the Framework Programme together with DG III (Industry), DG VI (Agriculture), DG VII (Transport), DG XIII (Telecommunications, Information Market and Exploitation of research), DG XIV (Fishery) and DG XVII (Energy). According to the 4th Community Framework on RT&D an amount of about ECU 13,1 billion from the EU budget will be spent on support for research during the period 1994-1998. Most of the budget is going to universities, research centres and industry. A little bit more than ECU 950 million is allocated to support the European Joint Research Centre.

- ECSC financial operations

  Financial assistance is provided by the ECSC in the form of loans and grants. The loans fall into three main categories:

- industrial loans;
- conversion loans;
- loans for workers' housing

and are granted at market rates. The fact that the financial institutions which distribute the loans are non profit-making could be advantageous to the recipient of the loan but this advantage is not considered as aid for the purposes of the Treaties. The situation with regard to grants is different. Whilst interest subsidies (on loans) would normally be considered as constituting aid, other measures, notably payments of a social nature to former steel and coal sector workers, are less likely to be considered as such.

- European Investment Bank

  The mission of the Bank is to further the objectives of the European Union by making long-term finance available for sound investment. Created by the Treaty of Rome, shareholders are the Member States and the Board of Governors is composed of the Finance Ministers of these States. To receive support, projects and programmes must be viable in four fundamental areas: economic, technical, environmental and financial. Through the Bank's own lending operations and ability to attract other financing, the range of funding possibilities is widened. Through the borrowing activities, the Bank contributes to the development of capital markets throughout the Union. The Bank's policies are established in close cooperation with the Member States and the other Institutions of the European Union. There is also close cooperation with the business and banking sectors and the main international organizations in the field.

- European Investment Fund

  The European Investment Fund is a new financial agency set up to provide guarantees to support medium and long-term investment in two crucial areas for the development of the European economy; Trans-European Networks (TEN) and Small and Medium-Sized Enterprises. Established in June 1994, the Fund is a new and unique partnership in which the European Investment Bank and the European Union, through the Commission, cooperate with the banks and financial institutions of the Member States. By Commission Directive dated 15 March 1994, it was granted Multilateral Development Bank status.

  The fundamental objective of the Fund is to draw more private capital into infrastructure finance and to improve the flow of financial resources to the small and medium business sector. It will do this by developing mechanisms to transfer and share financial risk and will concentrate on the provision of financial guarantees on medium and long-term lending by banks and other financial institutions.

  In addition to senior long-term debt for TEN projects it will be able to cover private placements, bond issues, revenue or asset backed securities and subordinated debt. For SME finance it can cover portfolios of loans, credit lines and securitized assets.

- NCI loans (New Community Instrument)

  The aim of NCI loans was to finance investment projects which contributed to greater convergence and integration of Member States' economic policies. A large part of the finance (approx. 60%) was used to finance projects in the field of energy, infrastructure, and development of small and medium-sized enterprises. Loans were also granted to restore infrastructure in Community areas affected by earthquakes. The loans were administered by the European Investment Bank on behalf of the Union. Interest rates were set at market rates, plus a margin to cover overheads for each currency. The only assessable economic benefit to the recipient could originate from the non-profit-making nature of the Bank. Such an advantage would be insignificant in the present context.

II. Statistical Data

1. Table A sets out in global terms the financial intervention of the Community for the years 1990 to 1994.

2. Table B shows other Community instruments granted for the years 1990 to 1994.

3. Tables C1 and C2 indicate, for the periods 1990-1992 and 1992-1994 respectively, the average annual volume of Community intervention broken down by Member State where ever possible.

4. It should be noted that a direct comparison between the volume of Community intervention shown here and the national State aid described earlier in this Survey (i.e. aid financed by national budgets and tax systems) is misleading, since in many cases it is difficult, if not impossible, to determine the aid element contained in the Community interventions, which is not paid directly to firms like State aid.

   In the agricultural sector, making comparisons could result in erroneous conclusions being drawn owing to the fact that those who benefit from Community intervention are for the most part not firms. As regards comparison between the different Member States, the benefits of Community intervention are felt by all operators in the Union irrespective of where the expenditure (i.e. export refunds or intervention buying) took place. As to comparison between Community and national expenditure, expenditure by the Union is strongly influenced by the differences between fluctuating world prices and Community prices for agricultural products, which is not the case with most national expenditure.

5. Further details of Community Funds are given in the Technical Annex.

6. Further detailed information on Community funds and instruments can be found in the following documents

-Research and Technological Development Activities of the EU, annual report 1995. ISBN 92-77-93761-0
-The Structural Funds in 1994, 6th annual report. ISBN 92-827-5727-7
-The First report on Economic and Social Cohesion 1996. ISBN 92-827-8877-6

-Cohesion financial instrument Cohesion Fund. Combined Report. ISBN 92-827-5739-0
-Annual Report Cohesion Financial Instrument 1993/1994. ISBN 92-77-84777-8
-ECSC Financial report 1994. ISBN 92-827-4625-9
-Trans-European Networks Report. ISBN 92-826-8995-6
-The Twenty fourth Financial Report concerning the European Agricultural Guidance and Guarantee Funds-Guarantee Section. 1994. ISBN 92-77-94440-4
-European Investment Bank 1995 Annual Report ISBN 92-827-6303-X

Table A

Annual Community Expenditure

Million ECU

	1990	1991	1992	1993	1994
EAGGF Guarantee-Agriculture	26503,3	31824,8	32005,4	34496,3	32831,4
EAGGF Guidance-Agriculture	1973,9	2408,1	2874,4	3092,4	3335,4
EAGGF Guarantee-Fisheries	23,6	26,2	32,1	32,4	35,5
EAGGF Guidance-Fisheries/EFFG- FIFG(from 1994)	226,6	294,0	358,4	401,8	391,0
SOCIAL FUND	3504,2	4785,8	5894,2	6306,8	5826,8
REGIONAL FUND (1)	776,0	1152,0	1374,0	1635,0	1803,0
COHESION FUND	-	-	-	1565,0	1853,0
EC R&TD FRAMEWORK PROGRAMME	1602,0	1567,0	2391,0	2094,0	2019,0
ECSC Grants					
Resettlement Art. 56.2(b)	184,0	166,1	154,8	182,4	157,0
Steel social Art. 56.2(b)	45,2	20,0	46,2	60,0	86,0
Coal social Art. 56.2(b)	40,0	35,7	50,0	50,0	40,0
Research Art. 55	93,9	128,1	120,2	124,6	52,0
Interest relief Art. 54/56	82,2	104,5	106,0	114,3	51,5
TOTAL	35054,9	42512,3	45406,7	50155,0	48481,6

(1) part corresponding approximately to the concept of aid within the meaning of Article 92 of the Treaty

Table B

Other Community Instruments

Million ECU

	1990	1991	1992	1993	1994
ECSC (new loans issued)	993,8	1382,2	1486,2	918,3	673,4
European Investment Bank*	12526,3	14398,8	16066,0	17672,6	17656,0
European Investment Fund**	-	-	-	-	643,0
NCI (new loans issued)	23,6	39,2	-	-	-

*   Financing provided within the EU
**   Guarantees approved
SOURCES: Annual reports

Table C1

Community Average Annual Expenditure by Member State (1990-1992)

Million ECU

	EAGGF Guarantee	EAGGF Guidance	EAGGF Guarantee Fisheries	EAGGF Guid Fisheries/& EFFG-FIFG	SOCIAL FUND	REGIONAL FUND	COHESION FUND (from 1993)	EC R&TD Framework Programme*	ECSC GRANTS*	TOTAL
BELGIUM	1227,1	22,6	0,2	2,5	129,8	33,7				1415,9
DENMARK	1161,2	18,6	1,4	16,3	42,9	9,0				1249,4
GERMANY	4811,4	206,5	0,8	18,7	537,2	219,0				5793,6
GREECE	2119,8	285,9	0,7	21,2	395,7	67,7				2891,0
SPAIN	2990,4	458,6	10,5	86,1	867,8	197,7				4611,1
FRANCE	6130,1	435,2	8,0	27,5	590,4	90,3				7281,5
IRELAND	1604,5	161,6	1,4	9,2	347,7	109,0				2233,4
ITALY	4839,2	294,4	1,6	47,7	522,4	129,0				5834,3
LUXEMBOURG	3,1	5,7	-	-	2,9	4,3				16
NETHERLANDS	2628,9	16,1	0,1	9,2	109,7	5,7				2769,7
PORTUGAL	317,5	244,6	1,0	44,4	448,2	171,7				1227,4
UNITED KINGDOM	2278,0	100,6	1,6	10,3	733,4	63,7				3187,6
								1853,0	459,0	2312,0
TOTAL	30111,2	2250,4	27,3	293,1	4728,1	1100,8		1853,0	459,0	40822,9

* It is not possible to effect a breakdown by Member State.

Table C2

Community Average Annual Expenditure by Member State (1992-1994)

Million ECU

	EAGGF Guarantee	EAGGF Guidance	EAGGF , Guarantee Fisheries	EAGGF Guid Fisheries/& EFFG-FIFG	SOCIAL FUND	REGIONAL FUND	COHESION FUND** (& instrument)	EC R&TD Framework Programme *	ECSC GRANTS*	TOTAL
BELGIUM	1278,7	35,8	0,2	4,6	154,7	30,0				1504,0
DENMARK	1257,1	28,7	3,4	29,6	54,3	6,5				1379,6
GERMANY	4979,7	434,2	0,9	16,3	798,5	304,4				6534,0
GREECE	2522,5	353,8	0,9	36,1	461,2	131,9	306,3			3812,7
SPAIN	4011,5	530,4	10,7	127,1	1146,7	273,7	936,4			7036,5
FRANCE	7680,5	602,5	10,1	31,9	665,6	145,6				9136,2
IRELAND	1513,9	179,5	2,2	7,8	307,0	120,6	154,8			2285,8
ITALY	4469,0	421,3	1,1	52,1	886,6	181,1				6011,2
LUXEMBOURG	6,9	8,4	-	-	5,0	3,9				24,2
NETHERLANDS	2207,5	24,5	0,1	7,9	163,5	12,9				2416,4
PORTUGAL	519,2	371,4	1,8	50,3	597,9	279,3	309,0			2128,9
UNITED KINGDOM	2664,7	110,2	1,8	20,0	768,3	113,9				3678,9
Technical Assistance							0,8			0,8
								2168,0	465,0	2633,0
TOTAL	33111,2	3100,7	33,2	383,7	6009,3	1603,8	1707,3	2168,0	465,0	48582,2

(*) It is not possible to effect a breakdown by Member State

(**) 1993-1994 only.

ISSN 0254-1475

COM(97) 170 final

DOCUMENTS

EN

01 08 10 09

Catalogue number : CB-CO-97-162-EN-C

ISBN 92-78-18759-3

Office for Official Publications of the European Communities

L-2985 Luxembourg

87