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

(presented by the Commission)

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# INTRODUCTION

### *Background*

1. The maintenance of a system of free and undistorted competition is one of the basic principles upon which the European Union is built. The objectives laid down in the Treaty of Rome cannot however be realised unless the competition provisions of the EC Treaty, including Community rules on State aid, are rigorously applied. Enormous efforts have been undertaken by the Union to accomplish one of its major objectives: In January 1999 the Single currency became a reality for eleven of the Union's Member States and its effects will be felt far beyond the frontiers of these pioneering countries. However the benefits of the Single Market with a single currency will only be fully exploited by the judicious use of essential accompanying measures; one such measure being the control of State aid.

2. It is recognised that State aid can frustrate free competition not only by preventing the most efficient allocation of resources but also by being used to the same effect as tariff barriers and other forms of protectionism. It is also recognised that State aid is justified in certain circumstances in order to redress the effects of market failures and moreover to reinforce gradually evolving policies that are considered as supporting the common interest and that would not be sustained by market forces alone. The award of State aid is therefore part of the overall European policy construct that must respond to the multifarious needs of modern society. The State aid control under the EC Treaty is predicated by the need to attenuate action that unduly distorts competition in the European Union. By rigorously applying the Community rules on State aid, the Commission aims at creating a sound economic environment which allows companies in the Member States to benefit from the full potential of the Single market and to strengthen their international competitiveness.

3. The publication of this Seventh Survey underlines the continued commitment by the Commission and all Member States to reinforce an open policy on the control and use of State aid. Member States willingly contribute to the completion and proper functioning of the Single market only if their confidence in all Member States abiding by the same rules when subsidising their firms is maintained. Compiling and publishing data on the aid amounts awarded is one primary means by which the

Commission demonstrates that it is constantly keeping a close watch on public interventions both as regards their overall development and the development in each of the Member States. For the Commission, the Survey provides an essential tool that allows fine-tuning of its policies whilst continuing to ensure a fair and equitable State aid control. Given the large measure of control that is exercised on Governments through this policy, it is essential that the results of this control are known and are open to scrutiny not only within the Union but also within the wider realm of our international agreements.

4. State aid policy in the European Union has to take account of the international context. The provisions of State aid control contained in the Europe Agreements concluded with the Central and East European Countries now urgently require their efficient implementation to ensure compliance with the Community rules. For the Candidate countries efficient State aid control is a necessary condition for accession to the European Union. Creating the required transparency is the first and fundamental step of enforcing the control rules under the Europe Agreements. 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 called for. The surveys already submitted by a great majority of these countries and further efforts that they are undertaking will in future provide a transparent picture of the State aid situation in these countries.

Partnership and Co-operation and various other Trade Agreements have also been signed with numerous countries. In most cases a State aid control dimension has been included in these agreements. Here again provisions on transparency and reporting requirements have to be seen as a basic principle and are therefore one of the first steps to be implemented. Equally important, in the context of the World Trade Organisation the Survey provides an example of what we should expect in terms of transparency from our trading partners with whom a multilateral trading system encompassing much of the world has been established. In this respect it complements the obligation of all WTO members, including the Community and Member States, to regularly notify subsidies pursuant to the relevant WTO Agreements. Furthermore, and in a similar fashion the Survey provides an example to our partners in the OECD.

*Conceptual remarks*

5. Since 1988, the Commission has regularly published State aid Surveys. The First Survey covered the period 1981-1986 and subsequent Surveys were updated every two years[1]. However in order to respond to the need for more timely information, further enhance transparency and enable the Commission to detect new developments in state aid award earlier and respond more rapidly to changing circumstances, the Commission has decided to publish annual Surveys. The Seventh Survey is the first such Survey.

6. The Seventh Survey up-dates the existing data with figures for 1997. It thus covers the five years 1993–1997. When comparing the aid situation in the different Member States, the analysis of the figures concentrates on the annual averages over the three-year-period 1995-1997. Where appropriate, the figures for the period 1993-1995 are given by way of comparison[2]. As regards the three new Member States, Finland, Sweden and Austria, who acceded to the Community in 1995, no comparison can be made between the two periods. This will however be possible from the Eighth Survey onwards. In order to make the averages for the two periods comparable, all figures are expressed in 1996 prices.[3 & 4]

7. As in the preceding Surveys some of the figures are only known at present for periods that are longer than one-year. In such cases, the amounts have to be arbitrarily assigned to individual years. Moreover the amounts for the latest year reported on are to a certain extent provisional and, as was the case in previous Surveys, may be modified in future by Member States.

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1 References: COM (88) 945
COM (90) 1021
COM (92) 1116
COM (95) 365
COM (97) 170
COM (98)417

2 As the basic principle of comparing three year periods overlapping by one year has been maintained, the annual Seventh Survey's reference period (1993-1995) does not correspond with the biennial Sixth Survey's reference period (1994-1996).

3 For this reason, and also because of the - in some cases considerable - revisions by the Member States of data for preceding years, the figures for previous periods are not identical to those published in the Sixth Survey.

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

Therefore in order to arrive at conclusions that are supported by sufficiently reliable statistics, comparisons between Member States are made by using three-year averages that overlap by one year. In this way the effects of the provisional nature of some of these data, particularly when broken down by Member State, are smoothed out.

8. This Survey includes national aid given in the Community of fifteen Member States to the manufacturing, agriculture, fisheries, coal, transport – railways, inland waterways, maritime and airline –, and financial services sectors. In line with improvements already incorporated in the previous Survey, sectorial coverage has been widened further. Data on aid directed towards the air transport and financial services sectors have been included again and for the first time aid for inland waterways, maritime transport and Foreign Direct Investment have been highlighted.

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 the manufacturing sector and overall aid whilst an overview of Community Funds and Instruments is given in Annex III.

9. Commission departments in close co-operation with the Member States drew up the figures for 1996 and 1997. The existing figures for 1993-1995 were also 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. Moreover in the interests of ensuring the immediacy of this Survey the Irish authorities were requested to provide data on the implementation of the Irish Corporation Tax (ICT) regime in 1997, following an examination by the Commission that concluded in December 1998 that this regime now constitutes State aid. The figure of 391 Meuro corporation tax revenue forgone in 1997 does not represent any increase in the volume of state aid provided from the Irish Government budget, but results from the fact that the Commission has deemed an element of the (ICT) regime to constitute state aid. The provision of the figure in question complies with the Commission request that this Survey includes for the first time, an amount to reflect tax forgone in the context of the ICT. However as annual averages for the period under review cannot be estimated from this figure and moreover to ensure that this Survey is comparable with the Sixth Survey, this figure is presented separately from the main body of data in this Survey.

## PART I - AID TO THE MANUFACTURING SECTOR

### *Volume and trend of aid*

10. In the Community the manufacturing sector is granted more aid than any of the other sectors covered by this Survey; in fact, during the period 1995-1997 over 40% of overall aid went to this sector. The analysis of aid in this sector of the economy is, therefore, the centrepiece of this Survey.

Community totals

11. Table 1 shows the annual amounts of aid to the manufacturing sector in the Community in the years 1993 to 1997.

**Table 1**

**State aid to the manufacturing sector in the Community 1993-1997**
**Annual values in constant prices (1996)**

Million euro

| | 1993 | 1994 | 1995 | 1996 | 1997 |
|---|---|---|---|---|---|
| **EUR 15** | | | 40622 | 36594 | 35823* |
| EUR 12 | 44766 | 41332 | 39328 | 35367 | 34400* |

* Not including 391 Meuro – see point 9

In comparison with the data presented in the Sixth Survey, the figures above are all marginally higher reflecting the revisions carried out by Member States. The figures in Table 1 however confirm that the trend in aid granted in the Union has continued on the gradual downward path observed since 1993.

A downward trend is also seen when, as in Table 2, aid to the manufacturing sector is expressed as a percentage of value added and per person employed in this sector.[5]

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

Table 2

**State aid to the manufacturing sector in the Community**
**Annual values 1993 to 1997**

| EUR 15/12 | 1993 | 1994 | 1995 | 1996 | 1997* |
|---|---|---|---|---|---|
| In per cent of value added | -<br>3.8 | -<br>3.5 | 3,1<br>3,2 | 2,8<br>2,9 | 2,5<br>2,6 |
| In euro per person employed | -<br>1540 | -<br>1457 | 1341<br>1385 | 1231<br>1269 | 1209<br>1236 |

* 1997 slightly underestimated – see point 9
at constant 1996 prices

In 1996, EUR 15 aid levels relative to value added dropped below 3% for the first time. The rate of decrease has been accelerating over the whole period.

The amount of aid per person employed in the EUR 12 manufacturing sector also dropped from euro 1540 in 1993 to euro 1236 in 1997 (or to euro 1209 for EUR 15).

The generally lower figures for the EUR 15 in the period from 1995 to 1997, reflect the fact that the levels of aid prevailing in the three new Member States are below the EUR average.

Comparisons between Member States

12. Table 3 compares the average annual levels of aid in the manufacturing sector for the different Member States[6] for the periods 1993-1995 and 1995-1997[7], expressed in per cent of gross value added and aid amounts per person employed in this sector. Absolute amounts of aid are also given.

**Table 3**

**State aid to the manufacturing sector in the Community**
**Annual averages 1993 – 1995 and 1995 – 1997**

| | In per cent of value added | | In euro person employed | | In million euro | |
|---|---|---|---|---|---|---|
| | 1993-1995 | **1995-1997** | 1993-1995 | **1995-1997** | 1993-1995 | **1995-1997** |
| **Austria** | - | **1,5** | - | **782** | - | **537** |
| **Belgium** | 2,5 | **2,4** | 1376 | **1382** | 947 | **936** |
| **Denmark** | 2,7 | **3.0** | 1292 | **1478** | 623 | **725** |
| **Germany** | 4,4 | **3,1** | 2102 | **1569** | 19232 | **13547** |
| ***-Old Länder*** | : | : | *470* | *456* | *3395* | *3064* |
| ***-New Länder*** | : | : | *8206* | *5537* | *15836* | *10482* |
| **Greece** | 5.2 | **5.6** | 982 | **1043** | 619 | **657** |
| **Spain** | 2.1 | **3,0** | 659 | **958** | 1665 | **2472** |
| **Finland** | - | **1.6** | - | **965** | - | **383** |
| **France** | 2,1 | **2.0** | 1074 | **1077** | 4401 | **4284** |
| **Ireland*** | 2,4 | **2,2** | 1322 | **1454** | 329 | **395** |
| **Italy** | 6.1 | **5.3** | 2512 | **2302** | 11529 | **10451** |
| **Luxembourg** | 2,2 | **2,3** | 1328 | **1358** | 45 | **46** |
| **Netherlands** | 1,1 | **1,2** | 669 | **793** | 585 | **674** |
| **Portugal** | 2,7 | **2,8** | 475 | **525** | 495 | **537** |
| **Sweden** | - | **1,0** | - | **504** | - | **394** |
| **United Kingdom** | 0,8 | **0.9** | 313 | **381** | 1339 | **1640** |
| EUR 15 | - | **2,8** | - | **1261** | - | **37680** |
| EUR 12 | 3.5 | **2.9** | 1460 | **1298** | 41809 | **36365** |

*Figures do not include ICT – see point 9
Averages in 1996 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

13. Annual average aid for the manufacturing sector in the EUR 12 in 1995-97 is about 36 billion euro representing a decrease of 13% in comparison with 1993-1995. For the EUR 15 the corresponding figure for 1995-1997 is 38 billion. In terms of value added, the highest levels of aid to the manufacturing sector are to be found in Greece and Italy. These countries still rank high above Community average however Italy continues to reduce its level of aid. For the first time since 1992-94, Germany's aid level is close to the EU average.

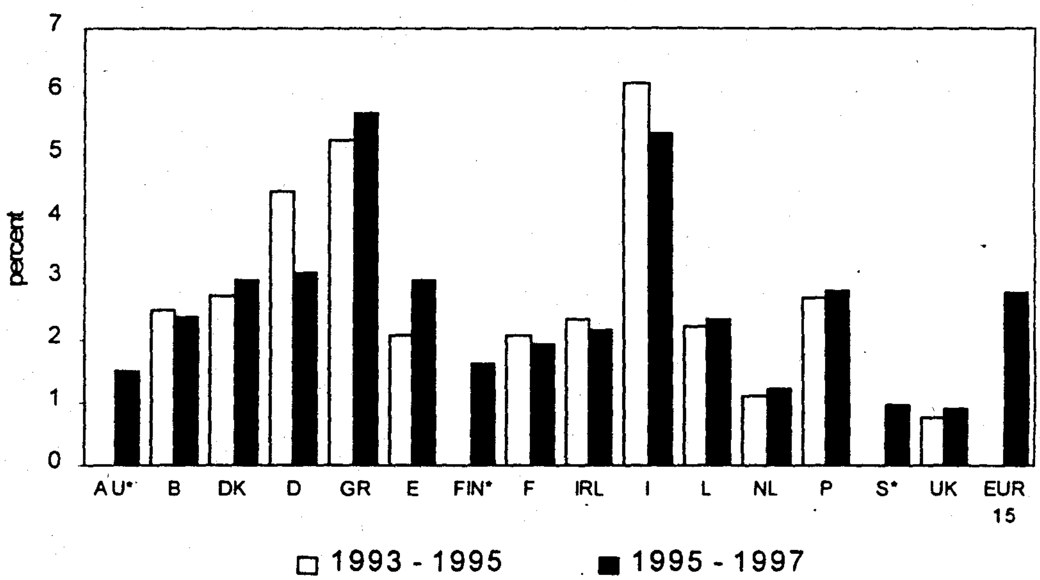
Whilst differences in the absolute levels of aid granted by Member States to their manufacturing industries remain considerable it is noteworthy that differences in aid levels, when expressed in either per cent of value added or euro per person employed, are diminishing. A comparison of the respective standard deviations shows a trend towards convergence in aid granted by Member States.

It is immediately evident from Table 3 that the overall reduction of aid in absolute terms in the Community is almost entirely due to the reduction in aid granted in the New Bundesländer and to a smaller extent Italy. Average aid granted in all other Member States except Belgium during 1995-1997 has increased with respect to 1993-1995, notably in Spain. Whilst this medium term trend in most Member States may augur a halt to an overall EU decrease in aid in manufacturing, table A1 in Annex II shows that the short term trend between 1996 and 1997 is clearly downwards in six countries.

**Figure 1**

**State aid to the manufacturing sector**

**As percentage of value added (annual averages 1993–1995 and 1995–1997)**




** during the period 1993-1995 these countries were not yet members of the EU*

14. Aid per person employed in Italy is the highest of all Member States, followed by Germany, Denmark and Ireland. The extremely high figure for the new German Länder is due both to the high amounts of aid granted and a sharp decline in the number of employees in this part of Germany. The decrease as compared with the previous reporting periods reflects that the peak of the restructuring process following German reunification in 1990 was already reached during earlier review periods. At the same time, aid per person employed in the old Länder is among the lowest in the Community. The group of low aid givers comprises, in descending order, Portugal, Sweden and the United Kingdom.

15. When considering the overall differences in the Community under the aspect of cohesion, the upward trend identified a year ago has now been confirmed. Table 3 shows that the volume of aid in the four cohesion countries has increased from 7,5 to 11% of total aid to the manufacturing sector in the Community of EUR 12. (Once data on the ICT are known for a longer period than one year, these figures will be revised upwards.)The share of the four big economies, having been at around 87% in the period 1993-1995, has decreased to around 82% in 1995-1997. In this context it

should also be noted that in addition to National State aid, the manufacturing sector benefits from Community interventions via the Structural Funds (see Annex II, Figure A1). In relative terms, the largest beneficiaries of this expenditure are the four cohesion countries, which see their relative aid position improved to a level that better reflects their weaker socio-economic situation. The effectiveness of these Community instruments, however, depends crucially on their not being outweighed by an unbalanced development in the use of state aid measures.

*Aid to shipbuilding*

16. In shipbuilding, a sub-sector of the manufacturing sector, the grant of aid was governed during the reporting period by the Seventh Shipbuilding Directive[8], which applied from the 01/01/1991 until the 31/12/1998. It was then replaced by Council Regulation 1540/98.

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 10 million euro and for conversions, and 9,0% of contract value for ships with a contract value of more than 10 million euro.

In addition to operating aid, the shipbuilding sector also received aid for restructuring. During the period between 1995 and 1997 restructuring aid averaging 753 million euro per year was given in Germany (318 Meuro), Spain (424 Meuro) and Portugal (11 Meuro).

The average annual level of all aid granted to this sector decreased by 16% from 1720 million euro in 1993-95 to 1445 million euro in 1995-97. When relating shipbuilding aid to the sector's value added, this high though gradually decreasing level of support afforded to the sector can be observed. According to Table 3, aid for the manufacturing sector amounts to 3,0% of the sector's value added. In contrast, for shipbuilding, aid represented some 20% of the sector's value added at factor cost during 1995-97 thus having dropped from 25% for the first time since the period 1990-92.

8 OJ L 380 of 31.12.1990.

**Table 4**

**Aid to shipbuilding in 1995-1997 in per cent of contract values of ships**

| | 1995 | | | 1996 | | | 1997 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Small Ships* | Large Ships** | Total | Small Ships | Large Ships | Total | Small Ships | Large Ships | Total |
| Austria | | | | | | | | | |
| Belgium | | | | | | | | | |
| Denmark | 4,2 | 8,3 | 8,2 | 4,5 | 9,0 | 8,9 | 4,5 | 9,0 | 8,9 |
| Germany | 4,0 | 6,5 | 6,5 | 4,5 | 6,7 | 6,6 | 4,5 | 6,4 | 6,3 |
| France | 0,0 | 9,0 | 9,0 | 0,0 | 9,0 | 9,0 | 0,0 | 9,0 | 9,0 |
| Finland | | | | | | | 0 | 5.3 | 5.3 |
| Spain | 4,3 | 8,1 | 7,8 | 4,3 | 8,0 | 7,4 | - | - | - |
| Greece | - | - | - | - | - | - | - | - | - |
| Ireland | | | | | | | | | |
| Italy | 4,5 | 9,0 | 8,8 | 4,5 | 9,0 | 8,7 | 4,5 | 9,0 | 8,9 |
| Luxembourg | | | | | | | | | |
| Netherlands | 2,9 | 3,3 | 3,2 | 3,1 | 4,8 | 3,2 | 3,2 | 3,8 | 3,6 |
| Portugal | | | | | | | | | |
| Sweden | | | | | | | | | |
| United Kingdom | 4,3 | 8,6 | 8,2 | 4,3 | 6,0 | 6,0 | 0 | 8.7 | 8.7 |

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

- Note that a dash indicates missing information, whereas a zero indicates no aid.

The average yearly level of State aid granted to European shipyards during the period 1993–1995 for the construction of ships for developing countries was almost identical with the 1995–1997 average. The distribution by country is given in Table 5.

**Table 5**

**Shipbuilding development aid - as decided upon by EC**

Million euro

| | 1993 | 1994 | 1995 | 1996 | 1997 |
|---|---|---|---|---|---|
| Germany | 23.13 | 193.34 | 107.85 | 128.94 | 6.85 |
| Spain | 20.2 | 0 | 58.55 | 33.14 | 8.63 |
| Netherlands | 0 | 0 | 33.95 | 48.89 | 5.56 |
| France | 0 | 0 | 39.19 | 0 | 0 |
| Total | 43.34 | 193.34 | 239.54 | 210.97 | 21.04 |

### *Aid to the steel industry*

17. In the other sub-sector of the manufacturing sector, steel, the granting of aid that benefits ECSC products in the period under review was regulated under the fifth and sixth Steel Aid Codes of 1991 and 1997 respectively. Aid granted outside the ECSC steel sector was regulated under the 1988 Framework for certain steel sectors not covered by the ECSC Treaty.

Together these aids amounted to an annual average of around 1130 million euro in 1995-97, a decrease of over 30% compared with the previous period 1993-95 when the annual average was 1700 million euro. These figures do not include the marginal amounts of aid granted to this sector in the context of schemes supporting the objectives of R & D and environmental protection. However they do show that the major restructuring and concomitant capacity reductions that were undertaken since 1994 in the new German Länder, Spain, Italy, Portugal, Ireland, and Austria are now almost complete.

*Aid to the motor vehicle industry*

18. Whilst there are no aid schemes in the EU that are specific to this sub-sector, State aid granted to the motor vehicle sector, mainly by way of regional and rescue and restructuring aid, is presented again in this survey. The award of aid by Member States is closely controlled by means of a specific framework. Because of the very small number of cases it is quite difficult at present to draw any conclusions as regards the general trend although a comparison of the two periods does show a 24% increase from 1174 Meuro to 1450 Meuro.

**Table 6**

**State aid approved to the motor vehicle sector in the years 1993-1997**
**(Not including cases below the notification ceilings)**

Million euro

| | 1993 | 1994 | 1995 | 1996 | 1997 |
|---|---|---|---|---|---|
| Austria | - | - | 0 | 10 | 26 |
| Belgium | 0 | 0 | 32 | 0 | 0 |
| Germany | 106 | 298 | 3 | 340 | 59 |
| Spain | 43 | 36 | 318 | 202 | 1 |
| Finland | - | - | 0 | 0 | 6 |
| France | 31 | 0 | 0 | 83 | 6 |
| Italy | 0 | 227 | 0 | 0 | 109 |
| Netherlands | 0 | 0 | 7 | 0 | 6 |
| Portugal | 0 | 0 | 0 | 103 | 0 |
| Sweden | - | - | 0 | 0 | 1 |
| United Kingdom | 62 | 12 | 0 | 72 | 66 |
| Total | 241 | 573 | 360 | 810 | 280 |

*Foreign Direct Investment*

19. Government support measures to Foreign Direct Investment may constitute State aid. Nevertheless they may also be compatible with the common interest if they promote the competitiveness of European Industry, e.g. by assisting the development of SME's, or contribute to other Community objectives such as the adjustment of the economies in transition or economic development in the Third World. Since 1993 a small number of schemes have been proposed by Member States specifically for this objective and subsequently approved by the Commission. A gradually developing body of information is being provided by Member States and for the first time a provisional overview of EU-wide State aid devoted to this theme is presented hereunder. The programmes concerned are only available to SME's however their geographical coverage is world wide thus responding to a need not only to reinforce support to the major sources of employment in the Union but also to facilitate the widening of their horizons. Whilst more refined information will be presented in upcoming Surveys, the gradually increasing use of guarantees in this area is noted.

**Table 7**
**State aid for Foreign Direct Investment carried out by SME's**

Million euro

| | 1993 | 1994 | 1995 | 1996 | 1997 |
|---|---|---|---|---|---|
| Grants | 15.9 | 21.7 | 23.4 | 24.4 | 0.7 |
| Loans | | | 1.6 | 0.7 | 0.6 |
| Guarantees | 1.1 | 2.5 | 8.3 | 11.4 | 28.0 |
| **Total** | **17.0** | **24.2** | **33.3** | **36.5** | **29.3** |

### *Types of aid instruments*

20. Table 8 gives an overview of the use of the various types of aid instruments in the Member States.

**Table 8**

**State Aid to the manufacturing sector 1995 – 1997**
**Breakdown according to type of aid**

per cent

| | TYPE OF AID | | | | | | |
|---|---|---|---|---|---|---|---|
| | Group A | | Group B | Group C | | Group D | |
| | Grants | Tax exemptions | Equity participation | Soft loans | Tax deferrals | Guarantees | TOTAL |
| Austria | 79 | 0 | 0 | 15 | 0 | 7 | 100 |
| Belgium | 57 | 33 | 1 | 4 | 0 | 4 | 100 |
| Denmark | 84 | 9 | 0 | 6 | 0 | 1 | 100 |
| Germany | 53 | 14 | 1 | 24 | 2 | 5 | 100 |
| Greece | 96 | 0 | 0 | 4 | 0 | 0 | 100 |
| Spain | 88 | 0 | 3 | 9 | 0 | 0 | 100 |
| Finland | 83 | 3 | 0 | 13 | 0 | 1 | 100 |
| France | 30 | 40 | 14 | 10 | 1 | 5 | 100 |
| Ireland* | 93 | 0 | 0 | 1 | 0 | 5 | 100 |
| Italy | 50 | 41 | 5 | 4 | 0 | 0 | 100 |
| Luxembourg | 92 | 6 | 0 | 2 | 0 | 0 | 100 |
| Netherlands | 70 | 23 | 0 | 4 | 0 | 2 | 100 |
| Portugal | 41 | 56 | 0 | 3 | 0 | 0 | 100 |
| Sweden | 66 | 16 | 2 | 16 | 0 | 0 | 100 |
| United Kingdom | 89 | 5 | 0 | 1 | 1 | 4 | 100 |
| EUR 15 | 56 | 24 | 4 | 13 | 1 | 3 | 100 |

*Figures do not include ICT – see point 9.

The situation in the period 1995-97 is very similar compared with that presented in the Sixth Survey for the period 1994-96. Grants and tax exemptions, which have been classified in this Survey as group A forms of intervention, are still by far the most frequently used form of aid in the Community. Within this group, direct grants are more often employed than tax exemptions.

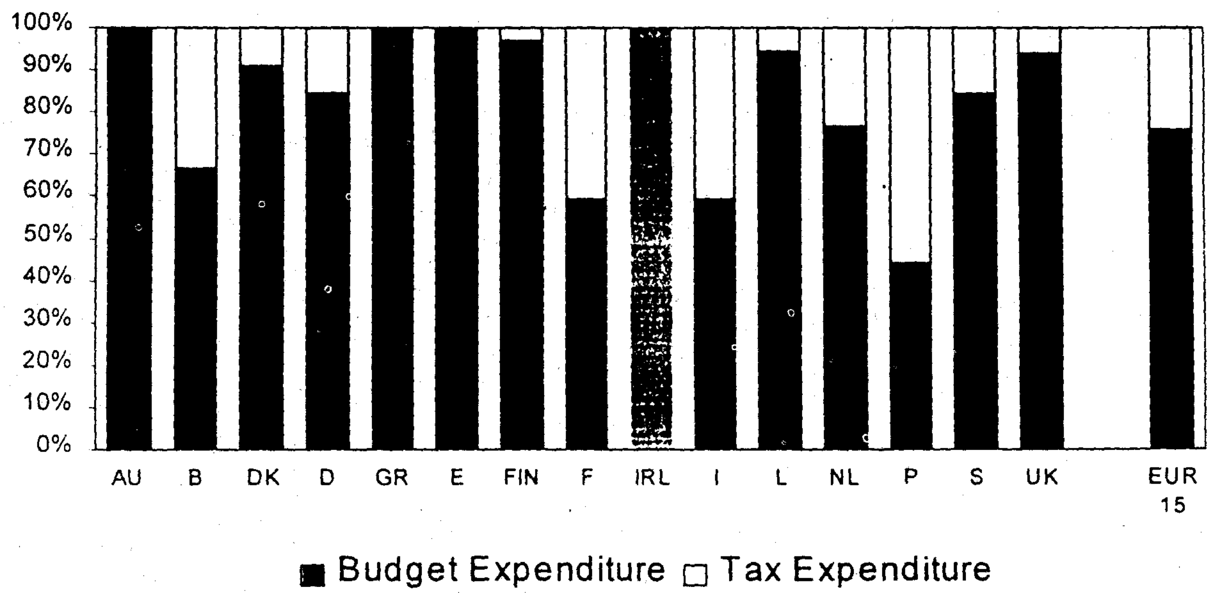
21. Aid in the form of state equity participation, classified under group B, represents 4% of all aid to the manufacturing sector granted in the European Union. However in one Member State, France, equity participation is relatively important.

22. Aid classified in group C, i.e. loans at reduced interest rates and tax deferrals, is an important form of aid in Germany.
Tax deferral, mainly accelerated depreciation and the constitution of tax-free reserves, is the form that is least used in the Community.

23. The use of guarantees, group D, continues to be relatively limited in all Member States.

**Figure 2**

**State aid to the manufacturing sector**
**Distribution by tax expenditure and budgetary expenditure 1995-1997**



24. Figure 2 gives a breakdown of aid to the manufacturing sector 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 Spain and Austria, where all aid is financed through the budget, and Finland, Luxembourg and the United Kingdom, where more than 90% is financed through the budget. In contrast, tax expenditure, i.e. tax rebates and tax deferrals, is used to the largest extent in Portugal but also in Belgium, France, Ireland[9] and Italy.

### *Aid Objectives*

25. Aid to the manufacturing sector is also classified according to the principal purposes for which it is given or the sector to which it is directed, as follows:

Horizontal objectives

- Research and Development
- Environment
- Small and medium-sized enterprises
- Trade
- Energy saving
- Other objectives (mainly rescue and restructuring)

Particular sectors

- Shipbuilding
- Steel
- Other sectors

Regional objectives

- Regions falling under Article 92(3)a
- Regions falling under Article 92(3)c

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 R&D programmes, in others aid to particular sectors is limited to small and

9 See point 9

medium-sized enterprises, etc. Furthermore, primary objectives cannot always give a true picture of the final beneficiaries: a 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 between Member States can only be drawn with caution. Table 9 gives the breakdown of aid to the manufacturing sector according to objectives during the period 1995-1997, and Table 9a indicates for EUR 12 the changes over time for the three main objectives pursued.

26. Table 9 shows that during the period from 1995-1997 more than half of manufacturing aid in the Union is spent on regional objectives with most being targeted at the least prosperous areas, the so-called Article 92(3)a regions[10]. These objectives include aid granted to the new German Länder by way of the Treuhandanstalt (THA) and its successors. If no account were taken of this exceptional aid, aid for regional purposes would represent 51% of total aid to manufacturing, (up from an equivalent 49% during the previous reporting period) of which 40% for 92.3a regions and 11% for 92.3c regions.

27. Aid granted for horizontal objectives is ranked second. Amongst these, support for research and development[11] is given highest priority followed by support of small and medium sized enterprises. Aid for horizontal objectives is in many cases in the Community interest, nevertheless they present 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.

28. Some 12% of industrial aid in the Community is spent on particular sectors with about one half going to steel and shipbuilding. Given that these sectors are often found in regions that qualify for regional assistance, aid to these sectors also contributes to more general regional support policies.

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

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

Table 9

**State aid to the manufacturing sector 1995–1997**
**Breakdown of aid according to sector and function**

per cent

| SECTORS / FUNCTION | AU | B | DK | D | GR | E | FIN | F | IRL* | I | L | NL | P | S | UK | EUR 15 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Horizontal Objectives** | **68** | **47** | **85** | **24** | **0** | **22** | **71** | **57** | **26** | **24** | **27** | **75** | **20** | **29** | **24** | **31** |
| Research & Development | 25 | 13 | 25 | 9 | 0 | 7 | 35 | 28 | 5 | 3 | 7 | 21 | 3 | 9 | 9 | 10 |
| Environment | 9 | 1 | 13 | 1 | 0 | 1 | 2 | 1 | 0 | 0 | 3 | 9 | 0 | 4 | 0 | 1 |
| SME | 15 | 18 | 4 | 6 | 0 | 9 | 19 | 7 | 14 | 7 | 17 | 3 | 1 | 14 | 9 | 7 |
| Trade | 0 | 2 | 7 | 0 | 0 | 0 | 11 | 5 | 1 | 3 | 1 | 3 | 0 | 0 | 5 | 2 |
| Energy saving | 1 | 0 | 37 | 2 | 0 | 1 | 3 | 1 | 0 | 1 | 0 | 34 | 1 | 3 | 0 | 3 |
| Other Objectives | 19 | 14 | 0 | 5 | 0 | 3 | 2 | 15 | 5 | 11 | 0 | 4 | 15 | 0 | 0 | 8 |
| **Particular Sectors** | **8** | **22** | **13** | **5** | **0** | **65** | **9** | **9** | **39** | **6** | **2** | **11** | **22** | **18** | **13** | **12** |
| Shipbuilding | 0 | 0 | 9 | 4 | 0 | 21 | 7 | 1 | 0 | 2 | 0 | 8 | 3 | 0 | 1 | 4 |
| Other sectors | 8 | 22 | 4 | 2 | 0 | 44 | 2 | 8 | 39 | 4 | 2 | 3 | 19 | 18 | 12 | 8 |
| **Regional Objectives** | **24** | **30** | **2** | **71** | **100** | **13** | **20** | **34** | **35** | **69** | **71** | **14** | **58** | **53** | **63** | **57** |
| Regions under 92(3)c | 18 | 30 | 2 | 5 | 0 | 8 | 20 | 22 | 0 | 2 | 71 | 14 | 0 | 53 | 39 | 9 |
| Regions under 92(3)a | 7 | 0 | 0 | 66 | 100 | 5 | 0 | 12 | 35 | 67 | 0 | 0 | 58 | 0 | 24 | 48 |
| **TOTAL** | **100** | **100** | **100** | **100** | **100** | **100** | **100** | **100** | **100** | **100** | **100** | **100** | **100** | **100** | **100** | **100** |

*Figures do not include ICT – see point 9.

**Table 9a**

**State aid to the manufacturing sector 1993 – 1995 and 1995 – 1997**
**Breakdown to main objectives**

per cent

| | Horizontal Objectives | | Particular Sectors | | Regional Objectives | |
|---|---|---|---|---|---|---|
| | 1993 – 95 | **1995 - 97** | 1993 - 95 | **1995 - 97** | 1993 - 95 | **1995 - 97** |
| Austria | | **68** | | **8** | | **24** |
| Belgium | 46 | **47** | 29 | **22** | 25 | **30** |
| Denmark | 77 | **85** | 21 | **13** | 1 | **2** |
| Germany | 16 | **24** | 7 | **5** | 77 | **71** |
| of which Treuhand | | | | | 46 | 37 |
| Greece | 27 | **0** | 16 | **0** | 57 | **100** |
| Spain | 29 | **22** | 54 | **65** | 17 | **13** |
| Finland | | **71** | | **9** | | **20** |
| France | 67 | **57** | 11 | **9** | 22 | **34** |
| Ireland* | 22 | **26** | 46 | **39** | 32 | **35** |
| Italy | 26 | **24** | 13 | **6** | 61 | **69** |
| Luxembourg | 29 | **27** | 2 | **2** | 69 | **71** |
| Netherlands | 70 | **75** | 8 | **11** | 22 | **14** |
| Portugal | 23 | **20** | 40 | **22** | 37 | **58** |
| Sweden | | **29** | | **18** | | **53** |
| United Kingdom | 24 | **24** | 11 | **13** | 65 | **63** |
| EUR 15 | | **31** | | **12** | | **57** |
| EUR 12 | 27 | **31** | 13 | **12** | 60 | **58** |

*Figures do not include ICT – see point 9.

29. As regards the development over time of the distribution of the manufacturing sector aid between the different main objectives, it can be seen that aid for horizontal objectives has increased at the expense of sectorial and regional aid. However if Treuhand aid is factored out it is only sectorial aid which decreases over time whilst both horizontal and regional aid increase.

***State aid given on an ad-hoc basis***

30. The above analysis of State aid data attempts to identify the medium- and long-term tendencies in the EU Member States. However these data do not only relate to State aid given under frameworks or schemes that promote horizontal, sectorial or regional objectives but also comprise State aid that is granted ad-hoc, i.e. outside such frameworks or schemes. Since an analysis of the resort by the aid awarding authorities to financial mechanisms that are not pre-established sheds an interesting light on the more short-term necessities of national state aid policy, ad-hoc aid is presented below. This allows a clearer picture of both the current situation and the underlying trends in the Union. For completeness reference is also made to ad-hoc aid in the Air Transport and Financial Services sectors.

31. The bulk of ad-hoc aid is given for restructuring or rescuing companies. The sectorial distribution of aid given for this objective is uneven. For example, slightly more than 50% of ad-hoc aid granted during both reporting periods supports the restructuring of companies in the steel and shipbuilding sectors. The remainder has contributed almost exclusively to other rescue and/or restructuring operations in about 55 companies belonging to less than 25 manufacturing sub-sectors. Whereas the major characteristic of ad-hoc aid is that it has been limited to a relatively small number of sectors and often reflects important but transient structural changes in limited areas of the EU economy, aid that is granted in the New German Bundesländer and which can be considered as ad-hoc restructuring aid, benefits thousands of companies operating in a vast variety of sectors. The distribution of this latter type of ad hoc aid within the manufacturing sector is therefore quite even.

Table 10

**State aid on an ad-hoc basis and Treuhand* aid awarded in the manufacturing, financial services and air transport sectors in the Member States in the years 1992 to 1997**

| | 1992 | | 1993 | | 1994 | | 1995 | | 1996 | | 1997 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | in MEUR | in % of total aid | in MEUR | in % of total aid | in MEUR | in % of total aid | In MEUR | in % of total aid | in MEUR | in % of total aid | in MEUR | in % of total aid |
| **Ad-hoc aid** | 2422 | **6** | 5236 | **12** | 4353 | **11** | 3352 | **8** | 3663 | **10** | 3522 | **10** |
| Treuhand aid* | 5161 | 13 | 8774 | 20 | 10918 | 26 | 6623 | 16 | 4796 | 13 | 3602 | 10 |
| Total aid in manufact. | 39062 | 100 | 44797 | 100 | 41362 | 100 | 39328 | 100 | 35341 | 100 | 34352 | 100 |
| ad-hoc aid in Financial services | | | 795 | | 480 | | 2069 | | 2776 | | 3082 | |
| ad-hoc aid in Air transport | | | 97 | | 1920 | | 1924 | | 974 | | 805 | |

* aid in Germany given via the Treuhandanstalt (THA) or the Bundesanstalt für vereinigungsbedingte Sonderaufgaben (BvS)

32. Data presented in the previous Sixth Survey suggested that the level of ad-hoc aid, which had been granted to the EU's manufacturing sector, passed its peak in 1993/94. Current data confirm this trend. As shown in table 10, ad-hoc aid decreased from its 12 % peak in 1993 to 10 % of manufacturing aid in the last two years under review. If Treuhand aid is added, the drop from 37 % to 20 % is even more pronounced.

Table 11 compares the annual averages of ad-hoc aid, including Treuhand, in the periods 1993-1995 and 1995-1997 for manufacturing, financial services and air transport. The decrease at the Community level amounts to about 3,1 billion euro bringing the total to the later period to 12.4 billion euro.

33. If the two periods are compared on Member State level for the Community of Twelve, it becomes evident from table 11 that out of the eight countries for which ad-hoc aid is reported, increases are seen only for Spain and France. The others have reported decreasing levels of ad-hoc aid awards with Germany enjoying the most important fall. Indeed with a decrease of more than four billion euro, this country alone can be seen to account for the totality of the overall reduction of ad-hoc aid observed in the Community.

34. As regards the different aid forms used when awarding ad-hoc aid in the manufacturing sector, grants make up more than half of all such aid, soft loans and equity participation/capital injection account for 28 and 14% respectively whilst the use of guarantees appears to be low at about 5%.

**Table 11**

**State aid on an ad-hoc basis and Treuhand aid awarded in the manufacturing, financial services and air transport sectors in the Member States - annual averages 1993-1995 and 1995-1997**

| | 1993 – 1995 | | **1995 - 1997** | |
|---|---|---|---|---|
| | in Meuro | in percent | **in Meuro** | **in percent** |
| Austria | - | - | **48** | **0** |
| Belgium | 30 | | **3** | **0** |
| Denmark | 0 | 0 | **0** | **0** |
| Germany | 9865 | 64 | **5632** | **45** |
| Greece | 100 | 1 | **0** | **0** |
| Spain | 726 | 5 | **1391** | **11** |
| Finland | - | - | **-** | **-** |
| France | 2538 | 16 | **3372** | **27** |
| Ireland | 75 | 0 | **37** | **0** |
| Italy | 1813 | 12 | **1614** | **13** |
| Luxembourg | - | - | **-** | **-** |
| Netherlands | 40 | - | **37** | **-** |
| Portugal | 299 | 2 | **261** | **2** |
| Sweden | - | - | **-** | **-** |
| United Kingdom | - | - | **-** | **-** |
| EUR 12/15 | 15487 | 100 | **12396** | **100** |

*German State aid to the new Länder*

35. During the period under review, the process of reorganising the economy of the new Länder of Germany continued. The reunification of Germany is of particular importance for Community State aid policy. In 1995-1997, a yearly average volume of almost 10,5 billion euro granted in aid to manufacturing in the new Länder. This, although on a high level, is a considerable decline in comparison with 1993-1995, when 16 billion euro were spent. In addition, this reduction is accompanied by a decrease in aid to the old German Länder which has fallen from 3,4 billion euro1993–1995 to a low of 3 billion euro in 1995-1997. These reductions confirm the continuing commitment of the German government to support the new Länder without increasing the overall level of aid in Germany. The breakdown into the different forms of the aid to the new Länder is given in Table A3 in Annex II.

In the context of privatising 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 privatise former East German public undertakings, and its successor, the Bundesanstalt für vereinigungsbedingte Sonderaufgaben (BvS). As laid down in the Commission's decisions of 1991, 1992 and 1995 on the interventions of the THA, some of these interventions constituted 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.

In the period covered by the present Survey, including 1996 and 1997 when normal state aid rules applied, guarantees averaging 1942 million euro per year and loans averaging 12020 million euro per year were given by THA/BvS. Based on its previous experience, the Commission is of the opinion that 20% of these amounts can be regarded as aid, which are included in the Survey.

## PART II – AID TO AGRICULTURE

36. 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 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 950/97).

    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 co-financed.

37. The reporting situation in the field of agriculture has improved with respect to previous Surveys. Whilst several Member States have not recently delivered comprehensive information on their aid expenditure in this sector in accordance with their resolution of the Representatives of the Governments of the Member States during the 306th Session of the Council on 20 October 1974, they regularly submit data on National budget outlays. Therefore it is these data that have been included in this Survey for all Member States.

Table 12 presents annual average budget outlays including direct payments, reduction of input costs and general services at the Community level.

**Table 12**

**Average annual national budget outlays on Agriculture for EUR 12 and 15 during 1993–1995 and 1995–1997**

Million EUR

| | 1993 - 1995 | **1995 – 1997** |
|---|---|---|
| EUR 15 | | 13.129 |
| EUR 12 | 10.772 | 9.658 |

38. It may be noted that the concept of total national expenditure 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.

For detailed information on the nature and level of overall support granted to agriculture in the Community, the annual publication by the Commission entitled "The Agricultural Situation in the Community" should be consulted.

## PART III - AID TO FISHERIES

39. In the fisheries sector, the grant of national aid closely follows the development of and the limits imposed by the Common Fisheries Policy (CFP) thereby contributing to the realisation of common objectives. Any conclusion to be drawn from the quantification of national aid has, therefore, not only to take account of its impact on competition but also of its impact on attaining the common aim to establish the conditions necessary for ensuring the viability and future of the fisheries sector.

40. The fisheries market is therefore organised to stabilise prices and unify the Community market. The rules of fishing provide for the best possible use of available stocks and their optimum conservation whilst ensuring relative stability of access for fishermen. In addition to these measures, durable links have been established at international level with a view to maintaining or developing access to stocks outside Community waters. Moreover, the incorporation of the structural aspect of fisheries within the framework of the Structural Funds seeks to ensure the structural adaptation necessary to attain the objectives of the common fisheries policy. This requires that action in the sector comply with the objective of establishing a balance between stocks and their exploitation. State aid is only justified, therefore, if it is in accordance with the objectives of this policy.

41. State aid rules in this sector result from the development of the common fisheries policy. The criteria and arrangements regarding Community structural assistance in the fisheries and aquaculture sector and the processing and marketing of its products have been laid down in Council Regulations No 1624/95[12], No 2719/95[13], 965/96[14] and 25/97[15] amending Regulation (EC) No 3699/93. These Regulations have since been consolidated into the single Council Regulation 2468/98[16]. In parallel with the development of the common fisheries policy, guidelines for the examination of State aid to fisheries have been developed. It is

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[12] OJ No L 155, 6. 7. 1995, p. 1.
[13] OJ No L 283, 25. 11. 1995, p. 3.
[14] OJ L 131, 01/06/1996, p.1.
[15] OJ L 6, 10.01.1997 p.7
[16] OJ No L 312/, 20.11.1998, p.19.

within the framework established by them that the Commission administers the derogation's to the principle of incompatibility of State aid with the common market (Article 92 (1) of the EC Treaty) provided for in Article 92 (2) and (3) of the Treaty and in its implementing instruments. The most recent Guidelines were adopted in 1997[17] and replaced those dating from 1994. Given the current review of the Community's Structural Funds, including the Financial Instrument for Fisheries Guidance (FIFG), the Guidelines will also be subject to review in the near future.

These rules relate to all measures entailing a financial advantage in any form whatsoever funded directly or indirectly from the budgets of public authorities (national, regional, provincial, departmental or local). State aid may be granted only if it is consistent with the objectives of the common policy. Aid may not be protective in its effect: it must serve to promote the rationalisation and efficiency of the production and marketing of fishery products in a way which encourages and accelerates the adaptation of the industry to the new situation it faces.

In more practical terms, aid must provide incentives for development and adaptation that cannot be undertaken under normal market circumstances because of insufficient flexibility in the sector and the limited financial capacity of those employed in it. It must yield lasting improvements so that the industry can continue to develop solely on the basis of market earnings. Its duration must therefore be limited to the time needed to achieve the desired improvements and adaptations.

Consequently the following principles apply:
- State aid must not impede the application of the rules of the common fisheries policy. In particular, aid to the export of or to trade in fishery products within the Community is incompatible with the common market.
- Those aspects of the common fisheries policy that cannot be considered to be fully regulated, in particular as regards structural policy, may still warrant State aid provided such aid complies with the objectives of the common rules so as not to jeopardise or risk distorting the full effect of these rules; this is why it must, where relevant, be

[17] OJ No C 100, 27.03.1997

included in the various programming instruments provided for under Community rules.

- State aid which is granted without imposing any obligation on the part of recipients and which is intended to improve the situation of undertakings and increase their business liquidity or is calculated on the quantity produced or marketed, product prices, units produced or the means of production, and which has the effect of reducing the recipient's production costs or improving the recipient's income is, as operating aid, incompatible with the common market. The Commission examines such aid on a case-by-case basis where it is directly linked to a restructuring plan considered to be compatible with the common market.

42. Tables 13 and 14 show national aids and Community intervention in favour of the Community's fishing fleet, the commercialisation, and first-stage processing of the products. At the time of publication complete 1997 data were not available, the effects of the new Guidelines will therefore only be seen in the next Survey.

Table 13

**Aids to fisheries in per cent of gross value added* in this sector, Calculated on the basis of quantities landed and average prices In 1992 – 1994, 1994 – 1996**

per cent

| | 1992 – 1994 | 1994 - 1996 |
|---|---|---|
| Austria | | |
| Belgium | 3,0 | 2,0 |
| Denmark | 4,0 | 2,0 |
| Germany | 13,2 | 14,6 |
| Greece | 0,2 | 0,1 |
| Spain | 6,0 | 3,0 |
| Finland | | 17,8 |
| France | 3,7 | 4,1 |
| Ireland | 9,3 | 8,4 |
| Italy | 8,4 | 8,4 |
| Luxembourg | | |
| Netherlands | 8,9 | 9,5 |
| Portugal | 2,4 | 2,2 |
| Sweden | | 8,2 |
| United Kingdom | 4,1 | 3,2 |
| EUR 12/15 | 5,6 | 4,9 |

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

**Table 14**
**Community interventions in the fisheries sector in the framework of the Common organisation of the market and structural policy 1992-1997.**

Million euro

| | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 |
|---|---|---|---|---|---|---|
| Guarantee | 32,1 | 32,4 | 35,5 | 39,4 | 34.1 | 33.5 |
| Guidance | 358,4 | 401,8 | 403.5 | 480.7 | 475.1 | 390.4 |

## PART IV - AID TO COAL MINING

43. Since 1965 the ECSC High Authority/Commission has on a number of occasions laid down rules to reconcile State aid to the coal industry with the objectives of the Treaty. Each new set of aid rules has been tailored to developments in the economy in general, and in particular to developments in the energy and coal market in the Community. During the two periods covered by this Survey aid to the coal industry, in so far as ECSC coal products are concerned, was regulated by the Commission Decision's 2064/86/ECSC and 3632/93/ECSC adopted under Article 95 ECSC. The former Decision expired on the 31/12/1993 and the latter will expire on the 23/07/2002, the date of expiry of the ECSC Treaty.

Under the terms of the 1986 Decision, operating aid, inherited liabilities and social welfare schemes were notified to the Commission. However neither inherited liabilities nor social welfare schemes were subject to an official authorisation in the relevant State aid decisions if:
-for inherited liabilities, the amounts granted "did not exceed the actual amount of the inherited liabilities";
-for social welfare schemes, the amounts granted brought "the ratio between the burden per mineworker in employment and the benefits per person in receipt of benefit in line with the corresponding ration in other industries". Where this condition was not adhered to, then the amounts exceeding the ceiling were then explicitly authorised in Decisions.

Under the terms of the 1993 Decision, inherited liabilities became an intrinsic part of the authorisation process and appear in the text of the various Decisions since these are costs that formed part of the operating costs in the past. Social welfare schemes continue to be treated as before and do not normally appear in the Decisions. Therefore since 1994 inherited liabilities are included in the Commission's annual reports on coal aid whereas social aid is not.

The new Community framework Decision 3632/93/ECSC on State aid to the coal industry has tightened the definition of aid within this sector 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 were also required to enter aid in their "national, regional or local budgets or to channel it through strictly equivalent mechanisms". Moreover 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".

44. Finally, operating aid was 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 Germany and Spain this may result in future in an increase in aid amounts as their coal reference price systems are abolished.

45. Both Commission Decisions enabled aid to be given for further restructuring, modernisation and rationalisation to take place in the coal industry with a view to increasing competitiveness. However most coal production in the Community remains uncompetitive vis à vis imports from outside the Community despite a considerable increase in productivity and a major reduction in the numbers of employees in this sector. Many of the measures taken supported diversification of energy supply and suppliers, including national energy resources. However given that the world market in coal is stable with abundant supplies from

a wide variety of sources, even in the long term and with increased demand for coal the risk of persistent interruption of supply, although it cannot be ruled out totally, is nevertheless minimal.

Therefore whilst further restructuring and closures are inevitable, care must be taken to minimise the social and regional impact of these changes and the principle of economic and social cohesion cannot be ignored. The Community's aid control policy in this sector therefore must continue to take account of the precarious social situation of mining regions and, in the context of the coal industry's adjustment, the need to meet ever-stricter environmental protection standards.

46. Table 15 divides the aid to coal mining into aid not going to current production and aid granted to current production. The latter is expressed in euro per person employed in the coal sector and as the share of the total aid to the sector. In the two main coal producing Member States the trend in aid amounts per person employed decreased slightly from the previous to the current reporting period. In addition to these decreases, of note is a gradual reduction in total aid from the current (1997) 5 000 million euro to about 2 700 million euro in 2005 as recently agreed upon in Germany. The current decrease in France is due to the fact that 1997 aid notified to the Commission is still under examination and therefore not included. It should be noted however that in France coal mining activity is being reduced and it is expected to stop in 2005. After halting all aid to current production during the period 1990-1992 the United Kingdom granted a small amount of aid to current production until 1995 as draconian restructuring of the coal 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.

47. In order to compare the two periods 1993-95 and 1995-97 on a similar basis the figures presented in Table 16 no longer include the 8600 million euro granted in 1993 for social welfare programmes supporting early retirement and pensions.

The share of remainder of the aid going to current production remained constant at 77-78% during both periods. However the average aid, destined to current production, per employee in the coal-mining sector fell from 40.000 euro in 1993-95 to 37.800 euro in 1995-1997.

Likewise aid granted for purposes other than current production also fell from a yearly average of 1930 million euro per year during the first period to 1780 million euro during the second. The above averages will increase slightly once the Commission has approved the 1997 aid in France.

In the case of Germany and Spain a coal reference price system was in operation for a number of years which kept domestic prices net of subsidies considerably above world market prices. Although such a measure has an effect equivalent to an aid, the usual indicators that are shown in Table 16 cannot reflect it. Therefore, the figures should be taken as an overview and not yet an accurate indicator of the protection afforded by aid. New capital injections, which may constitute aid, are not included in these figures. Public undertakings' coal-purchasing contracts (for example, for electricity generation) which might comprise an aid element where the price exceeds the world price have not been included.

For coal the observed aid amounts are high. Competition between coal industries continues to be stifled and the impact of these aids on other markets cannot be ignored especially given that 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 energy market renders a strict aid control policy by the Commission in this sector more and more important.

Table 15

**State aid to Coal Mining 1993 - 1995 and 1995 – 1997 (not including 1993 social aid)**

| | **Yearly average of aid not destined to current production ** (in million euro)** | | **Yearly average of aid destined to current production** | | | |
|---|---|---|---|---|---|---|
| | | | 1993 – 1995* | | **1995 - 1997** | |
| | 1993-1995* | **1995-1997** | euro per employee | in % of total aid | **euro per employee** | **in % of total aid** |
| Belgium | 3 | | | | | |
| Germany*** | 190 | **211** | 57.417 | 97 | **55.291** | **96** |
| Spain | 162 | **296** | 21.683 | 81 | **19.158** | **72** |
| France**** | 710 | **405** | 11.901 | 21 | **3.543** | **11** |
| Portugal | 2 | **1** | 5.795 | 60 | | |
| United Kingdom | 863 | **868** | 419 | 1 | | |
| TOTAL | 1930 | **1780** | 40.054 | 78 | **37.824** | **77** |

* in 1996 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.

**** 1997 aid has been notified by the French Government but are still being examined by the Commission.

## PART V - AID TO THE TRANSPORT SECTOR

48. Although the Transport sector is not exempted from the general provision on state aid, the Treaty contains special rules for this sector (Articles 77 and 80). In addition, to reinforce the internal market and economic and social cohesion, Article 129b EC Treaty provides for Community support, in the context of open and competitive markets, of trans-European networks.

49. A key part of the Union's strategy is to open up access to transport markets in taking into account the particular characteristics of each transport mode. Community air, ship, and road haulage operators now have complete freedom to provide services, cabotage is already free on inland waterways and road haulage and, since January 1999, ferry operators are enjoying steadily increasing rights. The opportunities for rail operators are more limited, although the Commission is seeking to extend them.

50. Open and competitive markets do, however, not preclude public intervention, in particular when it is deemed to be in the general interest or is aimed to achieve objectives of the Common Transport policy. Because public intervention, or more particularly, State aid, can be abused to protect enterprises from market forces and undermine the goal of better, cheaper services that the liberalisation of transport markets is meant to promote, a strict control of such aid is called for. It is, on the other hand, also necessary to ensure that such control does not inadvertently frustrate the objectives of the Common Transport Policy.

51. The Commission's state aid control in the transport sector is more complex than in some other sectors. The complexity arises from the need to take into account not only the general state aid requirements of the Treaty, but also the Treaty articles dealing specifically with transport aids. In doing this, the Commission takes in consideration the degree of liberalisation achieved by the different transport modes, the growth in the number of competitors who can be adversely affected by unfair state aid, the strategic and economic importance of the market concerned

and, last but not least, the enterprises' need for clarity and legal certainty.

52. Further improvements of state aid control are being prepared. Following approval of revised State aid guidelines in the maritime sector, the Commission is now considering how to revise the secondary Community law relating to state aid in the land transport sector (Regulation (EEC) 1107/70 and Regulation (EEC) 1191/90) to make these clearer and more systematic.

The situation in each of the very different European transport modes up to the end of 1997 is presented below and a summary of State aid granted in this sector from 1993 is given in Table 17 where the contribution of most transport subsectors to the gradual overall reduction can be observed.

Air transport sector

53. Previously enjoying protection, this sector has gone through a process of gradual liberalisation, achieved since April 1997, when the last restrictions on cabotage traffic were removed. In order to adapt to this new context, many airline companies have set major restructuring programmes. Aid, mostly ad-hoc, that was granted to the air transport sector increased up to 1994 and then dropped back. The average yearly amount for 1993 -1995 was 1315 million euro and for the latest reporting period, 1995-1997, the average is now 1235 million euro. The average yearly amount will remain at a level of about 1000 million euro a year until 1998 after which a significant decrease is expected due to the achievement of the restructuration process for the most of the airline companies. These figures confirm the transient nature of support to airlines as stated in the previous Survey; the aid having accompanied the important structural changes in this sector. Given decreases elsewhere, the level of aid in this sector still represents only 1.5% of overall aid or 3% of aid to the manufacturing sector. To strengthen its control, in 1994 the Commission adopted strict guidelines[18] on State aid

[18] Application of articles 92 and 94 of the EC Treaty and article 61 of the EEA Agreement to State aids in the aviation sector (Official Journal C 350 of 10.12.1994, page 5)

to this sector, which reinforce in particular the one time last time principle.

Railways

54. In 1996 the Commission adopted a white paper on a strategy for revitalising the Community's railways which deals also with financing of the railways and sets out, in general terms, the approach the Commission will follow when analysing aid in this sector. The Commission's aim is gradually to arrive at a system where the only public financing of railways will be in the form of financing for infrastructure or compensation for public service obligations, or where it is part of an overall restructuring plan aimed at restoring the financial viability of railway companies. Table 16 shows aid to railways as a percentage of value added in this sector.

Table 16

**State aid to Railways in per cent of gross value added in inland transport services* 1993–1995, 1995–1997**

per cent

| | 1993 – 1995 | | **1995 - 1997** | |
|---|---|---|---|---|
| | total aid | of which Regulation 1191/69 | **total aid** | **of which Regulation 1191/69** |
| **Austria**** | | | **13,0** | **8.6** |
| **Belgium** | 39.6 | 8.5 | **36.4** | **8.0** |
| **Denmark** | 11.7 | N/A | **8.9** | **N/A** |
| **Germany** | 50.4 | 16.2 | **41.9** | **16,0** |
| **Greece**** | 15.4 | N/A | **15,5** | **N/A** |
| **Spain** | 22.8 | 3.2 | **18.6** | **3.2** |
| **Finland** | | | **1,4** | **0.8** |
| **France**** | 25,7 | 5,8 | **25,6** | **5.6** |
| **Ireland** | 21.4 | 10.8 | **20.1** | **11.7** |
| **Italy*** | 24.0 | 3,4 | **19.8** | **2,4** |
| **Luxembourg***** | 60.3 | 33.2 | **8.4** | **5.7** |
| **Netherlands** | 17,6 | 4.9 | **17.5** | **2,0** |
| **Portugal** | 6,7 | 4.1 | **4.4** | **3.3** |
| **Sweden** | | | **27.7** | **N/A** |
| **United Kingdom** | 8.5 | 8.2 | **10.3** | **10.0** |
| **EUR 15** | | | **22.7** | **N/A** |
| **EUR 12** | 26.7 | N/A | **23.5** | **N/A** |

*Aid figures expressed as a percentage of value added in inland transport services as no separate figures are available for railways.

**1997 figures estimated.

*** A considerable part of the expenditure under Regulation 1191/69 in this Member State is for pensions.

55. In so far as EUR 12 is concerned, aid levels have dropped in eight Member States with the largest decrease being seen in Luxembourg. Note that as recent figures for value added were not always available estimates were used, comparisons between Member States should therefore be made with caution. The Commission has a positive attitude towards public and private investments in infrastructure in order to develop the trans-European transport network. To this end, the Commission approved public support measures related to the realisation of the Paris-Brussels-Cologne-Amsterdam-London high-speed rail line, one of the 14 projects recognised as having priority in the development of the trans-European networks.

Maritime transport

56. Total annual aid authorised by the Commission under the previous guidelines and during the period under review was 1428 Meuro. From time to time over the period under examination the Commission has been confronted with untypical large-scale cases which have resulted in a significant increase in the total aid figure for the year in question. One example of such a case is the French rescue and restructuring aid for the company CGM (514 Meuro) in 1995. Nevertheless total aid authorised per year appears to have stabilised at around 300 Meuro as of 1996.

57. In mid-1997 a new State aid discipline was introduced for maritime transport[19]. These guidelines continue to recognise, as did those of 1989, that EU shipping policy operates in a global arena characterised by competition from low cost flags of convenience and fiscal jurisdictions. However, the new guidelines establish a more restrictive line on aid which interferes with normal business decision making in

[19] Community Guidelines on State aid to the maritime transport (Official journal C 205 of 5.7.1997, page 5)

shipping companies, in particular with regard to investment in vessels. Another key element relates to State financing of losses attributable to the fulfilment of public service obligations especially on thinly served routes. Here the Commission seeks to ensure fair access of all EU shipping companies to such State assisted business in accordance, in particular, with the terms of the Council Regulation 3577/92 on maritime cabotage rights. In the field of sea ports, the Commission continues to treat public financing to port undertakings under Articles 92-94 of the Treaty.

Inland waterways

58. Most aid is aimed at the restructuring of the inland waterways sector in the context of its progressive liberalisation starting in the year 2000. Thus it supports measures that accompany the process of structural reorganisation of this sector (reduction of overcapacity by a Community wide co-ordinated scrapping of boats, technical modernisation of the fleet, encouragement of pooling of interests, training of boatmen, support for retirement, promotion of waterways etc.)

Moreover since the end of 1996 the inland waterways sector can exploit a new regulation (Council Regulation 2255/96) in the context of the promotion of waterways that allows, until December 1999 and under certain conditions, aid if it concerns investment in infrastructure of river terminals or in the necessary fixed or mobile equipment for transhipment from and to waterways. To this end the Commission approved for example an aid for a firm in Luxembourg for the acquisition of two cranes for the handling of containers for inland water transport.

59. Concentrated in four Member States, (France, Germany, the Netherlands and Luxembourg, aid in this sector is extremely low averaging some 37 Meuro per year during the period 1995-1997.

Road/Combined Transport

60. Since 1993 when the opening up of the road transport market began, the Commission increased its monitoring of aid that could unfairly benefit particular operators. Competition in this sector has noticeably increased and the strict line followed by the Commission has found expression in a number of negative or partially negative decisions, where the Commission strictly applied the principle that operating aid is in general incompatible with the Treaty. By way of example, the Commission adopted a negative decision concerning two schemes introducing tax credits for professional road hauliers. Aid expenditure, as indeed the overall number of cases, remains comparatively low and no particular trends can be identified from the data at hand. Combined transport does not seem to attract large amounts of State aid either. During the reporting period only the Netherlands and Austria notified schemes for this purpose.

**Table 17**
**State aid to the Transport Sector**
**Annual values 1993 to 1997**

Million euro

| | 1993 | 1994 | 1995 | 1996 | 1997 |
|---|---|---|---|---|---|
| **Railways (EUR 15)** | | | 34372,4 | 31894,3 | 29861,1 |
| ***of which regulation 1191/69*** | | | *10255,0* | *9882,3* | 9804,5 |
| **Railways (EUR 12)** | 33059,9 | 34209,7 | 32460,0 | 30035,4 | 28234,1 |
| ***of which regulation 1191/69*** | *9894,9* | *8548,7* | *9579.8* | *9206,0* | 9116,3 |
| **Airline Services*** | 97,8 | 1920,1 | 1926,1 | 975,1 | 808 |
| **Inland Waterways*** | - | 5,2 | 23,0 | 45,0 | 44,9 |
| **Maritime Transport*** | - | 414,1 | 414,1 | 300,0 | 300,0 |
| **Road/Combined Transport*** | | | - | | |

* Concerns EUR 12 only

## PART VI - AID TO THE FINANCIAL SERVICES SECTOR

61. Amounts of aid granted to the financial services sector are relatively small when compared with overall aid figures, although a continued increase, albeit at a slower rate than that reported in the Sixth Survey, has been observed during the latest reporting period. Aid was granted to the financial services sector in France and to a much smaller extent, Ireland, Italy and Portugal. Its level has risen from an annual average of 1147 Meuro in 1993-1995, to 2702 Meuro during the current reporting period.

With the exception of Ireland, this aid is almost entirely destined for major restructuring and is contingent upon, *inter alia,* reductions in the market shares of the companies' concerned. Moreover the restructuring of the companies concerned is often a precursor to their subsequent privatisation.

Given that the bulk of the aid granted in this sector benefits only a small number of companies. Government support to this sector must be kept under constant watch and all current restructuring operations will continue to be closely monitored. This is particularly important in the banking sector where, given the solvency requirements that are imposed by European banking regulations, credit institutions' capacity for growth is limited. Until such time that they can either attract new capital or increase their own capital by way of increased profits, their room for manoeuvre is limited by the Community solvency ratio. As a result capital injections or equivalent forms of aid have a direct impact on the beneficiaries' operations and may distort competition far beyond what would be expected if only the nominal value of the aid were taken into consideration.

## PART VII - OVERALL VOLUME OF AID IN THE COMMUNITY

62. The overall volume of Community State aid presented and given in the sectors covered by this Survey is presented in Table 18 and amounts on average over the period 1995-97 to around 95 billion euro.

**Table 18**

**Overall national aid in the Member States 1993-1995 and 1995-1997**

Million euro

| | 1993-1995 (EUR 12) | 1995–1997 (EUR 12) | **1995–1997 EUR 15** |
|---|---|---|---|
| **Overall national aid** | 101.464 | 88.466 | **95.064** |
| *of which:* | | | |
| *- Manufacturing sector*** | *42.882* | *36.365* | ***37.680*** |
| *- Agriculture* | *10.772* | *9.658* | ***13.129*** |
| *- Fisheries* | *333* | *240** | ***252**** |
| *- Coal mining* | *11.487**** | *7.646*** | ***7.646***** |
| *- Transport* | *34.843* | *31.855* | ***33.655*** |
| *- Financial Services* | *1.147* | *2.702* | ***2.702*** |

* 1997 total estimated
** 1997data for French coal mining not included
*** Including an annual average of 2.900 million for social welfare programmes
****Figures do not include ICT – see point 9.

63. Table 19 shows Member States' total aid expenditure as a percentage of gross domestic product, per person employed, and relative to total government expenditure.

64. For example, in Belgium, the financing of State aid is equivalent to 37.6% of the budget deficit and amounts to 1.3% of GDP in 1995-97. In Germany, where the budget deficit in 1995-97 was 3,5% of GDP, the financing of State aid is equivalent to 50% of the deficit for the period. Finally, in Italy, where the annual budget deficit is around 5.6% of GDP in 1995-97, the financing of the overall aid amount accounts for 33% of the deficit.

Table 19

**Overall national aid in the Member States 1993-1995 and 1995-1997 in per cent of GDP, per person employed and relative to government expenditure.**

| | In per cent of GDP* | | In euro per person employed | | In per cent of total Government Expenditure | |
|---|---|---|---|---|---|---|
| | 1993-1995 | **1995-1997** | 1993-1995 | **1995-1997** | 1993-1995 | **1995-1997** |
| Austria | | 0,65 | | 351 | | 1,22 |
| Belgium | 1,38 | 1,17 | 758 | 671 | 2,52 | 2,23 |
| Denmark | 0,95 | 0,89 | 486 | 470 | 1,54 | 1,48 |
| Germany | 2,26 | 1,64 | 1.156 | 882 | 4,55 | 3,32 |
| Greece | 0,97 | 0,98 | 238 | 246 | 2,02 | 2,15 |
| Spain | 1,14 | 1,16 | 396 | 413 | 2,38 | 2,58 |
| Finland | | 0,43 | | 219 | | 0,76 |
| France | 1,19 | 1,12 | 622 | 609 | 2,16 | 2,05 |
| Ireland | 1,25 | 1,1 | 478 | 468 | 3,21 | 3,15 |
| Italy | 1,94 | 1,71 | 799 | 736 | 3,50 | 3,25 |
| Luxembourg | 1,49 | 0,50 | 901 | 308 | 3,32 | 1,12 |
| Netherlands | 0,59 | 0,61 | 325 | 343 | 1,09 | 1,19 |
| Portugal | 0,97 | 0,98 | 178 | 189 | 2,23 | 2,26 |
| Sweden | | 0,76 | | 372 | | 1,15 |
| United Kingdom | 0,46 | 0,52 | 156 | 183 | 0,99 | 1,17 |
| EUR 15 | 1,48 | 1,20 | 644 | 549 | 2,83 | 2,36 |

*in 1996 prices

65. Table 20 shows a breakdown of overall national aid into the main sectors covered by the Survey.

**Table 20**

**Overall national aid in the Member States 1993 – 1995 and 1995 - 1997 Broken into main sectors.**

per cent

| | Overall State Aid in the Member States | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Manufacturing and Financial Services | | Agriculture and Fisheries | | Coal | | Transport | |
| | 1993-1995 | 1995 - 1997 | 1993-1995 | 1995 – 1997 | 1993-1995 | 1995 - 1997 | 1993 – 1995 | 1995 – 1997 |
| Austria | | 20 | | | | | | 25 |
| Belgium | 31 | 34 | | | 9 | | 52 | 57 |
| Denmark | 43 | 52 | | | | | 40 | 33 |
| Germany | 44 | 42 | | | 18 | 16 | 31 | 36 |
| Greece | 58 | 61 | | | | | 27 | 28 |
| Spain | 26 | 39 | | | 18 | 17 | 33 | 28 |
| Finland | | 18 | | | | | | 2 |
| France | 34 | 41 | | | 9 | 3 | 42 | 41 |
| Ireland | 48 | 55 | | | | | 29 | 22 |
| Italy | 60 | 61 | | | | | 33 | 31 |
| Luxembourg | 21 | 47 | | | | | 65 | 22 |
| Netherlands | 25 | 27 | | | | | 49 | 48 |
| Portugal | 47 | 54 | | | | | 27 | 30 |
| Sweden | | 22 | | | | | | 62 |
| United Kingdom | 28 | 27 | | | 18 | 14 | 36 | 36 |
| EUR 15 | 43 | 44 | 12 | 11 | 11 | 9 | 34 | 36 |

## *Aid per head of population*

66. Table 21 shows, in terms of both overall national aid and aid to the manufacturing sector, the aid per capita in the European Union. Although the correlation is not strong, per capita aid amounts tend to be higher in the more prosperous Member States. The resort to elevated aid budgets in these Member States is likely to reflect strong lobby pressures that may be particularly associated with the large number of ad-hoc aids in certain Member States.

Table 21

**State Aid per capita in the European Union**
**Annual averages during the period 1995–1997**

| | **Overall amounts of state aid*** | | **Of which: Aid to Manufacturing** | | |
|---|---|---|---|---|---|
| | in Meuro | euro per capita | in Meuro | euro per capita | Population in Millions |
| Austria | 1184 | 147 | 537 | 67 | 8,06 |
| Belgium | 2483 | 244 | 936 | 92 | 10,16 |
| Denmark | 1202 | 228 | 725 | 138 | 5,26 |
| Germany | 30402 | 371 | 13547 | 165 | 81,90 |
| Greece | 959 | 92 | 657 | 63 | 10,48 |
| Spain | 5365 | 137 | 2472 | 63 | 39,27 |
| Finland | 432 | 84 | 383 | 75 | 5,12 |
| France | 13566 | 232 | 4284 | 73 | 58,37 |
| Ireland ** | 622 | 172 | 395 | 109 | 3,63 |
| Italy | 16389 | 286 | 10451 | 182 | 57,40 |
| Luxembourg | 67 | 161 | 46 | 111 | 0,42 |
| Netherlands | 1876 | 121 | 674 | 43 | 15,53 |
| Portugal | 842 | 85 | 537 | 54 | 9,93 |
| Sweden | 1509 | 171 | 394 | 45 | 8,84 |
| United Kingdom | 4698 | 80 | 1640 | 28 | 58,80 |
| **EUR 15** | 81596 | 219 | 37680 | 101 | 373,16 |

1996 prices

* Not including Agriculture and Maritime Transport

** Not including ICT

## RESULTS

67. The aid awarded to the manufacturing sector in the European Union during the period under review 1995-97 amounts to an annual average of some 37,7 billion euro not including 391 Meuro tax foregone under the ICT in 1997. The corresponding figure for the Community of Twelve is 36.4 billion euro. Compared with the 42 billion euro of aid annually awarded during the previous period 1993-1995, this represents a decrease of 13%. It is, however, important to underline that the overall drop in the volume of aid is almost exclusively the result of a large decrease of the aid levels in three Member States – in Germany and, to a lesser extent, in Italy and France. If the figures concerning the new Länder in Germany - with a considerable 30% fall - were excluded when comparing the three-year-averages, the downward trend of aid volumes in the European Community observed in previous periods would not have been followed.

68. Large disparities remain between Member States in their award of aid. The spread is sizeable when aid to the manufacturing sector is expressed in per cent of value added: the aid level observed in Greece, with the highest figure, is six times the lowest aid level observed in the UK and Sweden. However the aid levels in Member States do show a trend towards gradual convergence, i.e. the differences between their aid levels are becoming smaller.

69. When disparities between the Member States are considered in regard to cohesion, it appears that the share of aid in the four cohesion countries – Greece, Ireland, Portugal and Spain – has increased from around 7.5 % of total aid to the manufacturing sector in the EUR 12 during the previous period to approximately 11% in 1995–1997. By way of comparison, the share of the four big economies – Germany, Italy, France and the UK – in manufacturing aid has decreased from 87 to 82 percent. (Germany accounts for 37%, Italy for 28%, France for 12% and the UK for 5% of the EUR 12 total.) Although still at a very high level, the relative importance of these countries has diminished to the advantage of the cohesion countries. Nonetheless when ad-hoc aid is factored out, the share of aid by cohesion countries increases from 7.5

to only 9.5% when comparing the two reporting periods.

70. As to the form by which the aid is given, at Community level, budgetary expenditure is the preferred form to award State aid and its share in manufacturing aid is around 75%. In comparison with tax expenditure, the preference for the former, more transparent form of state intervention is, however, unequally distributed amongst the Member States. Whereas in some countries practically all of the aid, more than 90%, is given in the form of budgetary expenditure, in other countries, such as France, Ireland, Italy and Portugal, over 30% of all aid to manufacturing is given in the form of tax breaks.

71. In so far as the objectives pursued are concerned, the largest share of industrial aid in the Union, 57%, is spent on regional objectives most of which is targeted to the least developed regions, i.e. areas qualifying for regional aid under Article 92(3)a of the EC Treaty. This share drops to 51% when the exceptional aid granted by THA and its successors to the new German Länder is not accounted for. Aid granted for horizontal objectives, inter alia for the promotion of research and development, for environmental protection as well as for small and medium-sized enterprises, accounts for 31%. The share of sectorial aid in overall manufacturing aid with 12% is still high.

72. As witnessed in the previous surveys a relatively large volume of aid falling outside schemes promoting horizontal, sectorial or regional objectives is still granted on an ad hoc basis to individual enterprises. In the manufacturing, financial services and air transport sectors, a limited number of large individual aids account for a disproportionate part of total aid granted. Ad hoc aid, which is granted mainly for rescue and restructuring of companies and at the same time, is most prone to distort competition. In the manufacturing sector it increased in volume from 6% of total aid to this sectors in 1992 to 10% in 1997. If aid granted to the new German Länder via the Treuhandanstalt/BvS is added - such aid can be considered similar to ad hoc aid – the share in overall aid to manufacturing increased from 19% in 1992, to 37% in 1994 and has subsequently fallen back to 20% in 1997.

73. Overall national aid in EUR 15 amounted to an annual average of around 95 billion euro in the period 1995-1997 not including the ICT mentioned under point 9. The corresponding figure for EUR12 is 88 billion euro, having dropped from 101 billion euro during the previous period, 1993-1995 (of which 2.9 billion were accounted for by social welfare programmes in the coal industry). Decreases of around 10% were seen in manufacturing and transport whilst a steeper fall was reported in the fisheries sector. The agricultural and coal sectors each account for about 11% of total aid. The changes in aid to financial services are expected to show the same transient nature as that of aid to air transport.

## CONCLUSIONS

74. The historic launch of the euro has strongly reinforced the Single Market. Government support in the form of national State aid now remains one of the few means available for companies to seek protection from competition that will be even more intense than in the past. In addition, the introduction of the single currency calls for strict budgetary discipline by the Member States. Therefore as subsidies remain one of the last resorts of government intervention that not only risks distorting competition but also represents a non-negligible part of public spending, the level of State aid needs to be firmly kept under control. When controlling State aid, the Commission, of course, approves aid for many purposes where these are considered to be in the common interest. Examples of such aid for which the Commission clearly has a favourable view include research and development, SME's, training, employment, environmental protection and regional aid. However the continuing high level of aid and the fact that the current decrease is due to an exceptional reduction in Germany provide strong reasons for the Commission to maintain its pressure on state aid in the Community.

75. Strengthening of state aid control is also an essential element of the fight against unemployment, the European Union's key priority. Competition policy, and in particular the control of State aid, are Community policies that promote economic efficiency thereby paving the way for sustained growth and generation of viable jobs. Aid measures should not be allowed to protect industries or non-viable businesses and thereby provide a means to export unemployment from one Member State to another. In this context, the recent European Council in Vienna addressed the particular issue of harmful tax competition. It is acknowledged that fair tax competition contributes to the successful functioning of the Single Market. But harmful tax competition, where it increases the tax burden on labour as compared with more mobile tax bases, may have a negative effect on employment. The Commission has already taken action in this field by publishing a Notice on Fiscal aid, which gives guidance to the Member states on the application of Article 92 in the area of direct business taxation. Furthermore, the Commission has begun to scrutinise existing tax-related measures under the State

aid rules.

76. In addition to this, the Commission is also starting to investigate aid given to SME's for outward Foreign Direct Investment. Whilst aid in support of such investment may reinforce the development of some countries' economies it might also encourage relocation and therefore counteract efforts in the Union to generate employment. Furthermore such type of aid could fall foul of the prohibition on export subsidies under the WTO Agreement on Subsidies and Countervailing Measures. Provisional figures in this Survey show that there has been an increase in this type of aid; closer investigation will be required in future.

77. At its meeting on 1 May 1998 the Economics and Finance Council issued a declaration stressing the importance in the context of EMU of making product and capital markets more efficient. The Cardiff European Council of 15-16 June followed this up by instituting a procedure for monitoring the functioning of product and capital markets and the progress of structural reforms. In its conclusions, the European Council emphasised "the need to promote competition and to reduce distortions such as state aids". In its subsequent reports on the functioning of product and capital markets (COM(1999)10) and economic and structural reform (COM(1999)61), the Commission invited the Member States to consider the level and appropriateness of public intervention in market activities and to fix precise objectives and a timetable for the reduction of overall aid budgets. At its meeting on 25 February 1999, the Internal Market Council agreed in its conclusions that, in order to increase economic efficiency, continued efforts are needed to reduce the overall level of state aids and to redirect them towards transparent measures pursuing objectives, such as employment, which are in the common interest.

78. The European Council in Vienna also invited the Internal Market Council to present an assessment of whether the targets for dealing with key market distortions as identified in the Single Market Action Plan, including State aid control, have been attained. Most of the specified objectives for the State aid field have by and large been achieved. A range of new legal instruments announced in previous Surveys have now been adopted to help the Commission pursue vigorously the

application of Article 92 EC Treaty and to deal with substantial individual cases of State aid. In particular, the Enabling Regulation[20] provides the Commission with a legal basis to exempt certain categories of State aid like aid for SME's, research and development, environmental aid and training aid, from notification requirements. In this way it will be possible for the Commission to concentrate its resources and efforts on the more complex and important aid cases and thus increase the efficiency of its work. Furthermore, the Procedural Regulation, coming into force in the first half of 1999, not only provides more legal certainty by codifying the existing practice of the Commission and the Court jurisprudence, but will also enable the Commission to reinforce State aid discipline inter-alia in the area of recovery of aid.

79. Results from this Survey show that the level of aid granted by Member States to restructure their manufacturing industries is now decreasing. In the next two to three years the same trend should be seen as regards restructuring of air transport and financial services. However the continued propensity for some Member States to grant relatively high amounts of ad-hoc aid reinforces the need for the impending revision by the Commission of its Guidelines on aid for rescue and restructuring as indeed was foreseen in the context of the Action Plan in favour of the Single Market. Even aid intended to restore the viability of companies or to attenuate the social consequences of the adjustment process in certain sectors can impose a heavy cost in terms of forgone opportunities to use resources efficiently. The attainment of sustained economic growth and the creation of new jobs are hindered and a real risk of jeopardising the benefit of the Single Market exists when keeping unviable businesses alive. Therefore the Commission will maintain its position that rescue and restructuring aid cannot be allowed as a pretext to protect troubled industries or ailing companies.

80. In regard to cohesion within the European Union, the findings of the Survey indicate that the gap between the level of State aid granted in the richest Member States and in the four cohesion countries is slowly diminishing. The degree of dispersion among the different Member

[20] Council Regulation (EC) No 994/98 of 7 May 1998 on the application of Articles 92 and 93 of the Treaty establishing the European Community to certain categories of horizontal State aid (OJ L 142, 14.05.1998).

States is also decreasing notably when aid is considered as a percentage of value added. These trends, which currently result from the reduction observed in Germany and Italy, must be maintained. With the recent introduction of the new Regional aid Guidelines, the Commission endeavours to ensure that regional aid supports viable investments that make an enduring contribution to regional development. Also the newly established multisectorial framework for regional aid has the effect of protecting less favoured countries or regions with poor financial resources from outbidding by better-off regions. It should be recognised that the high level of State aid, particularly in the richer Member States, is a potential risk to the objective of cohesion, as it is evident that the cohesion countries cannot compete with such levels of aid witnessed in these richer countries.

81. In June 1993, it was recognised at the Copenhagen European Council, that the economic, political and security interests of the Central Eastern European Countries (CEECs) and the Union were best served by creating the fastest and closest ties with countries in economic transition. In the three years that followed Association and Co-operation Agreements were signed with ten CEECs. Agreements with Russia, the Newly Independent States and other countries followed. All of them contain provisions on Competition and State aid control that are based on the Union's model and the implementation process of these agreements poses a challenge of paramount importance as State aid discipline is gradually extended to these countries. Generally, the adoption and proper application by third countries of Implementing Rules for State Aid is, apart from wider policy considerations, also seen as an important step towards reducing trade friction between the Community and the third country in question. If properly implemented, they may eliminate the need for either party to have recourse to action under the WTO Subsidies Agreement, such as the imposition of countervailing measures to deal with subsidisation issues. The Commission's priority task is to help these countries create a credible State aid control system thereby contributing to the establishment of a competitive environment similar to that of the Community.

82. This is particularly important in view of accession negotiations, as the candidate countries' compliance with the State aid "acquis" well in

advance of accession proper constitutes the way by which the criteria for accession can be fulfilled in the sphere of State aid control. The Commission is committed to following closely the developments in the state aid field in order to ensure a sufficient degree of transparency, which is fundamentally important for establishing compliance with the Community rules on state aid in these countries. This Survey therefore provides an effective benchmark for the Associated countries and on the basis of which, a necessary degree of comparability can be achieved.

83. Whilst State aid control is essential for the maintenance of fair and equitable competition in the Union, downward pressure on government interventions that distort competition and affect trade also has to be exercised on a world-wide level. The multilateral trading system must therefore be reinforced in the light of the objectives of European Competition policy. In order to achieve this the Commission, in collaboration with Member States, must counter all anticompetitive practices that threaten European industry by striving for greater subsidy disciplines on three fronts. Firstly under the auspices of the World Trade Organisation and, in particular, the WTO Subsidies Agreement. Secondly in the context of bilateral agreements with third countries where the principles of rigorous subsidy discipline will continue to be a key dimension. Thirdly the Union should, in the appropriate international fora, continue to encourage the improvement of international labour standards and *inter alia*, attenuate the possible distortive effects on trade of unsatisfactory standards.

# ANNEXES

# ANNEX I

## *TECHNICAL ANNEX*

The purpose of this annex is to provide background information on the methodologies and sources of data that were 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 issues

- Research and Development (R&D)
- Agro-foodstuff
- Training and employment
- Accession of the three new Member States

## I. Scope of the Study
## Fields excluded

1. This Technical Annex explains the methodological background and the statistical techniques used. It updates 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
- Aid for educational institutes, hospitals, public housing
- Aid for public vocational training centres
- Aid given directly 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 (co-operatives, owner enterprises, self-employed, etc.)[21]
- General reduction in VAT (for example, foodstuffs in the United Kingdom)

2.3. Aid granted by supranational and multinational organisations

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

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

2.4. Individual types of aid

- Defence (see point 11.1 of this annex)
- Training and employment measures (see point 12)
- Public works

## 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 the 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 refers to the aid element (A) of a soft loan (C1).

4. Group A (A1+A2)

4.1. The first category (A) comprises aid that 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 instruments coming under categories A1 and A2

- Grants
- Interest subsidies received directly by the recipient
- 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 relieves where the benefit is dependent on having a tax liability
- Reduction in social security contributions
- Grant equivalents e.g. sale or rental of public land or property at prices below market value

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).

5.2. List of aid instruments 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 transfers.

6.2. List of aid instruments coming under categories C1 or C2

- Soft loans whether from public or private sources. (Interest rate subsidies are categorised 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 guaranteed. 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.

7.2. <u>List of aid instruments coming under category D1</u>

- Amounts covered under guarantee schemes (D1)
- Losses arising from guarantee schemes, net of premiums paid (D1A)

8. <u>Objectives of aid</u>

8.1. The aid schemes have been broken down into 19 headings according to their sectorial or functional objectives:

| | |
|---|---|
| 1.1. | <u>Agriculture</u> |
| 1.2. | <u>Fisheries</u> |
| | |
| 2. | <u>Manufacturing/Services</u> |
| 2.1. | <u>(Horizontal objectives)</u> |
| 2.1.1. | Research and Development |
| 2.1.2. | Environment |
| 2.1.3. | Small and Medium Enterprises |
| 2.1.4. | Trade |
| 2.1.5. | Energy saving |
| 2.1.7. | Employment Aid } see point 14 of |
| 2.1.8. | Training Aid } this annex |
| 2.1.9. | Other objectives |
| | |
| 2. | <u>Manufacturing/Services</u> |
| 2.2. | <u>(Particular sectors)</u> |
| 2.2.1. | Steel |
| 2.2.2. | Shipbuilding |
| 2.2.3. | Transport (Rail, Airlines, Inland Waterways and Maritime) |
| 2.2.4.1. | Coal (Current Production) |
| 2.2.4.2. | Coal (Other Aid) |
| 2.2.5. | Other Sectors |
| 2.2.6 | Financial services |
| | |
| 3. | <u>Regional aid</u> |
| 3.1. | Regions under 92(3)a |
| 3.2. | Other regions |

9. List of regions within the meaning of Article 92(3)(a) valid until 31/12/1997[22]

| Member State | Regions |
|---|---|
| Greece | ) the |
| Ireland | ) whole of the |
| Portugal | ) country |
| Austria | Burgenland |
| Germany | Berlin (Eastern Part) |
| | Brandenburg |
| | Mecklenburg-Vorpommern |
| | Sachsen |
| | Sachsen-Anhalt |
| | Thüringen |
| Spain | Galicia |
| | Asturias |
| | Cantabria |
| | Castilla-Leon |
| | Castilla-La Mancha |
| | Extremadura |
| | Comunidad Valenciana |
| | Andalucia |
| | Murcia |
| | Ceuta y Melilla |
| | Canarias |
| France | Overseas departments |
| Italy | Campania |
| | Sud |
| | Sicilia |
| | Sardegna |
| United Kingdom | Northern Ireland |

22 OJ EC no. C 212 of 12.08.1988, pages 2 to 10 and subsequent changes.

## III. Sources of data and methods of assessing the aid element

10. As a general rule, the figures have been expressed in terms of actual expenditure (or actual revenue losses in the case of tax expenditure).[23] Where this was not possible, budget appropriations or the amounts that were provided for in planning programmes were used after consultation with the Member States concerned. Where figures were not available figures from previous years have, unless otherwise stated, been used as estimates.

10.1. All the figures have been compiled in current national currency and have been converted into constant 1996 euro.

The following statistical data used in the Survey have been obtained from EUROSTAT (New Cronos database).

- gross domestic product (GDP) at market price
- implicit deflator of GDP
- general government total expenditure
- gross value added at market price for manufactured products, agriculture and transport
- value added at factor cost for shipbuilding
- occupied population, total employment
- employment by branch for manufactured products and coal
- intra-EC exports of industrial products under No's 5 to 8 of the standardised international trade classification (SITC) rev. 3

The gross value added for fisheries has been calculated on the basis of the quantities landed.
A small number of statistics that were unavailable have been completed with statistics from the AMECO database managed by the Commission's Directorate General for Economic and Financial Affairs, DG II.

10.2. The Commission's departments have provided figures for their respective sectors in accordance with the following outlines. Most of the figures were provided by the Member States.

For agriculture, data previously presented were submitted in accordance with the procedure emanating from the resolution of the Representatives of the Governments of the Member States, during the 306th Session of the Council on the 2 October 1974, to provide a complete record of all national aid measures in force.

23 It has to be stressed that the yearly expenditures (commitments) are not necessarily identical to the yearly budgetary appropriations for an aid scheme.

Current reporting obligations for both the OECD and WTO also require data on all support granted by Member States at both national and sub-national levels and therefore these data are now presented in this Survey. Data comprise direct payments, reduction of input costs and general services as well as transfers that support of the multifunctional nature of agriculture. Assistance towards the creation and preservation of employment in rural areas, agro-environmental programmes leading to the balanced use of land, the conservation and renewal of natural resources, are also included as well as certain social security programmes and exceptional payments resulting from the BSE crisis.

For fisheries data were submitted in accordance with the procedure emanating from the resolution of the Representatives of the Governments of the Member States, during the 306th Session of the Council on the 2 October 1974. At the time of writing 1997 data were available from Denmark, Spain, Finland, Portugal and the U.K.

For coal the figures are those submitted by the Member States in accordance with Commission Decision Nos. 528/76/ECSC, 2064/86/ECSC and 3632/93/ECSC and summarised in the Commission's Annual Communication to the Council on aids in this sector. These figures are broken down into aid for current production and those not relating to current production (i.e. special social security measures for miners and aid to cover inherited liabilities). However since 1994 figures on the financing of social benefits are no longer included by the Commission in its annual communication on aid in this sector.

For rail transport the figures are those submitted by the Member States in accordance with Council Regulation No 1107/70. In addition, but shown separately, are the aids given for railways within the framework of Council Regulation 1191/69 as amended by Regulation 1893/91 for the maintenance of public service obligations.
Figures are not available for aid to local transport.

## 10.3. Manufacturing

In the case of aid to the manufacturing sector, the figures have almost exclusively all been submitted by Member States according to the standardised annual reporting procedure. This procedure was set out in the Commission letter of 22.02.1994 to the Member States and up-dated by the Commission letter of 02.08.1995 to the Member States. Data are also checked against Commission Decisions, national publications on the award of aid, national accounts, draft budgets and other available sources.

10.4. Steel and Shipbuilding

The figures presented in the study have been compiled from the monitoring reports prepared by the Commission for the Council.

10.5. Methods of assessing the aid element

10.5.1. Group A - grants, relief from taxes and social charges, etc.

No calculation of the aid element is necessary, as the amount of aid is equal to the grant or its equivalent

10.5.2. 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. This method is based on calculating the benefit of the intervention to the recipient.

10.5.3. Group C - soft loans etc.

The aid elements (C1A/C2A) in this category are much lower than the capital values of the aid. From 1995, where a Member State fails to provide data on the aid element, 15% of the total amount lent by the government is taken as a proxy, compared with 33% for previous years. This downward adjustment is explained by the generally lower level of the aid element that results from generally lower rates of interest in the Member States when compared with periods covered by previous surveys.

In the case of reimbursable advances, where a Member State does not indicate the reimbursement ratio, the aid element is taken to be 90% of all advances as the re-payment ratio has shown to be very low on average.

10.5.4. Group D - guarantees.

The aid element (D1A) is much lower than the capital value guaranteed. Where this information on the exact amount of the aid element is not available, the losses to the Government are taken as an approximation. Where Member State data only contain figures on the capital value guaranteed, then the aid element is taken to be 10% of this figure.

## IV. Specific problems

### 11. Research and Development (R&D)

#### 11.1. R&D procurement contracts

Figures for research and development procurement contracts have not been included in the figures, since the aid element can, at present, not be quantified. Furthermore, the sources of information do not permit research and development contracts intended specifically for military purposes to be isolated nor the impact on the market of such contracts to be evaluated[24].

#### 11.2. 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. Public financing of R&D activities by public non-profit-making higher education or research establishments is normally not covered by article 92 (1) of the EC Treaty[25].

#### 11.3. 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 procurement contracts and public research). Only some of this financing is included in the figures for R&D. Therefore the figures on nuclear energy contained in R&D figures may well be underestimated.

### 12. Training and employment

Incentive schemes exist in different Member States to stimulate or facilitate general training or employment. 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 always considered as State aids. Although a number of training and employment schemes have been treated by the Commission as State aid, not

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24 See point 2.5. of the Community framework for Research and Development Aid, OJ C 45 of 17.02.1996.

25 See point 2.4. of the Community framework for Research and Development Aid,.

all existing Member States measures in these fields have been examined in detail. In order to present figures that are comparable between Member States, no training and employment measures have been analysed in this Survey. However with the implementation of the recently adopted guidelines on employment and, training aid, the distinction between measures involving State aid and general measures can be identified, consequently data on training and employment aid will be presented in future.

13. Accession of the three new Member States in the middle of the reporting period

When comparing the levels of aid granted by Member States, the analysis of the aid figures concentrates on the annual averages over the three-year-period 1995-97. As the three new Member States only acceded in 1995, figures for these countries are only available from that time. Consequently, for these countries no comparisons are made between the period 1993-95 and 1995-97.

## ANNEX II

### *STATISTICAL ANNEX*

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

| | |
|---|---|
| Table A1 | State aid to the manufacturing sector. Annual amounts of aid 1993-1997 in current prices and national currencies. |
| Table A2 | State aid to the manufacturing sector. Annual amounts of aid 1993-1997 in current prices and euro. |
| Table A3 | State aid to the new German Länder. Annual averages 1993-1997 in euro. |
| Figure A1 | State aid to the manufacturing sector and Community Social and Regional Funds. Annual averages 1993-1997 per employee in euro. |
| Tables A4/1-15 | Total State aid - annual average 1995-1997 by Member State |

**Table A1**

**State aid to industry in current prices 1993 – 1997**

million national currency

| | 1993 | 1994 | 1995 | 1996 | 1997 |
|---|---|---|---|---|---|
| Austria | 0 | 0 | 6.449 | 6.646 | 8.521 |
| Belgium | 31.718 | 39.573 | 36.683 | 45.162 | 28.394 |
| Denmark | 4.259 | 4.210 | 4.747 | 5.351 | 5.966 |
| Germany | 38.098 | 38.811 | 29.601 | 24.671 | 23.168 |
| Greece | 173.600 | 102.339 | 198.820 | 177.941 | 223.574 |
| Spain | 167.991 | 168.849 | 418.592 | 441.303 | 326.183 |
| Finland | 0 | 0 | 2.288 | 1.905 | 2.508 |
| France | 35.198 | 27.057 | 21.158 | 24.496 | 38.026 |
| Ireland | 270 | 244 | 255 | 344 | 339 |
| Italy | 20.853 | 17.913 | 23.062 | 19.453 | 18.219 |
| Luxembourg | 1.669 | 1.679 | 1.830 | 1.815 | 1.821 |
| Netherlands | 1.108 | 1.146 | 1.387 | 1.470 | 1.482 |
| Portugal | 70.803 | 112.495 | 83.927 | 137.988 | 92.741 |
| Sweden | 0 | 0 | 3.413 | 3.450 | 3.191 |
| United Kingdom | 877 | 1.007 | 1.228 | 1.358 | 1.419 |
| EUR 15 | | | 38.877 | 36.594 | 36.272 |
| EUR 12 | 41.812 | 39.356 | 37.621 | 35.367 | 34.860 |

| | | | | | |
|---|---|---|---|---|---|
| Old German Länder | 6.994 | 6.024 | 5.790 | 5.919 | 5.820 |
| New German Länder | 31.104 | 32.787 | 23.811 | 18.752 | 17.348 |
| TOTAL | 38.098 | 38.811 | 29.601 | 24.671 | 23.168 |

**Table A2**

**State aid to industry in current prices 1993 - 1997**

million euro

| | 1993 | 1994 | 1995 | 1996 | 1997 |
|---|---|---|---|---|---|
| Austria | 0 | 0 | 489 | 495 | 616 |
| Belgium | 784 | 998 | 952 | 1.149 | 701 |
| Denmark | 561 | 558 | 648 | 727 | 797 |
| Germany | 19.675 | 20.167 | 15.798 | 12.920 | 11.794 |
| Greece | 646 | 355 | 656 | 582 | 723 |
| Spain | 1.127 | 1.062 | 2.568 | 2.745 | 1.966 |
| Finland | 0 | 0 | 401 | 327 | 426 |
| France | 5.306 | 4.110 | 3.243 | 3.773 | 5.750 |
| Ireland | 368 | 307 | 313 | 434 | 454 |
| Italy | 11.325 | 9.354 | 10.826 | 9.930 | 9.443 |
| Luxembourg | 41 | 42 | 47 | 46 | 45 |
| Netherlands | 509 | 531 | 661 | 687 | 670 |
| Portugal | 376 | 571 | 428 | 705 | 467 |
| Sweden | 0 | 0 | 366 | 405 | 369 |
| United Kingdom | 1.124 | 1.298 | 1.482 | 1.668 | 2.050 |
| EUR 15 | | | 38.877 | 36.594 | 36.272 |
| EUR 12 | 41.812 | 39.356 | 37.621 | 35.367 | 34.860 |

**Table A3**

**German State aid to the new Länder - yearly average 1995-1997**

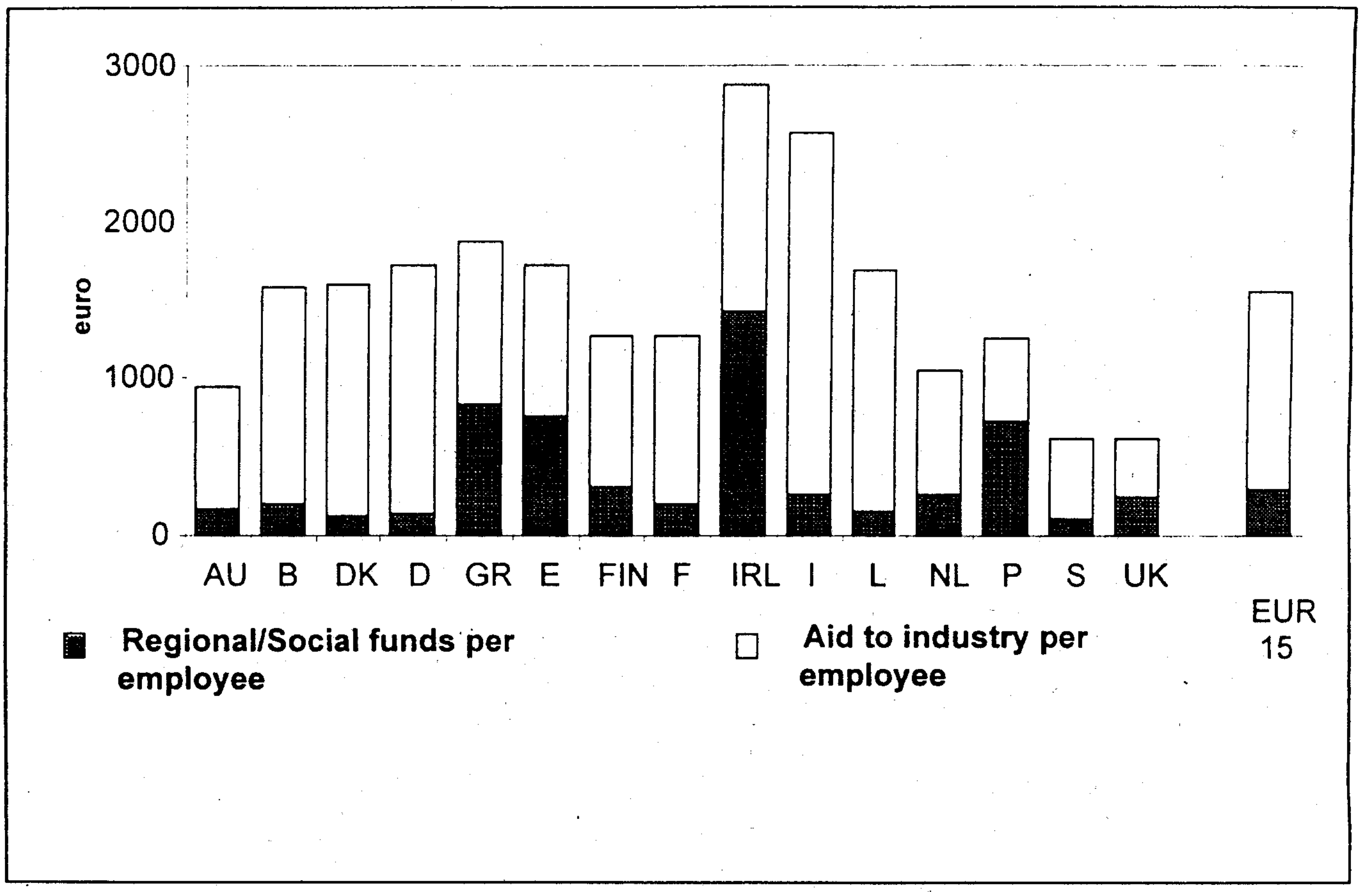
| | million euro | In per cent | in per cent of total aid |
|---|---|---|---|
| Grants | 5.327 | 51 | 39 |
| Tax exemptions | 1.539 | 15 | 11 |
| Equity participation | 16 | 0 | 0 |
| Soft loans | 3.036 | 29 | 22 |
| Tax deferrals | 0 | 0 | 0 |
| Guarantees | 563 | 5 | 4 |
| TOTAL | 10.482 | 100,00 | 77 |

During the years of 1995 to 1997 aid totalling a yearly average of 10.482 million euro was granted to the new Länder. This volume represents 77% of all German aid to the manufacturing sector that has continued to decrease since 1993.

Figure A1

Aid to the manufacturing sector and Community Funds per employee

Average 1995 - 1997



# AUSTRIA

**Table A4 / 1**

**Total state aid - annual average 1995-1997** **In Million €**

| SECTOR / FUNCTION | FORMS OF AID | | | | | | TOTAL AID | | MANUFACTURING | |
|---|---|---|---|---|---|---|---|---|---|---|
| | A1A | A2A | B1A | C1A | C2A | D1A | TOTAL | in % | TOTAL | in % |
| 1.1. Agriculture (See EUR totals) | | | | | | | | | | |
| 1.2. Fisheries | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | - | - |
| 2.1. Manufacturing / Services: Horizontal Objectives | 300,1 | 0,0 | 0,0 | 30,9 | 0,0 | 32,9 | 363,9 | 30,7 | 363,9 | 67,8 |
| 2.1.1. Research and Development | 119,7 | 0,0 | 0,0 | 12,4 | 0,0 | 0,0 | 132,2 | 11,2 | 132,2 | 24,6 |
| 2.1.2. Environment | 46,0 | 0,0 | 0,0 | 0,6 | 0,0 | 0,0 | 46,5 | 3,9 | 46,5 | 8,7 |
| 2.1.3. SME | 68,0 | 0,0 | 0,0 | 9,8 | 0,0 | 0,3 | 78,1 | 6,6 | 78,1 | 14,6 |
| 2.1.4. Trade | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| 2.1.5. Energy saving | 6,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 6,0 | 0,5 | 6,0 | 1,1 |
| 2.1.9. Other Objectives | 60,3 | 0,0 | 0,0 | 8,1 | 0,0 | 32,6 | 101,0 | 8,5 | 101,0 | 18,8 |
| 2.2. Manufacturing / Services: Particular Sectors | 683,7 | 0,0 | 0,0 | 6,9 | 0,0 | 0,0 | 690,6 | 58,3 | 43,3 | 8,1 |
| 2.2.1. Steel | 3,6 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 3,6 | 0,3 | 3,6 | 0,7 |
| 2.2.2 Shipbuilding | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| 2.2.3. Transports | 647,3 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 647,3 | 54,7 | - | - |
| of which Regulation 1191/69 | 427,1 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 427,1 | 36,1 | - | - |
| of which Airline services | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | - | - |
| 2.2.4.1. Coal: Aid to current production | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | - | - |
| 2.2.4.2. Coal: Other aids | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | - | - |
| 2.2.5. Other sectors | 32,9 | 0,0 | 0,0 | 6,9 | 0,0 | 0,0 | 39,8 | 3,4 | 39,8 | 7,4 |
| 2.2.6. Financial Services | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | - | - |
| 3. Regional Aid | 86,8 | 0,0 | 0,0 | 40,3 | 0,0 | 2,5 | 129,6 | 10,9 | 129,6 | 24,1 |
| 3.1. Regions under 92(3)c | 60,2 | 0,0 | 0,0 | 34,2 | 0,0 | 0,0 | 94,4 | 8,0 | 94,4 | 17,6 |
| 3.2. Regions under 92(3)a | 26,6 | 0,0 | 0,0 | 6,1 | 0,0 | 2,5 | 35,2 | 3,0 | 35,2 | 6,6 |
| TOTAL | 1.070,6 | 0,0 | 0,0 | 78,1 | 0,0 | 35,4 | 1.184,1 | | 536,8 | |
| in % | 90,4 | 0,0 | 0,0 | 6,6 | 0,0 | 3,0 | | | | |
| TOTAL MANUFACTURING | 423,3 | 0,0 | 0,0 | 78,1 | 0,0 | 35,4 | 536,8 | | 536,8 | |
| in % | 78,9 | 0,0 | 0,0 | 14,5 | 0,0 | 6,6 | | | | |

## BELGIUM

**Table A4 / 2**
**Total state aid - annual average 1995-1997**

**In Million €**

| SECTOR / FUNCTION | FORMS OF AID | | | | | | TOTAL AID | | MANUFACTURING | |
|---|---|---|---|---|---|---|---|---|---|---|
| | A1A | A2A | B1A | C1A | C2A | D1A | TOTAL | in % | TOTAL | in % |
| 1.1. Agriculture (See EUR totals) | | | | | | | | | | |
| 1.2. Fisheries | 1,3 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 1,3 | 0,1 | - | - |
| 2.1. Manufacturing / Services: Horizontal Objectives | 249,2 | 116,3 | 12,6 | 40,5 | 0,0 | 25,0 | 443,5 | 17,9 | 443,5 | 47,4 |
| 2.1.1. Research and Development | 77,4 | 0,7 | 0,0 | 39,1 | 0,0 | 0,0 | 117,2 | 4,7 | 117,2 | 12,5 |
| 2.1.2. Environment | 5,9 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 5,9 | 0,2 | 5,9 | 0,6 |
| 2.1.3. SME | 160,5 | 1,3 | 0,0 | 0,5 | 0,0 | 6,2 | 168,6 | 6,8 | 168,6 | 18,0 |
| 2.1.4. Trade | 2,2 | 0,0 | 0,0 | 0,9 | 0,0 | 18,8 | 21,8 | 0,9 | 21,8 | 2,3 |
| 2.1.5. Energy saving | 3,2 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 3,2 | 0,1 | 3,2 | 0,3 |
| 2.1.9. Other Objectives | 0,0 | 114,3 | 12,6 | 0,0 | 0,0 | 0,0 | 126,9 | 5,1 | 126,9 | 13,5 |
| 2.2. Manufacturing / Services: Particular Sectors | 1.560,9 | 191,6 | 0,0 | 0,0 | 0,0 | 0,0 | 1.752,5 | 70,6 | 207,5 | 22,2 |
| 2.2.1. Steel | 3,2 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 3,2 | 0,1 | 3,2 | 0,3 |
| 2.2.2 Shipbuilding | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| 2.2.3. Transports | 1.545,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 1.545,0 | 62,2 | - | - |
| of which Regulation 1191/69 | 339,1 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 339,1 | 13,7 | - | - |
| of which Airline services | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | - | - |
| 2.2.4.1. Coal: Aid to current production | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | - | - |
| 2.2.4.2. Coal: Other aids | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | - | - |
| 2.2.5. Other sectors | 12,7 | 191,6 | 0,0 | 0,0 | 0,0 | 0,0 | 204,3 | 8,2 | 204,3 | 21,8 |
| 2.2.6. Financial Services | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | - | - |
| 3. Regional Aid | 267,1 | 0,0 | 0,0 | 0,2 | 4,2 | 13,9 | 285,4 | 11,5 | 285,4 | 30,5 |
| 3.1. Regions under 92(3)c | 267,1 | 0,0 | 0,0 | 0,2 | 4,2 | 13,9 | 285,4 | 11,5 | 285,4 | 30,5 |
| 3.2. Regions under 92(3)a | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| TOTAL | 2.078,5 | 307,9 | 12,6 | 40,6 | 4,2 | 38,9 | 2.482,8 | | 936,5 | 100,0 |
| in % | 83,7 | 12,4 | 0,5 | 1,6 | 0,2 | 1,6 | | | | |
| TOTAL MANUFACTURING | 532,2 | 307,9 | 12,6 | 40,6 | 4,2 | 38,9 | 936,5 | | 936,5 | 100,0 |
| in % | 56,8 | 32,9 | 1,3 | 4,3 | 0,4 | 4,2 | | | | |

## DENMARK

**Table A4 / 3**

**Total state aid - annual average 1995-1997**

**In Million €**

| SECTOR / FUNCTION | FORMS OF AID | | | | | | TOTAL AID | | MANUFACTURING | |
|---|---|---|---|---|---|---|---|---|---|---|
| | A1A | A2A | B1A | C1A | C2A | D1A | TOTAL | in % | TOTAL | in % |
| 1.1. Agriculture (See EUR totals) | | | | | | | | | | |
| 1.2. Fisheries | 10,1 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 10,1 | 0,8 | - | - |
| 2.1. Manufacturing / Services: Horizontal Objectives | 497,5 | 65,5 | 0,0 | 42,5 | 0,0 | 9,1 | 614,6 | 51,1 | 614,6 | 84,8 |
| 2.1.1. Research and Development | 135,0 | 24,3 | 0,0 | 22,7 | 0,0 | 1,9 | 183,9 | 15,3 | 183,9 | 25,4 |
| 2.1.2. Environment | 50,2 | 41,2 | 0,0 | 0,0 | 0,0 | 0,0 | 91,4 | 7,6 | 91,4 | 12,6 |
| 2.1.3. SME | 19,4 | 0,0 | 0,0 | 0,3 | 0,0 | 6,7 | 26,4 | 2,2 | 26,4 | 3,6 |
| 2.1.4. Trade | 30,0 | 0,0 | 0,0 | 16,9 | 0,0 | 0,5 | 47,4 | 3,9 | 47,4 | 6,5 |
| 2.1.5. Energy saving | 262,9 | 0,0 | 0,0 | 2,6 | 0,0 | 0,0 | 265,5 | 22,1 | 265,5 | 36,6 |
| 2.1.9. Other Objectives | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| 2.2. Manufacturing / Services: Particular Sectors | 561,7 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 561,7 | 46,7 | 94,4 | 13,0 |
| 2.2.1. Steel | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| 2.2.2 Shipbuilding | 65,9 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 65,9 | 5,5 | 65,9 | 9,1 |
| 2.2.3. Transports | 467,3 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 467,3 | 38,9 | - | - |
| of which Regulation 1191/69 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | - | - |
| of which Airline services | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | - | - |
| 2.2.4.1. Coal: Aid to current production | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | - | - |
| 2.2.4.2. Coal: Other aids | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | - | - |
| 2.2.5. Other sectors | 28,5 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 28,5 | 2,4 | 28,5 | 3,9 |
| 2.2.6. Financial Services | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | - | - |
| 3. Regional Aid | 15,5 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 15,5 | 1,3 | 15,5 | 2,1 |
| 3.1. Regions under 92(3)c | 15,5 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 15,5 | 1,3 | 15,5 | 2,1 |
| 3.2. Regions under 92(3)a | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| TOTAL | 1.084,9 | 65,5 | 0,0 | 42,5 | 0,0 | 9,1 | 1.202,0 | | 724,6 | 100,0 |
| in % | 90,3 | 5,4 | 0,0 | 3,5 | 0,0 | 0,8 | | | | |
| TOTAL MANUFACTURING | 607,5 | 65,5 | 0,0 | 42,5 | 0,0 | 9,1 | 724,6 | | 724,6 | 100,0 |
| in % | 83,8 | 9,0 | 0,0 | 5,9 | 0,0 | 1,3 | | | | |

# GERMANY

**Table A4 / 4**
**Total state aid - annual average 1995-1997** — **In Million €**

| SECTOR / FUNCTION | FORMS OF AID | | | | | | TOTAL AID | | MANUFACTURING | |
|---|---|---|---|---|---|---|---|---|---|---|
| | A1A | A2A | B1A | C1A | C2A | D1A | TOTAL | in % | TOTAL | in % |
| 1.1. Agriculture (See EUR totals) | | | | | | | | | | |
| 1.2. Fisheries | 16,1 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 16,1 | 0,1 | - | - |
| 2.1. Manufacturing / Services: Horizontal Objectives | 1.794,8 | 216,8 | 188,3 | 691,9 | 69,8 | 252,3 | 3.213,8 | 10,6 | 3.213,8 | 23,7 |
| 2.1.1. Research and Development | 1.114,4 | 0,0 | 135,3 | 10,2 | 0,0 | 0,9 | 1.260,8 | 4,1 | 1.260,8 | 9,3 |
| 2.1.2. Environment | 82,5 | 0,0 | 0,0 | 50,9 | 0,0 | 0,1 | 133,5 | 0,4 | 133,5 | 1,0 |
| 2.1.3. SME | 258,7 | 215,0 | 5,9 | 139,6 | 69,8 | 93,1 | 782,0 | 2,6 | 782,0 | 5,8 |
| 2.1.4. Trade | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| 2.1.5. Energy saving | 282,9 | 1,8 | 0,0 | 37,6 | 0,0 | 0,0 | 322,2 | 1,1 | 322,2 | 2,4 |
| 2.1.9. Other Objectives | 56,3 | 0,0 | 47,1 | 453,6 | 0,0 | 158,3 | 715,3 | 2,4 | 715,3 | 5,3 |
| 2.2. Manufacturing / Services: Particular Sectors | 17.165,2 | 140,5 | 273,3 | 3,0 | 0,0 | 0,6 | 17.582,6 | 57,8 | 743,8 | 5,5 |
| 2.2.1. Steel | 29,2 | 0,0 | 0,0 | 0,0 | 0,0 | 0,1 | 29,3 | 0,1 | 29,3 | 0,2 |
| 2.2.2 Shipbuilding | 512,7 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 512,7 | 1,7 | 512,7 | 3,8 |
| 2.2.3. Transports | 11.310,1 | 0,0 | 273,3 | 0,0 | 0,0 | 0,0 | 11.583,4 | 38,1 | - | - |
| of which Regulation 1191/69 | 4.310,6 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 4.310,6 | 14,2 | - | - |
| of which Airline services | 0,0 | 0,0 | 273,3 | 0,0 | 0,0 | 0,0 | 273,3 | 0,9 | - | - |
| 2.2.4.1. Coal: Aid to current production | 5.044,9 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 5.044,9 | 16,6 | - | - |
| 2.2.4.2. Coal: Other aids | 210,6 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 210,6 | 0,7 | - | - |
| 2.2.5. Other sectors | 57,7 | 140,5 | 0,0 | 3,0 | 0,0 | 0,5 | 201,8 | 0,7 | 201,8 | 1,5 |
| 2.2.6. Financial Services | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | - | - |
| 3. Regional Aid | 4.811,6 | 1.555,4 | 0,0 | 2.619,7 | 153,5 | 449,0 | 9.589,2 | 31,5 | 9.589,2 | 70,8 |
| 3.1. Regions under 92(3)c | 450,7 | 3,3 | 0,0 | 84,7 | 0,0 | 0,0 | 538,8 | 1,8 | 538,8 | 4,0 |
| 3.2. Regions under 92(3)a | 4.360,5 | 1.539,5 | 0,0 | 2.535,0 | 0,0 | 449,0 | 8.883,9 | 29,2 | 8.883,9 | 65,6 |
| 3.3. Germany: (Berlin / Zonenrand) | 0,4 | 12,6 | 0,0 | 0,0 | 153,5 | 0,0 | 166,5 | 0,5 | 166,5 | 1,2 |
| TOTAL | 23.787,6 | 1.912,7 | 461,6 | 3.314,6 | 223,3 | 701,9 | 30.401,7 | | 13.546,8 | |
| in % | 78,2 | 6,3 | 1,5 | 10,9 | 0,7 | 2,3 | | | | |
| TOTAL MANUFACTURING | 7.206,0 | 1.912,7 | 188,3 | 3.314,6 | 223,3 | 701,9 | 13.546,8 | | 13.546,8 | |
| in % | 53,2 | 14,1 | 1,4 | 24,5 | 1,6 | 5,2 | | | | |

# GREECE

**Table A4 / 5**
**Total state aid - annual average 1995-1997**

**In Million €**

| SECTOR / FUNCTION | FORMS OF AID | | | | | | TOTAL AID | | MANUFACTURING | |
|---|---|---|---|---|---|---|---|---|---|---|
| | A1A | A2A | B1A | C1A | C2A | D1A | TOTAL | in % | TOTAL | in % |
| 1.1. Agriculture (See EUR totals) | | | | | | | | | | |
| 1.2. Fisheries | 0,8 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,8 | 0,1 | - | - |
| 2.1. Manufacturing / Services: Horizontal Objectives | 2,2 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 2,2 | 0,2 | 2,2 | 0,3 |
| 2.1.1. Research and Development | 2,2 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 2,2 | 0,2 | 2,2 | 0,3 |
| 2.1.2. Environment | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| 2.1.3. SME | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| 2.1.4. Trade | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| 2.1.5. Energy saving | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| 2.1.9. Other Objectives | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| 2.2. Manufacturing / Services: Particular Sectors | 301,7 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 301,7 | 31,5 | 0,5 | 0,1 |
| 2.2.1. Steel | 0,2 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,2 | 0,0 | 0,2 | 0,0 |
| 2.2.2 Shipbuilding | 0,4 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,4 | 0,0 | 0,4 | 0,1 |
| 2.2.3. Transports | 301,2 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 301,2 | 31,4 | - | - |
| of which Regulation 1191/69 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | - | - |
| of which Airline services | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | - | - |
| 2.2.4.1. Coal: Aid to current production | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | - | - |
| 2.2.4.2. Coal: Other aids | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | - | - |
| 2.2.5. Other sectors | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| 2.2.6. Financial Services | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | - | - |
| 3. Regional Aid | 625,1 | 0,0 | 0,0 | 29,4 | 0,0 | 0,0 | 654,5 | 68,2 | 654,5 | 99,6 |
| 3.1. Regions under 92(3)c | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| 3.2. Regions under 92(3)a | 625,1 | 0,0 | 0,0 | 29,4 | 0,0 | 0,0 | 654,5 | 68,2 | 654,5 | 99,6 |
| TOTAL | 929,8 | 0,0 | 0,0 | 29,4 | 0,0 | 0,0 | 959,3 | | 657,3 | 100,0 |
| in % | 96,9 | 0,0 | 0,0 | 3,1 | 0,0 | 0,0 | | | | |
| TOTAL MANUFACTURING | 627,8 | 0,0 | 0,0 | 29,4 | 0,0 | 0,0 | 657,3 | | 657,3 | 100,0 |
| in % | 95,5 | 0,0 | 0,0 | 4,5 | 0,0 | 0,0 | | | | |

# SPAIN

**Table A4 / 6**
**Total state aid - annual average 1995-1997**

**In Million €**

| SECTOR / FUNCTION | FORMS OF AID | | | | | | TOTAL AID | | MANUFACTURING | |
|---|---|---|---|---|---|---|---|---|---|---|
| | A1A | A2A | B1A | C1A | C2A | D1A | TOTAL | in % | TOTAL | in % |
| 1.1. Agriculture (See EUR totals) | | | | | | | | | | |
| 1.2. Fisheries | 46,2 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 46,2 | 0,9 | - | - |
| 2.1. Manufacturing / Services: Horizontal Objectives | 383,4 | 8,3 | 20,6 | 127,4 | 0,0 | 3,1 | 542,8 | 10,1 | 542,8 | 22,0 |
| 2.1.1. Research and Development | 129,3 | 0,0 | 0,0 | 42,4 | 0,0 | 0,0 | 171,7 | 3,2 | 171,7 | 6,9 |
| 2.1.2. Environment | 26,3 | 0,0 | 0,0 | 0,5 | 0,0 | 0,0 | 26,7 | 0,5 | 26,7 | 1,1 |
| 2.1.3. SME | 143,2 | 0,0 | 4,8 | 82,2 | 0,0 | 2,8 | 233,0 | 4,3 | 233,0 | 9,4 |
| 2.1.4. Trade | 2,6 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 2,6 | 0,0 | 2,6 | 0,1 |
| 2.1.5. Energy saving | 34,5 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 34,5 | 0,6 | 34,5 | 1,4 |
| 2.1.9. Other Objectives | 47,5 | 8,3 | 15,8 | 2,3 | 0,0 | 0,2 | 74,2 | 1,4 | 74,2 | 3,0 |
| 2.2. Manufacturing / Services: Particular Sectors | 4.374,4 | 0,0 | 44,5 | 29,3 | 0,0 | 0,0 | 4.448,3 | 82,9 | 1.601,5 | 64,8 |
| 2.2.1. Steel | 824,3 | 0,0 | 44,5 | 0,0 | 0,0 | 0,0 | 868,9 | 16,2 | 868,9 | 35,1 |
| 2.2.2 Shipbuilding | 514,2 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 514,2 | 9,6 | 514,2 | 20,8 |
| 2.2.3. Transports | 1.777,3 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 1.777,3 | 33,1 | - | - |
| of which Regulation 1191/69 | 303,6 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 303,6 | 5,7 | - | - |
| of which Airline services | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | - | - |
| 2.2.4.1. Coal: Aid to current production | 773,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 773,0 | 14,4 | - | - |
| 2.2.4.2. Coal: Other aids | 296,5 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 296,5 | 5,5 | - | - |
| 2.2.5. Other sectors | 189,1 | 0,0 | 0,0 | 29,3 | 0,0 | 0,0 | 218,4 | 4,1 | 218,4 | 8,8 |
| 2.2.6. Financial Services | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | - | - |
| 3. Regional Aid | 265,8 | 0,0 | 7,0 | 54,3 | 0,0 | 0,6 | 327,7 | 6,1 | 327,7 | 13,3 |
| 3.1. Regions under 92(3)c | 182,1 | 0,0 | 0,0 | 18,1 | 0,0 | 0,0 | 200,1 | 3,7 | 200,1 | 8,1 |
| 3.2. Regions under 92(3)a | 83,8 | 0,0 | 7,0 | 36,3 | 0,0 | 0,6 | 127,6 | 2,4 | 127,6 | 5,2 |
| TOTAL | 5.069,9 | 8,3 | 72,1 | 211,0 | 0,0 | 3,7 | 5.365,0 | | 2.472,0 | 100,0 |
| in % | 94,5 | 0,2 | 1,3 | 3,9 | 0,0 | 0,1 | | | | |
| TOTAL MANUFACTURING | 2.176,9 | 8,3 | 72,1 | 211,0 | 0,0 | 3,7 | 2.472,0 | | 2.472,0 | 100,0 |
| in % | 88,1 | 0,3 | 2,9 | 8,5 | 0,0 | 0,1 | | | | |

# FINLAND

**Table A4 / 7**
**Total state aid - annual average 1995-1997**

**In Million €**

| SECTOR / FUNCTION | FORMS OF AID | | | | | | TOTAL AID | | MANUFACTURING | |
|---|---|---|---|---|---|---|---|---|---|---|
| | A1A | A2A | B1A | C1A | C2A | D1A | TOTAL | in % | TOTAL | in % |
| 1.1. Agriculture (See EUR totals) | | | | | | | | | | |
| 1.2. Fisheries | 2,9 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 2,9 | 0,7 | - | - |
| 2.1. Manufacturing / Services: Horizontal Objectives | 218,5 | 0,0 | 0,8 | 50,5 | 0,0 | 3,3 | 273,1 | 63,2 | 273,1 | 71,2 |
| 2.1.1. Research and Development | 127,0 | 0,0 | 0,8 | 6,1 | 0,0 | 0,0 | 133,9 | 31,0 | 133,9 | 34,9 |
| 2.1.2. Environment | 7,5 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 7,5 | 1,7 | 7,5 | 2,0 |
| 2.1.3. SME | 27,7 | 0,0 | 0,0 | 44,4 | 0,0 | 0,0 | 72,1 | 16,7 | 72,1 | 18,8 |
| 2.1.4. Trade | 41,2 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 41,2 | 9,5 | 41,2 | 10,7 |
| 2.1.5. Energy saving | 11,9 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 11,9 | 2,8 | 11,9 | 3,1 |
| 2.1.9. Other Objectives | 3,1 | 0,0 | 0,0 | 0,0 | 0,0 | 3,3 | 6,4 | 1,5 | 6,4 | 1,7 |
| 2.2. Manufacturing / Services: Particular Sectors | 76,4 | 2,4 | 0,0 | 0,0 | 0,0 | 0,0 | 78,8 | 18,2 | 32,9 | 8,6 |
| 2.2.1. Steel | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| 2.2.2 Shipbuilding | 25,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 25,0 | 5,8 | 25,0 | 6,5 |
| 2.2.3. Transports | 45,8 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 45,8 | 10,6 | - | - |
| of which Regulation 1191/69 | 27,7 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 27,7 | 6,4 | - | - |
| of which Airline services | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | - | - |
| 2.2.4.1. Coal: Aid to current production | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | - | - |
| 2.2.4.2. Coal: Other aids | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | - | - |
| 2.2.5. Other sectors | 5,5 | 2,4 | 0,0 | 0,0 | 0,0 | 0,0 | 7,9 | 1,8 | 7,9 | 2,1 |
| 2.2.6. Financial Services | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | - | - |
| 3. Regional Aid | 68,3 | 8,9 | 0,0 | 0,1 | 0,0 | 0,1 | 77,4 | 17,9 | 77,4 | 20,2 |
| 3.1. Regions under 92(3)c | 68,3 | 8,9 | 0,0 | 0,1 | 0,0 | 0,1 | 77,4 | 17,9 | 77,4 | 20,2 |
| 3.2. Regions under 92(3)a | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| TOTAL | 366,0 | 11,3 | 0,8 | 50,6 | 0,0 | 3,4 | 432,2 | | 383,4 | 100,0 |
| in % | 84,7 | 2,6 | 0,2 | 11,7 | 0,0 | 0,8 | | | | |
| TOTAL MANUFACTURING | 317,3 | 11,3 | 0,8 | 50,6 | 0,0 | 3,4 | 383,4 | | 383,4 | 100,0 |
| in % | 82,7 | 3,0 | 0,2 | 13,2 | 0,0 | 0,9 | | | | |

## FRANCE

**Table A4 / 8**
**Total state aid - annual average 1995-1997**

In Million €

| SECTOR / FUNCTION | FORMS OF AID | | | | | | TOTAL AID | | MANUFACTURING | |
|---|---|---|---|---|---|---|---|---|---|---|
| | A1A | A2A | B1A | C1A | C2A | D1A | TOTAL | in % | TOTAL | in % |
| 1.1. Agriculture (See EUR totals) | | | | | | | | | | |
| 1.2. Fisheries | 32,5 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 32,5 | 0,2 | - | - |
| 2.1. Manufacturing / Services: Horizontal Objectives | 739,1 | 502,8 | 576,0 | 414,4 | 0,0 | 215,4 | 2.447,7 | 18,0 | 2.447,7 | 57,1 |
| 2.1.1. Research and Development | 344,8 | 497,4 | 0,0 | 389,6 | 0,0 | 0,0 | 1.231,8 | 9,1 | 1.231,8 | 28,8 |
| 2.1.2. Environment | 35,9 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 35,9 | 0,3 | 35,9 | 0,8 |
| 2.1.3. SME | 281,4 | 5,4 | 0,0 | 24,8 | 0,0 | 0,0 | 311,7 | 2,3 | 311,7 | 7,3 |
| 2.1.4. Trade | 3,3 | 0,0 | 0,0 | 0,0 | 0,0 | 215,4 | 218,7 | 1,6 | 218,7 | 5,1 |
| 2.1.5. Energy saving | 22,5 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 22,5 | 0,2 | 22,5 | 0,5 |
| 2.1.9. Other Objectives | 51,2 | 0,0 | 576,0 | 0,0 | 0,0 | 0,0 | 627,2 | 4,6 | 627,2 | 14,6 |
| 2.2. Manufacturing / Services: Particular Sectors | 6.754,8 | 18,5 | 2.819,4 | 8,8 | 28,6 | 0,0 | 9.630,0 | 71,0 | 380,3 | 8,9 |
| 2.2.1. Steel | 2,7 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 2,7 | 0,0 | 2,7 | 0,1 |
| 2.2.2 Shipbuilding | 21,5 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 21,5 | 0,2 | 21,5 | 0,5 |
| 2.2.3. Transports | 6.015,7 | 0,0 | 515,9 | 0,0 | 0,0 | 0,0 | 6.531,6 | 48,1 | - | - |
| of which Regulation 1191/69 | 1.314,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 1.314,0 | 9,7 | - | - |
| of which Airline services | 0,0 | 0,0 | 515,9 | 0,0 | 0,0 | 0,0 | 515,9 | 3,8 | - | - |
| 2.2.4.1. Coal: Aid to current production | 48,4 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 48,4 | 0,4 | - | - |
| 2.2.4.2. Coal: Other aids | 404,6 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 404,6 | 3,0 | - | - |
| 2.2.5. Other sectors | 261,8 | 18,5 | 38,5 | 8,8 | 28,6 | 0,0 | 356,2 | 2,6 | 356,2 | 8,3 |
| 2.2.6. Financial Services | 0,0 | 0,0 | 2.265,0 | 0,0 | 0,0 | 0,0 | 2.265,0 | 16,7 | - | - |
| 3. Regional Aid | 260,3 | 1.194,9 | 0,0 | 0,7 | 0,0 | 0,3 | 1.456,2 | 10,7 | 1.456,2 | 34,0 |
| 3.1. Regions under 92(3)c | 224,1 | 709,9 | 0,0 | 0,0 | 0,0 | 0,3 | 934,3 | 6,9 | 934,3 | 21,8 |
| 3.2. Regions under 92(3)a | 36,2 | 484,9 | 0,0 | 0,7 | 0,0 | 0,0 | 521,9 | 3,8 | 521,9 | 12,2 |
| TOTAL | 7.786,7 | 1.716,1 | 3.395,4 | 423,9 | 28,6 | 215,7 | 13.566,4 | | 4.284,3 | 100,0 |
| in % | 57,4 | 12,6 | 25,0 | 3,1 | 0,2 | 1,6 | | | | |
| TOTAL MANUFACTURING | 1.285,4 | 1.716,1 | 614,5 | 423,9 | 28,6 | 215,7 | 4.284,3 | | 4.284,3 | 100,0 |
| in % | 30,0 | 40,1 | 14,3 | 9,9 | 0,7 | 5,0 | | | | |

# IRELAND

**Table A4 / 9**
**Total state aid - annual average 1995-1997**

**In Million €**

| SECTOR / FUNCTION | FORMS OF AID | | | | | | TOTAL AID | | MANUFACTURING | |
|---|---|---|---|---|---|---|---|---|---|---|
| | A1A | A2A | B1A | C1A | C2A | D1A | TOTAL | in % | TOTAL | in % |
| 1.1. Agriculture (See EUR totals) | | | | | | | | | | |
| 1.2. Fisheries | 12,1 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 12,1 | 1,9 | - | - |
| 2.1. Manufacturing / Services: Horizontal Objectives | 79,1 | 0,2 | 0,0 | 0,1 | 0,0 | 21,3 | 100,8 | 16,2 | 100,8 | 25,5 |
| 2.1.1. Research and Development | 19,2 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 19,2 | 3,1 | 19,2 | 4,9 |
| 2.1.2. Environment | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| 2.1.3. SME | 55,0 | 0,0 | 0,0 | 0,1 | 0,0 | 0,0 | 55,2 | 8,9 | 55,2 | 14,0 |
| 2.1.4. Trade | 4,1 | 0,2 | 0,0 | 0,0 | 0,0 | 0,0 | 4,4 | 0,7 | 4,4 | 1,1 |
| 2.1.5. Energy saving | 0,8 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,8 | 0,1 | 0,8 | 0,2 |
| 2.1.9. Other Objectives | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 21,3 | 21,3 | 3,4 | 21,3 | 5,4 |
| 2.2. Manufacturing / Services: Particular Sectors | 285,5 | 58,0 | 21,6 | 4,9 | 0,0 | 0,0 | 369,9 | 59,5 | 155,5 | 39,3 |
| 2.2.1. Steel | 16,1 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 16,1 | 2,6 | 16,1 | 4,1 |
| 2.2.2 Shipbuilding | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| 2.2.3. Transports | 135,2 | 0,0 | 21,2 | 0,0 | 0,0 | 0,0 | 156,4 | 26,1 | - | - |
| of which Regulation 1191/69 | 77,7 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 77,7 | 12,5 | - | - |
| of which Airline services | 1,7 | 0,0 | 21,2 | 0,0 | 0,0 | 0,0 | 22,9 | 3,7 | - | - |
| 2.2.4.1. Coal: Aid to current production | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | - | - |
| 2.2.4.2. Coal: Other aids | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | - | - |
| 2.2.5. Other sectors | 134,2 | 0,0 | 0,3 | 4,9 | 0,0 | 0,0 | 139,4 | 22,4 | 139,4 | 35,3 |
| 2.2.6. Financial Services | 0,0 | 58,0 | 0,0 | 0,0 | 0,0 | 0,0 | 58,0 | 9,3 | - | - |
| 3. Regional Aid | 138,4 | 0,0 | 0,6 | 0,0 | 0,0 | 0,0 | 139,0 | 22,4 | 139,0 | 35,2 |
| 3.1. Regions under 92(3)c | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| 3.2. Regions under 92(3)a | 138,4 | 0,0 | 0,6 | 0,0 | 0,0 | 0,0 | 139,0 | 22,4 | 139,0 | 35,2 |
| TOTAL | 515,1 | 58,3 | 22,2 | 5,0 | 0,0 | 21,3 | 621,8 | | 395,3 | 100,0 |
| in % | 82,8 | 9,4 | 3,6 | 0,8 | 0,0 | 3,4 | | | | |
| TOTAL MANUFACTURING* | 367,8 | 0,2 | 0,9 | 5,0 | 0,0 | 21,3 | 395,3 | | 395,3 | 100,0 |
| in % | 93,0 | 0,1 | 0,2 | 1,3 | 0,0 | 5,4 | | | | |

# ITALY

**Table A4 / 10**
**Total state aid - annual average 1995-1997** — **In Million €**

| SECTOR / FUNCTION | FORMS OF AID | | | | | | TOTAL AID | | MANUFACTURING | |
|---|---|---|---|---|---|---|---|---|---|---|
| | A1A | A2A | B1A | C1A | C2A | D1A | TOTAL | in % | TOTAL | in % |
| 1.1. Agriculture (See EUR totals) | | | | | | | | | | |
| 1.2. Fisheries | 89,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 89,0 | 0,5 | - | - |
| 2.1. Manufacturing / Services: Horizontal Objectives | 1.884,4 | 9,3 | 547,5 | 96,9 | 0,0 | 1,6 | 2.539,7 | 15,5 | 2.539,7 | 24,3 |
| 2.1.1. Research and Development | 283,6 | 0,0 | 0,0 | 25,6 | 0,0 | 0,0 | 309,2 | 1,9 | 309,2 | 3,0 |
| 2.1.2. Environment | 31,2 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 31,2 | 0,2 | 31,2 | 0,3 |
| 2.1.3. SME | 640,5 | 9,3 | 0,0 | 52,6 | 0,0 | 1,3 | 703,6 | 4,3 | 703,6 | 6,7 |
| 2.1.4. Trade | 308,9 | 0,0 | 0,0 | 0,2 | 0,0 | 0,0 | 309,1 | 1,9 | 309,1 | 3,0 |
| 2.1.5. Energy saving | 55,8 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 55,8 | 0,3 | 55,8 | 0,5 |
| 2.1.9. Other Objectives | 564,3 | 0,0 | 547,5 | 18,6 | 0,0 | 0,3 | 1.130,7 | 6,9 | 1.130,7 | 10,8 |
| 2.2. Manufacturing / Services: Particular Sectors | 5.927,4 | 12,3 | 578,7 | 4,5 | 0,0 | 0,0 | 6.523,0 | 39,8 | 673,4 | 6,4 |
| 2.2.1. Steel | 182,6 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 182,6 | 1,1 | 182,6 | 1,7 |
| 2.2.2 Shipbuilding | 226,9 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 226,9 | 1,4 | 226,9 | 2,2 |
| 2.2.3. Transports | 5.270,8 | 0,0 | 201,5 | 0,0 | 0,0 | 0,0 | 5.472,3 | 33,4 | - | - |
| of which Regulation 1191/69 | 640,2 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 640,2 | 3,9 | - | - |
| of which Airline services | 0,0 | 0,0 | 201,5 | 0,0 | 0,0 | 0,0 | 201,5 | 1,2 | - | - |
| 2.2.4.1. Coal: Aid to current production | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | - | - |
| 2.2.4.2. Coal: Other aids | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | - | - |
| 2.2.5. Other sectors | 247,1 | 12,3 | 0,0 | 4,5 | 0,0 | 0,0 | 263,9 | 1,6 | 263,9 | 2,5 |
| 2.2.6. Financial Services | 0,0 | 0,0 | 377,2 | 0,0 | 0,0 | 0,0 | 377,2 | 2,3 | - | - |
| 3. Regional Aid | 2.678,0 | 4.242,1 | 0,0 | 309,9 | 0,0 | 7,6 | 7.237,5 | 44,2 | 7.237,5 | 69,3 |
| 3.1. Regions under 92(3)c | 172,7 | 25,4 | 0,0 | 28,4 | 0,0 | 1,4 | 227,9 | 1,4 | 227,9 | 2,2 |
| 3.2. Regions under 92(3)a | 2.505,3 | 4.216,7 | 0,0 | 281,5 | 0,0 | 6,2 | 7.009,6 | 42,8 | 7.009,6 | 67,1 |
| TOTAL | 10.578,7 | 4.263,7 | 1.126,2 | 411,3 | 0,0 | 9,1 | 16.389,1 | | 10.450,6 | 100,0 |
| in % | 64,5 | 26,0 | 6,9 | 2,5 | 0,0 | 0,1 | | | | |
| TOTAL MANUFACTURING | 5.219,0 | 4.263,7 | 547,5 | 411,3 | 0,0 | 9,1 | 10.450,6 | | 10.450,6 | 100,0 |
| in % | 49,9 | 40,8 | 5,2 | 3,9 | 0,0 | 0,1 | | | | |

# LUXEMBOURG

**Table A4 / 11**

**Total state aid - annual average 1995-1997**

**In Million €**

| SECTOR / FUNCTION | FORMS OF AID | | | | | | TOTAL AID | | MANUFACTURING | |
|---|---|---|---|---|---|---|---|---|---|---|
| | A1A | A2A | B1A | C1A | C2A | D1A | TOTAL | in % | TOTAL | in % |
| 1.1. Agriculture (See EUR totals) | | | | | | | | | | |
| 1.2. Fisheries | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | - | - |
| 2.1. Manufacturing / Services: Horizontal Objectives | 11,5 | 0,0 | 0,0 | 1,1 | 0,0 | 0,0 | 12,6 | 18,8 | 12,6 | 27,4 |
| 2.1.1. Research and Development | 2,9 | 0,0 | 0,0 | 0,2 | 0,0 | 0,0 | 3,1 | 4,7 | 3,1 | 6,8 |
| 2.1.2. Environment | 1,5 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 1,5 | 2,2 | 1,5 | 3,2 |
| 2.1.3. SME | 6,8 | 0,0 | 0,0 | 0,9 | 0,0 | 0,0 | 7,7 | 11,4 | 7,7 | 16,7 |
| 2.1.4. Trade | 0,3 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,3 | 0,5 | 0,3 | 0,7 |
| 2.1.5. Energy saving | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| 2.1.9. Other Objectives | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| 2.2. Manufacturing / Services: Particular Sectors | 22,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 22,0 | 32,7 | 0,7 | 1,6 |
| 2.2.1. Steel | 0,7 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,7 | 1,0 | 0,7 | 1,4 |
| 2.2.2 Shipbuilding | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| 2.2.3. Transports | 21,3 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 21,3 | 31,7 | - | - |
| of which Regulation 1191/69 | 14,3 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 14,3 | 21,3 | - | - |
| of which Airline services | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | - | - |
| 2.2.4.1. Coal: Aid to current production | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | - | - |
| 2.2.4.2. Coal: Other aids | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | - | - |
| 2.2.5. Other sectors | 0,1 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,1 | 0,1 | 0,1 | 0,2 |
| 2.2.6. Financial Services | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | - | - |
| 3. Regional Aid | 30,1 | 2,6 | 0,0 | 0,0 | 0,0 | 0,0 | 32,6 | 48,5 | 32,6 | 71,0 |
| 3.1. Regions under 92(3)c | 30,1 | 2,6 | 0,0 | 0,0 | 0,0 | 0,0 | 32,6 | 48,5 | 32,6 | 71,0 |
| 3.2. Regions under 92(3)a | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| TOTAL | 63,6 | 2,6 | 0,0 | 1,1 | 0,0 | 0,0 | 67,3 | | 46,0 | 100,0 |
| in % | 94,5 | 3,8 | 0,0 | 1,7 | 0,0 | 0,0 | | | | |
| TOTAL MANUFACTURING | 42,3 | 2,6 | 0,0 | 1,1 | 0,0 | 0,0 | 46,0 | | 46,0 | 100,0 |
| in % | 91,9 | 5,6 | 0,0 | 2,5 | 0,0 | 0,0 | | | | |

## NETHERLANDS

**Table A4 / 12**
**Total state aid - annual average 1995-1997** **In Million €**

| SECTOR / FUNCTION | FORMS OF AID | | | | | | TOTAL AID | | MANUFACTURING | |
|---|---|---|---|---|---|---|---|---|---|---|
| | A1A | A2A | B1A | C1A | C2A | D1A | TOTAL | in % | TOTAL | in % |
| 1.1. Agriculture (See EUR totals) | | | | | | | | | | |
| 1.2. Fisheries | 2,4 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 2,4 | 0,1 | - | - |
| 2.1. Manufacturing / Services: Horizontal Objectives | 308,6 | 157,3 | 0,0 | 29,4 | 0,0 | 13,4 | 508,6 | 27,1 | 508,6 | 75,4 |
| 2.1.1. Research and Development | 138,1 | 0,0 | 0,0 | 6,2 | 0,0 | 0,0 | 144,3 | 7,7 | 144,3 | 21,4 |
| 2.1.2. Environment | 7,0 | 54,9 | 0,0 | 0,0 | 0,0 | 0,0 | 61,9 | 3,3 | 61,9 | 9,2 |
| 2.1.3. SME | 11,7 | 0,0 | 0,0 | 0,0 | 0,0 | 6,8 | 18,5 | 1,0 | 18,5 | 2,7 |
| 2.1.4. Trade | 0,0 | 0,0 | 0,0 | 23,2 | 0,0 | 0,0 | 23,2 | 1,2 | 23,2 | 3,4 |
| 2.1.5. Energy saving | 128,2 | 102,4 | 0,0 | 0,0 | 0,0 | 0,0 | 230,6 | 12,3 | 230,6 | 34,2 |
| 2.1.9. Other Objectives | 23,6 | 0,0 | 0,0 | 0,0 | 0,0 | 6,5 | 30,1 | 1,6 | 30,1 | 4,5 |
| 2.2. Manufacturing / Services: Particular Sectors | 1.272,4 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 1.272,4 | 67,8 | 72,8 | 10,8 |
| 2.2.1. Steel | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| 2.2.2 Shipbuilding | 51,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 51,0 | 2,7 | 51,0 | 7,6 |
| 2.2.3. Transports | 1.199,6 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 1.199,6 | 63,9 | - | - |
| of which Regulation 1191/69 | 133,3 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 133,3 | 7,1 | - | - |
| of which Airline services | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | - | - |
| 2.2.4.1. Coal: Aid to current production | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | - | - |
| 2.2.4.2. Coal: Other aids | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | - | - |
| 2.2.5. Other sectors | 21,8 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 21,8 | 1,2 | 21,8 | 3,2 |
| 2.2.6. Financial Services | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | - | - |
| 3. Regional Aid | 92,9 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 92,9 | 5,0 | 92,9 | 13,8 |
| 3.1. Regions under 92(3)c | 92,9 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 92,9 | 5,0 | 92,9 | 13,8 |
| 3.2. Regions under 92(3)a | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| TOTAL | 1.676,4 | 157,3 | 0,0 | 29,4 | 0,0 | 13,4 | 1.876,4 | | 674,4 | 100,0 |
| in % | 89,3 | 8,4 | 0,0 | 1,6 | 0,0 | 0,7 | | | | |
| TOTAL MANUFACTURING | 474,3 | 157,3 | 0,0 | 29,4 | 0,0 | 13,4 | 674,4 | | 674,4 | 100,0 |
| in % | 70,3 | 23,3 | 0,0 | 4,4 | 0,0 | 2,0 | | | | |

## PORTUGAL

**Table A4 / 13**
**Total state aid - annual average 1995-1997**

**In Million €**

| SECTOR / FUNCTION | FORMS OF AID | | | | | | TOTAL AID | | MANUFACTURING | |
|---|---|---|---|---|---|---|---|---|---|---|
| | A1A | A2A | B1A | C1A | C2A | D1A | TOTAL | in % | TOTAL | in % |
| 1.1. Agriculture (See EUR totals) | | | | | | | | | | |
| 1.2. Fisheries | 3,9 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 3,9 | 0,5 | - | - |
| 2.1. Manufacturing / Services: Horizontal Objectives | 97,2 | 8,4 | 0,0 | 0,8 | 0,0 | 0,0 | 106,3 | 12,6 | 106,3 | 19,8 |
| 2.1.1. Research and Development | 13,6 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 13,6 | 1,6 | 13,6 | 2,5 |
| 2.1.2. Environment | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| 2.1.3. SME | 2,9 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 2,9 | 0,3 | 2,9 | 0,5 |
| 2.1.4. Trade | 0,6 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,6 | 0,1 | 0,6 | 0,1 |
| 2.1.5. Energy saving | 7,3 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 7,3 | 0,9 | 7,3 | 1,4 |
| 2.1.9. Other Objectives | 72,7 | 8,4 | 0,0 | 0,8 | 0,0 | 0,0 | 81,8 | 9,7 | 81,8 | 15,2 |
| 2.2. Manufacturing / Services: Particular Sectors | 171,6 | 8,8 | 222,6 | 15,2 | 0,0 | 0,0 | 418,2 | 49,7 | 117,0 | 21,8 |
| 2.2.1. Steel | 18,6 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 18,6 | 2,2 | 18,6 | 3,5 |
| 2.2.2 Shipbuilding | 16,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 16,0 | 1,9 | 16,0 | 3,0 |
| 2.2.3. Transports | 75,6 | 0,0 | 222,6 | 0,0 | 0,0 | 0,0 | 298,2 | 35,4 | - | - |
| of which Regulation 1191/69 | 57,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 57,0 | 6,8 | - | - |
| of which Airline services | 0,0 | 0,0 | 222,6 | 0,0 | 0,0 | 0,0 | 222,6 | 26,4 | - | - |
| 2.2.4.1. Coal: Aid to current production | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | - | - |
| 2.2.4.2. Coal: Other aids | 0,6 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,6 | 0,1 | - | - |
| 2.2.5. Other sectors | 60,8 | 6,4 | 0,0 | 15,2 | 0,0 | 0,0 | 82,4 | 9,8 | 82,4 | 15,4 |
| 2.2.6. Financial Services | 0,0 | 2,4 | 0,0 | 0,0 | 0,0 | 0,0 | 2,4 | 0,3 | - | - |
| 3. Regional Aid | 29,0 | 284,3 | 0,0 | 0,5 | 0,0 | 0,0 | 313,8 | 37,3 | 313,8 | 58,4 |
| 3.1. Regions under 92(3)c | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| 3.2. Regions under 92(3)a | 29,0 | 284,3 | 0,0 | 0,5 | 0,0 | 0,0 | 313,8 | 37,3 | 313,8 | 58,4 |
| TOTAL | 301,6 | 301,5 | 222,6 | 16,4 | 0,0 | 0,0 | 842,1 | | 537,1 | 100,0 |
| in % | 35,8 | 35,8 | 26,4 | 1,9 | 0,0 | 0,0 | | | | |
| TOTAL MANUFACTURING | 221,6 | 299,1 | 0,0 | 16,4 | 0,0 | 0,0 | 537,1 | | 537,1 | 100,0 |
| in % | 41,3 | 55,7 | 0,0 | 3,1 | 0,0 | 0,0 | | | | |

# SWEDEN

**Table A4 / 14**
**Total state aid - annual average 1995-1997** — In Million €

| SECTOR / FUNCTION | FORMS OF AID | | | | | | TOTAL AID | | MANUFACTURING | |
|---|---|---|---|---|---|---|---|---|---|---|
| | A1A | A2A | B1A | C1A | C2A | D1A | TOTAL | in % | TOTAL | in % |
| 1.1. Agriculture (See EUR totals) | | | | | | | | | | |
| 1.2. Fisheries | 8,7 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 8,7 | 0,6 | - | - |
| 2.1. Manufacturing / Services: Horizontal Objectives | 48,3 | 6,2 | 7,8 | 51,7 | 0,0 | 1,1 | 115,2 | 7,6 | 115,2 | 29,2 |
| 2.1.1. Research and Development | 2,5 | 0,0 | 7,7 | 24,8 | 0,0 | 0,6 | 35,6 | 2,4 | 35,6 | 9,0 |
| 2.1.2. Environment | 7,8 | 6,2 | 0,0 | 0,0 | 0,0 | 0,0 | 14,0 | 0,9 | 14,0 | 3,5 |
| 2.1.3. SME | 35,8 | 0,0 | 0,1 | 18,2 | 0,0 | 0,6 | 54,7 | 3,6 | 54,7 | 13,9 |
| 2.1.4. Trade | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| 2.1.5. Energy saving | 2,1 | 0,0 | 0,0 | 8,7 | 0,0 | 0,0 | 10,8 | 0,7 | 10,8 | 2,7 |
| 2.1.9. Other Objectives | 0,2 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,2 | 0,0 | 0,2 | 0,1 |
| 2.2. Manufacturing / Services: Particular Sectors | 1.177,6 | 0,0 | 0,0 | 0,0 | 0,0 | 0,1 | 1.177,7 | 78,0 | 71,4 | 18,1 |
| 2.2.1. Steel | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| 2.2.2 Shipbuilding | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| 2.2.3. Transports | 1.106,3 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 1.106,3 | 73,3 | - | - |
| of which Regulation 1191/69 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | - | - |
| of which Airline services | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | - | - |
| 2.2.4.1. Coal: Aid to current production | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | - | - |
| 2.2.4.2. Coal: Other aids | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | - | - |
| 2.2.5. Other sectors | 71,3 | 0,0 | 0,0 | 0,0 | 0,0 | 0,1 | 71,4 | 4,7 | 71,4 | 18,1 |
| 2.2.6. Financial Services | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | - | - |
| 3. Regional Aid | 139,4 | 55,7 | 0,0 | 12,4 | 0,0 | 0,1 | 207,6 | 13,8 | 207,6 | 52,7 |
| 3.1. Regions under 92(3)c | 139,4 | 55,7 | 0,0 | 12,4 | 0,0 | 0,1 | 207,6 | 13,8 | 207,6 | 52,7 |
| 3.2. Regions under 92(3)a | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| TOTAL | 1.374,1 | 61,9 | 7,8 | 64,2 | 0,0 | 1,3 | 1.509,2 | | 394,2 | 100,0 |
| in % | 91,0 | 4,1 | 0,5 | 4,3 | 0,0 | 0,1 | | | | |
| TOTAL MANUFACTURING | 259,0 | 61,9 | 7,8 | 64,2 | 0,0 | 1,3 | 394,2 | | 394,2 | 100,0 |
| in % | 65,7 | 15,7 | 2,0 | 16,3 | 0,0 | 0,3 | | | | |

## UNITED KINGDOM

**Table A4 / 15**

**Total state aid - annual average 1995-1997**

In Million €

| SECTOR / FUNCTION | FORMS OF AID | | | | | | TOTAL AID | | MANUFACTURING | |
|---|---|---|---|---|---|---|---|---|---|---|
| | A1A | A2A | B1A | C1A | C2A | D1A | TOTAL | in % | TOTAL | in % |
| 1.1. Agriculture (See EUR totals) | | | | | | | | | | |
| 1.2. Fisheries | 26,1 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 26,1 | 0,6 | - | - |
| 2.1. Manufacturing / Services: Horizontal Objectives | 367,6 | 0,0 | 0,0 | 0,0 | 0,0 | 28,2 | 395,7 | 8,4 | 395,7 | 24,1 |
| 2.1.1. Research and Development | 153,8 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 153,8 | 3,3 | 153,8 | 9,4 |
| 2.1.2. Environment | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| 2.1.3. SME | 122,3 | 0,0 | 0,0 | 0,0 | 0,0 | 27,5 | 149,7 | 3,2 | 149,7 | 9,1 |
| 2.1.4. Trade | 82,5 | 0,0 | 0,0 | 0,0 | 0,0 | 0,7 | 83,2 | 1,8 | 83,2 | 5,1 |
| 2.1.5. Energy saving | 7,1 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 7,1 | 0,2 | 7,1 | 0,4 |
| 2.1.9. Other Objectives | 1,9 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 1,9 | 0,0 | 1,9 | 0,1 |
| 2.2. Manufacturing / Services: Particular Sectors | 3.237,8 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 3.237,8 | 68,9 | 206,5 | 12,6 |
| 2.2.1. Steel | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| 2.2.2 Shipbuilding | 9,9 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 9,9 | 0,2 | 9,9 | 0,6 |
| 2.2.3. Transports | 2.163,4 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 2.163,4 | 46,1 | - | - |
| of which Regulation 1191/69 | 2.110,9 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 2.110,9 | 44,9 | - | - |
| of which Airline services | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | - | - |
| 2.2.4.1. Coal: Aid to current production | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | - | - |
| 2.2.4.2. Coal: Other aids | 867,9 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 867,9 | 18,5 | - | - |
| 2.2.5. Other sectors | 196,7 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 196,7 | 4,2 | 196,7 | 12,0 |
| 2.2.6. Financial Services | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | - | - |
| 3. Regional Aid | 880,2 | 84,9 | 3,7 | 23,1 | 15,9 | 30,2 | 1.038,1 | 22,1 | 1.038,1 | 63,3 |
| 3.1. Regions under 92(3)c | 556,5 | 11,1 | 0,0 | 23,1 | 15,9 | 30,2 | 636,9 | 13,6 | 636,9 | 38,8 |
| 3.2. Regions under 92(3)a | 323,7 | 73,8 | 3,7 | 0,1 | 0,0 | 0,0 | 401,2 | 8,5 | 401,2 | 24,5 |
| TOTAL | 4.511,7 | 84,9 | 3,7 | 23,1 | 15,9 | 58,4 | 4.697,7 | | 1.640,4 | 100,0 |
| in % | 96,0 | 1,8 | 0,1 | 0,5 | 0,3 | 1,2 | | | | |
| TOTAL MANUFACTURING | 1.454,3 | 84,9 | 3,7 | 23,1 | 15,9 | 58,4 | 1.640,4 | | 1.640,4 | 100,0 |
| in % | 88,7 | 5,2 | 0,2 | 1,4 | 1,0 | 3,6 | | | | |

ANNEX III

# COMMUNITY FUNDS AND INSTRUMENTS

## I. Community Funds, Instruments and Programmes and ECSC operations

Tables are presented in this annex in order to show the volume of support granted by way of the main Community and ECSC operations during the period from 1993 to 1997. Community-wide support for general infrastructure granted by way of the ERDF, support for External policies and the administrative costs of the Institutions are not included.

As the economic effect resulting from the grant of National State aid described earlier in this Survey, (i.e. aid financed by national budgets and tax systems) is not necessarily the same as that of Community interventions, a direct comparison between the two cannot always be made.

In the agricultural sector for example, 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.

Nevertheless it is noted that for the first time since 1988, when the First Survey on State aid was published, the gradually decreasing total of National State aid notified to and approved by the Commission in 1997 approached the level of the Community's own budget. If current trends are maintained, National State aid will drop below the Community budget before the end of the millennium.

A brief description of the main ECSC operations and Community funds, instruments and programmes that account for about two-thirds of the Community budget in 1997 is given below. Detailed information is available in the respective annual reports published by the European Commission and listed under point 5.

## Structural Operations

In July 1993 the second reform of the Structural Funds (EAGGF-Guidance, ERDF, Social Fund, FIFG) was agreed upon. 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) were doubled in real terms between 1992 and 1999 and total funding for the Structural Funds over the period 1994-99 increased to EUR 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.

At the time of writing the Commission's proposal for regulations governing the Structural Funds for the period 2000-2006 were under discussion in the European Council. These proposals set out in detail the guidelines that the Commission unveiled in its strategy document "Agenda 2000 – for a stronger and wider Union", published in July 1997. The proposed reform of the Structural Funds is centred on three priorities: a greater concentration of assistance, a decentralised and simplified implementation of the Structural Funds and a strengthening of their efficiency and control.

-EAGGF Guarantee

The Guarantee Section of the European Agricultural Guidance and Guarantee Fund finances market-support and price-support operations under the common agricultural policy (CAP) and a number of other agricultural measures. It represents the most important sector in terms of budget expenditure ( 40 440 million euro in 1999, or 49% of the general budget of the European Union).
Between its establishment and until 1992, the CAP provided a straightforward general system of support for the main agricultural sectors, for which common market organisations were set up. In most cases, the legal framework for each common market organisation provided indirect income support for producers by maintaining market prices through:

- protection at the Community's external frontiers [threshold prices and other minimum import prices, backed up by differing levels of import levies for non-Community products with what were, generally speaking, much lower (world) prices];
- payment of export refunds for products exported to third-country markets, their purpose being to narrow the gap between the Community market price and the external market price, which was normally lower;
- adoption of public storage measures, with the Community undertaking to purchase unsold surpluses at a pre-determined intervention price and thereby setting a genuine minimum market price.

In the absence of self-sufficiency, this system of indirect support proved to be less complex and burdensome than a system of direct aid for producers since payments were made only to traders that exported or sold at the intervention price, covering only that part of total production that could not be sold within the Community at the market price. Even better, if production could be disposed of on the internal market at a price higher than the intervention price, there was no need for any refunds or intervention by the authorities.

The 1983-86 budget crisis (expenditure covered by the EAGGF Guarantee Fund having increased from 3 927 million euro in 1973 to 15 786 million euro in 1983 before surging by another 40% to 22 119 million euro in 1986) was caused by the growing gap between the consumption and supply of agricultural products, which widened further under the impact of modernisation and technological progress, but also by the accession of six new Member States and the setting-up of new common market organisations. It made essential the adoption of stabilisation mechanisms and put an end to unlimited support for the main agricultural sectors.

The 1992 CAP reform was a very important turning-point as regards the type of assistance provided by the EAGGF Guarantee Fund: in part, support was no longer linked to production in certain important agricultural sectors (cereals and beef). The traditional market-support operations were relaxed by reducing institutional prices and, as a result, bringing about lower prices on the internal market, with these being offset by the introduction of direct payments to producers - subject to ceilings - according to the areas under cultivation or the number of head of livestock being reared or fattened. In addition, accompanying measures (afforestation, early retirement and agri-environment) were introduced; these measures are financed by the EAGGF Guarantee Fund.

The proposals contained in "Agenda 2000" represent a continuation and deepening after 1999 of the reform set in train in 1992. The accession of new Member States whose wealth is relative but whose agricultural sector is quite large, coupled with the need to make European agriculture more competitive (particularly as regards arable crops and livestock production), if only in response to the pressure being exerted by the Community's trading partners within the World Trade Organisation, makes it urgent to reduce traditional support (especially export refunds and intervention buying) by way of a further reduction in prices accompanied once again by some measure of compensation in the form of direct payments to producers. Lastly, in line with the accompanying measures introduced in 1992, it is proposed that all rural development measures not covered by Objective 1 programmes should be brought together within a single framework and that their financing should be transferred to the EAGGF Guarantee Fund. Such a transfer will reinforce the multifunctional nature of agriculture and of its financing by the EAGGF Guarantee Fund.

-EAGGF-Guidance

The EAGFF-Guidance intervenes by co-financing structural measures in the framework of programmes, which have been established with the Member States and Regional authorities for:

- the strengthening and reorganisation of agricultural and forestry structures, including those for the processing and marketing of products;

- compensation for the effects of natural handicaps on agriculture;

- the re-conversion of agricultural production and the development of additional activities for farmers;

- the development of the social fabric of rural areas and the conservation of natural resources.

The actions co-financed in areas covered by objectives 1 and 5b relate in particular to:

- the conversion, diversification, reorientation and adjustment of the agricultural production potential;

- the promotion, labelling and investment of quality products for local or regional agricultural and forestry;

- the development of structures and rural infrastructures;

- measures to achieve diversification, especially those providing for farmers to develop multiple activities;

- the renovation and development of villages and the protection and conservation of the rural heritage;

- encouragement for tourist and craft investment;

- the introduction of appropriate preventive instruments in the case of natural catastrophes (in particular in objective 1 regions) restoring agricultural and forestry production potential damaged by natural disasters;

- the irrigation, protection of the environment, and restoration of landscapes;

- exploiting the full value of forests;

- development of agricultural and forestry advisory services and vocational training.

-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 comprehensive system of multi-annual 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 modernisation of the fleet and marine 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. This 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 finances available for fisheries were regrouped in one fund known as the Financial Instrument for Fisheries Guidance (FIFG). This Instrument had to combine two objectives: to contribute to the aims of the CFP while playing its part in strengthening economic and social cohesion. Under the FIFG financing was made available for structural measures in catching, marketing, processing and aquaculture sectors, the creation of protected marine zones in coastal waters and the development of port facilities. Modernisation and the elimination of excess capacity went hand in hand. Other activities such as the promotion and identification of new markets and social measures also benefit from support.

-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);
- the development of regions with an extremely low population density (Objective 6).

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 the manufacturing sector 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 decided to establish the Cohesion Financial Instrument. This instrument provided Community financial support to the beneficiary Member States from 1993 prior to entry into force of the Treaty which then permitted the establishment of the Cohesion Fund in May 1994.

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)

The 4th Framework Programme for Research and technological development and demonstration (FP4) was adopted in April 1994 for the period 1994-1998. This Framework Programme includes all the

Community activities in the field of research, technological development and demonstration. Its budget is 13,215 billion euro. It has three major objectives overall:

- strengthening Europe's scientific and technological base and thereby contribute to the development of international competitiveness of Community industry and promote the quality of the Community citizens' life.
- promote research activities deemed necessary for other Community policies.
- further cooperation and improve the co-ordination and exploitation of Community research.

Community research activities are conducted essentially at two levels:

(I) by shared cost actions with third parties ( including RTD projects and thematic networks) and concerted actions (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). The main participants in the RTD activities are from universities, research centres and the manufacturing sector (including SMEs). Slightly more than EUR 950 million are 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

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 organisations in the field.

European Investment Fund

The European Investment Fund is a 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 secured assets.

The EIF can also take equity participations in venture capital funds.

In fulfilling its mission the EIF acts, on a commercial basis, as a complement to the banking sector and in co-ordination with other EU financial institutions and instruments.

II. Statistical Data

1. Table A sets out in global terms the financial intervention of the Community for the years 1993 to 1997.

2. Table B shows other Community instruments granted for the years 1993 to 1997.

3. Tables C1 and C2 indicate, for the periods 1993-1995 and 1995-1997 respectively, the average annual volume of Community intervention broken down by Member State wherever possible.

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

5. Further detailed information on Community Programmes, Funds and Instruments can be found in the following documents:
-The Agricultural Situation in the European Union 1996 Report
ISBN 92-827-9007-X

- Research and Technological Development Activities of the EU

| | |
|---|---|
| Annual report 1995 | ISBN 92-77-93761-0 |
| Annual report 1996 | ISBN 92-78-08603-7 |
| Annual report 1997 | ISBN 92-78-23634-9 |

- The Structural Funds

| | |
|---|---|
| Annual report 1995 | ISBN 92-78-10829-4 |
| Annual report 1996 | ISBN 92-78-26044-4 |
| Annual report 1997 | ISBN 92-78-39641-9 |

- Cohesion Financial Instrument Cohesion Fund

| | |
|---|---|
| Combined report 1993-1994 | ISBN 92-827-5739-0 |
| Annual report 1995 | ISBN 92-827-9688-4 |
| Annual report 1996 | ISBN 92-827-8877-6 |
| Annual report 1997 | ISBN 92-78-39497-1 |

| | |
|---|---|
| - ECSC Financial Report 1995 | ISBN 92-827-7933-5 |
| ECSC Financial Report 1996 | ISBN 92-828-0908-0 |
| ECSC Financial Report 1997 | ISBN 92-828-3852-8 |

- European Investment Bank

| | |
|---|---|
| Annual report 1995 | ISBN 92-827-6303 |
| Annual report 1996 | ISBN 92-827-9943-3 |
| Annual report 1997 | ISBN 92-828-3197-3 |

**Table A**
**Annual Community Expenditure**

Million euro

| | 1993 | 1994 | 1995 | 1996 | 1997 |
|---|---|---|---|---|---|
| EAGGF Guarantee - Agriculture | 34.715,9 | 33.376,8 | 34.463,3 | 39.073,7 | 40.641,5 |
| EAGGF Guidance - Agriculture | 3.092,4 | 3.335,4 | 3.609,0 | 3.934,5 | 4.129,0 |
| EAGGF Guarantee - Fisheries | 32,4 | 35,5 | 39,4 | 34,1 | 33,5 |
| FIFG | 401,8 | 403.5 | 480,7 | 475,1 | 390,4 |
| SOCIAL FUND | 5.615,2 | 5.580,4 | 4.382,9 | 7.145,8 | 7.533,6 |
| REGIONAL FUND (1) | 1.555,5 | 1.899,6 | 1.969,8 | 2.261,3 | 2.501,7 |
| COHESION FUND | 1.560,6 | 1.853,1 | 2.151,7 | 2.443,7 | 2.748,7 |
| EC R&TD FRAMEWORK PROGRAMME | 2.094,3 | 2.018,6 | 2.983,7 | 3.153,5 | 3.485,4 |
| ECSC Grants | | | | | |
| Resettlement grants Art.56.2(b) | 182,4 | 157,0 | 123,8 | 56,3 | 66,0 |
| Steel social Art. 56.2(b) | 60,0 | 86,0 | 41,3 | 0,0 | - |
| Coal social Art. 56.2(b) | 50,0 | 40,0 | 40,0 | 23,2 | 29,0 |
| Research Art. 55 | 124,0 | 52,0 | 61,4 | 85,0 | 84,0 |
| Interest relief Art. 54/56 | 114,3 | 51,5 | 11,4 | 36,7 | 1,8 |
| TOTAL | 49.598,8 | 48.879,4 | 50.358,3 | 58.722,9 | 61.644,6 |

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

1995 data include Austria, Finland and Sweden

**Table B**
**Other Community Instruments**

Million euro

| | 1993 | 1994 | 1995 | 1996 | 1997 |
|---|---|---|---|---|---|
| ECSC (new loans issued) | 918,3 | 673,4 | 402,8 | 279,7 | 541,2 |
| European Investment Bank* | 17.672,6 | 17.656,0 | 18.603,0 | 20.946,0 | 22.958,0 |
| European Investment Fund** | - | 643,0 | 1.441,0 | 2.239,0 | 3.020,0 |

* Financing provided within the EU
** Guarantees approved since inception in 1994 (cumulative total)

**Table C1**

**Community Average Annual Expenditure by Member State (1993-1995)** **Million euro**

| | EAGGF Guarantee | EAGGF Guidance | EAGGF Guarantee Fisheries | FIFG | SOCIAL FUND | REGIONAL FUND | COHESION FUND | EC R&TD Framework Programme * | ECSC GRANTS * | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|
| BELGIUM | 1.363,5 | 40,9 | 0,3 | 3,9 | 90,2 | 13,7 | | | | 1.512,4 |
| DENMARK | 1.329,2 | 26,4 | 4,9 | 28,3 | 54,5 | 3,2 | | | | 1.446,4 |
| GERMANY | 5.178,4 | 618,9 | 0,3 | 21,5 | 622,2 | 152,1 | | | | 6.593,4 |
| GREECE | 2.626,3 | 377,7 | 0,9 | 35,5 | 403,5 | 232,3 | 333,5 | | | 4.009,6 |
| SPAIN | 4.372,4 | 555,7 | 9,7 | 152,6 | 1.155,8 | 489,2 | 1.019,0 | | | 7.754,4 |
| FRANCE | 8.176,0 | 533,7 | 11,5 | 41,3 | 581,9 | 136,7 | | | | 9.481,1 |
| IRELAND | 1.513,2 | 167,1 | 2,6 | 7,8 | 324,8 | 70,5 | 166,7 | | | 2.252,7 |
| ITALY | 3.862,5 | 447,5 | 0,9 | 55,1 | 740,9 | 263,2 | | | | 5.370,0 |
| LUXEMBOURG | 11,1 | 8,3 | | 0,4 | 4,5 | 0,6 | | | | 24,9 |
| NETHERLANDS | 2.057,8 | 21,6 | 0,1 | 6,9 | 166,5 | 12,2 | | | | 2.265,1 |
| PORTUGAL | 628,2 | 369,0 | 2,5 | 35.6 | 487,1 | 238,4 | 335,0 | | | 2.092,5 |
| UNITED KINGDOM | 2.875,1 | 101,4 | 1,9 | 17,5 | 518,6 | 163,7 | | | | 3.678,3 |
| Technical Assistance | | | | | | | 0,9 | | | 0,9 |
| EC direct payments | 120,2 | | | 0,2 | | | | | | 120,4 |
| | | | | | | | | 2.365,5 | 398,4 | 2.763,9 |
| TOTAL | 34.113,9 | 3.268,2 | 35,7 | 406,5 | 5.150,5 | 1.775,6 | 1.855,1 | 2.365,5 | 398,4 | 49.366,0 |

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

**Table C2**

**Community Average Annual Expenditure by Member State (1995-1997)** **Million euro**

| | EAGGF Guarantee | EAGGF Guidance | EAGGF Guarantee Fisheries | FIFG | SOCIAL FUND | REGIONAL FUND | COHESION FUND | EC R&TD Framework Programme* | ECSC GRANTS* | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|
| AUSTRIA | 719,0 | 101,6 | 0,0 | 0,7 | 100,6 | 14,4 | | | | 936,2 |
| BELGIUM | 1.246,5 | 40,0 | 0,2 | 8,0 | 113,9 | 22,0 | | | | 1.430,5 |
| DENMARK | 1.320,9 | 21,0 | 5,9 | 20,2 | 53,0 | 5,3 | | | | 1.426,3 |
| GERMANY | 5.734,1 | 780,1 | 0,2 | 28,7 | 980,4 | 251,5 | | | | 7.775,0 |
| GREECE | 2.661,5 | 377,1 | 0,3 | 25,2 | 259,1 | 265,1 | 439,9 | | | 4.028,1 |
| SPAIN | 4.393,9 | 776,6 | 7,2 | 191,8 | 1.380,0 | 588,4 | 1.347,0 | | | 8.684,9 |
| FINLAND | 425,8 | 113,8 | 0,0 | 9,3 | 83,9 | 40,4 | | | | 673,2 |
| FRANCE | 9.013,8 | 502,4 | 11,5 | 32,2 | 604,3 | 179,9 | | | | 10.344,2 |
| IRELAND | 1.714,5 | 231,7 | 2,5 | 10,8 | 314,4 | 68,0 | 219,2 | | | 2.561,1 |
| ITALY | 4.235,0 | 487,5 | 0,2 | 32,5 | 837,7 | 344,8 | | | | 5.937,8 |
| LUXEMBOURG | 18,8 | 3,8 | 0,0 | 0,3 | 4,1 | 0,7 | | | | 27,8 |
| NETHERLANDS | 1.740,5 | 18,0 | 0,1 | 6,9 | 207,3 | 17,7 | | | | 1.990,5 |
| PORTUGAL | 664,9 | 323,8 | 3,8 | 36,3 | 505,5 | 236,0 | 439,9 | | | 2.210,2 |
| SWEDEN | 479,8 | 34,8 | 1,0 | 15,2 | 59,0 | 25,3 | | | | 615,1 |
| UNITED KINGDOM | 3.605,1 | 78,6 | 2,7 | 29,2 | 851,0 | 184,7 | | | | 4.751,4 |
| Technical Assistance | | | | | | | 2,0 | | | 2,0 |
| CE direct payments | 85,3 | | | 1,4 | | | | | | 86,7 |
| | | | | | | | | 3.207,5 | 220,0 | 3.427,5 |
| TOTAL | 38.059,5 | 3.890,8 | 35,7 | 448,7 | 6.354,1 | 2.244,3 | 2.448,0 | 3.207,5 | 220,0 | 56.908,4 |

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