

FIRST SURVEY ON STATE AIDS IN THE EUROPEAN COMMUNITY

A. REASONS FOR STUDY

- a) Competition, aids, the Common Market and dangers of aids
1. The maintenance of a system of free and undistorted competition is one of the basic principles on which the European Economic Community is built. Community policy towards state aids plays a vital role in this respect since it is well recognised that state aids 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. The Commission's long and active experience of state aids shows that the threat they pose to a system of free competition, to an efficient allocation of resources and to the unity of the common market, is not merely a theoretical or idle one, as frequent and vociferous complaints by Member States and companies show. In fact, the sheer proliferation and volume of state aids even when subject to Community control has been such that their impact is appreciable.
 2. Consequently, since the very start of the common market, the Commission's attitude has always been particularly vigilant in this field. Without Community intervention it is certain that Member States would have to bid against each other with aid, which would have severely impeded progress towards the unity of the common market, as well as damaging free competition and reducing welfare by the resulting misallocation of resources.
- b) Completion of internal market and aids
3. The Community has as its major political priority the completion of the internal market by the end of 1992. The 1985 White Paper on Completing the Internal Market as well as recent reports such as the Padoa-Schioppa Report on Efficiency, Stability and Equity and the Cecchini Report "European challenge-1992" have all stressed the importance of control of state aids in the Internal Market context. As the market integration process progresses, this will naturally entail a strengthening of competition. There is a danger that Member States might react to this increased competition by granting more aid to protect or promote national companies. Moreover, there is a risk that efficient companies which should benefit from market

integration will not use the advantages conferred by their efficiency to increase their market share in other Member States if they believe that this higher market share will only provoke retaliatory state aids.

4. In addition, there is the danger that certain Member States will attempt to subsidise undertakings so that the latter can play a leading role in the new integrated market. Such a policy would be damaging to competition. It could lead to advantages for the economies of certain Member States to the disadvantage of others or, if all Member States attempt to carry out similar policies, no Member States will be able to gain an advantage and all will waste scarce budgetary resources. It would also weaken the ability of companies to compete internationally because of an increased dependence on aid.
5. In fact, as the integration process progresses, the distortions of competition caused by state aids are felt more acutely by competitors not receiving aids. Therefore, the Commission will apply stricter criteria in its aid disciplines, otherwise the positive benefits that should be fostered by this market integration will not be fully realised.

c) International context of aids

6. Whilst the internal market aspect of state aids has been stressed above, the international (i.e. extra-EEC) context and implications should also be borne in mind. Because the EEC is the world's largest trading block, it cannot only look inward. As a result of changing comparative advantage and the development of third countries, there are irreversible trends in the patterns of world production and trade. In fact, in the long term, the production of certain goods may no longer be profitable in the EEC because of the high direct and indirect labour costs. The international context in which European companies must operate requires that they develop their competitiveness on the basis of their own resources.
7. Being a member of the international trading system, the EEC must uphold and respect the rules of GATT which include the possibility for countervailing duties. This imposes discipline on the EEC in the field of state aids. However, it should be noted that not only has no other trading partner in the world such an open system of control for dealing with state aids, but also the Community has the strictest control of aids of all major trading blocs.

d) Need for Community control and transparency

8. An effective state aids policy must take account of these many diverse elements. Only Community control can ensure that state aids are used in a way that retains their positive attributes whilst at the same time avoiding the threat to the unity of the common market, unwarranted distortions of competition and the misallocation of resources. Member States alone cannot carry out this policy because by the very nature of things they can only take account of national priorities. If Member States were allowed to apply their state aid policies exclusively in support of their own policy goals, there is a very real danger that the combined effect of independently applied national policies would not only lead to incoherent results at the Community level but also to the frustration of the original policy goal at the national level because of countervailing or contradictory policies applied in other Member States. In fact, in view of the sheer volume of aids identified in this report, it is possible that many of these aids have not brought about any positive development but have been in fact cancelled out by similar aids in other Member States. The main impact of aids may therefore have been to distort competition and misallocate resources. Outbidding of aids between Member States therefore entails the dangers of a reestablishment of barriers to trade between Member States and a misallocation of resources, in short a threat to the unity of the common market and to the system of free competition, as well as the blocking of mutually beneficial integration.
9. In addition, the budgetary or macro-economic consequences of the massive aid volumes stemming partly from this competitive outbidding between Member States cannot be ignored. On average aids represent 3.0% of GDP, but in certain Member States they are over 5%. In the manufacturing branch the aid given in the EEC has been on average equivalent to a grant of 2000 ECU for every employee every year and in one Member State actually exceeded 6000 ECU per employee. Since aids are not evenly spread out over all the sectors which make up manufacturing, certain sectors have been receiving substantially more than this. It should also be noted that other branches of the economy (agriculture, coal and railways) are more highly aided than manufacturing. The importance of aids can also be seen from the fact that they are around 10% of public expenditure, but in one Member State amounted to 19%. Finally, it is worth noting that aids to enterprises now exceed the revenue generated from the direct taxation of companies (3.0% as opposed to 2.3% of GDP) (see section C of the report for a description and analysis of the results).
10. Because it is only the Commission that can take account of the Community context and implications of state aids, the Treaty gives it powers in this field. However, the complexity of the problems shows that the Commission cannot exercise these powers effectively on an ad hoc case by case basis but needs transparency of the

overall aid system in its political, legal and economic environment. Such increased transparency will allow the Commission to be more effective in making the often difficult and delicate analysis required in assessing the impact of state aids. This weighing-up of the Community interest is made even more complex by the fact that many policy objectives have cross-effects, even sometimes contradictory ones, on other policy objectives. This does not mean that one particular policy objective should always be pursued at the expense of others, but in order to make properly balanced decisions in the light of many Community goals being pursued simultaneously, the Commission must have at its disposal a clear and transparent view of the situation as regards state aids¹.

11. This need for transparency is all the more important in view of the proliferation and volume of aids which make it essential to have a structured background against which compatibility of new measures can be assessed and that of existing aids reviewed. Moreover, the diversification of forms of aid makes it necessary to have an overview of the different instruments being utilised by Member States. Finally, it is not a question of simply obtaining figures of gross expenditure but it is necessary to have a breakdown of aid expenditure by sector and by aid instrument. Only with such a degree of transparency can any indication of the real impact on competition of such expenditure be determined.
12. This increase in transparency will not only allow any gaps in competition policy to be identified but also strengthen the coherence of existing application of policy, particularly against aids which have a greater impact on competition without the necessary adequate counterpart of the promotion of the common interest. In order to realise this increased transparency, the Commission has produced this first Survey. It has to be pointed out that this first version still contains some fields in which, for conceptual or statistical reasons, the results are only best estimates. This will be remedied in a later update.

¹ In fact in the crisis sectors of steel, shipbuilding and synthetic fibres the Commission has had to make special arrangements for the granting of non-sectorally specific aids (eg. regional or horizontal aids) in these sectors in order to control unwarranted cross-effects.

B. LEGAL AND ECONOMIC CONTEXT OF WORK

a) Legal distinction between aids and general measures

13. With the aim in mind of increasing transparency, the Commission has examined all aids falling within the scope of Articles 92 and 93 EEC. The study also includes aids granted by Member States in the framework of Community regulations, eg. aids to coal, aids to steel, aids to railways and many agricultural aids. A distinction is to be made between national aids which are paid as a result of Community legislation (for example aids paid under Regulation (EEC) 797/85 concerning the improvement of agriculture structures or the common organisation of markets where the provisions of Article 42 EEC apply) and those paid on a purely national basis. As both types of aid are paid from state resources, they are included in the present study. For practical reasons, it has not been possible to show separately the agriculture and fisheries aids granted directly under Article 92 and 93 and those granted within the framework of Community legislation. The total figures for state aids are therefore presented for these sectors without such a breakdown.
14. For a measure to fall within the scope of Article 92 it must be an aid granted through State resources which by favouring certain undertakings or the production of certain goods distorts or threatens to distort competition and affects trade between Member States². This specific nature of aids falling within the scope of Article 92 (i.e. favour certain undertakings ...) distinguishes them from other (normally called general) measures. When these general measures distort competition, to the extent that the resultant distortion needs to be eliminated, they fall within the scope of Articles 101/2. General measures comprise any state interventions that apply uniformly across the economy and which do not favour certain enterprises or sectors. For example, the generally applied fiscal system³ and system of social security contributions usually constitute general measures (eg. rules of depreciation applied to capital equipment and charges on employers and employees to finance social benefits)⁴. The Commission has started its investigation in greater detail of the distinction between general measures and aids and will integrate the results

2 For the measures and aids excluded from the study, see Technical Annex.

3 The Commission has proposed several Directives aiming at harmonizing different aspects of the direct fiscal systems applied to enterprises.

4 Certain fiscal and social security measures can constitute aids when they are applied in a discriminatory manner to the advantage of certain enterprises or sectors, or where their effect is to favour such activities.

obtained in a later annual updating of this Survey. It is important to have a distinction between general measures and aids because of the different legal arrangements made to deal with each type of measure. Aids falling within the scope of Article 92 are, with the exception of the aids which meet the criteria of Article 92(2), banned unless the Commission grants a derogation under Article 92(3). For the general measures that distort the conditions of competition the Commission may make recommendations to the Member States concerned if the distortions need to be eliminated and thereafter, if necessary, submit proposals to the Council to issue the necessary directives. There is no possibility for a derogation for general measures. Other general measures fall under different articles of the Treaty (notably Article 100(A)) when they affect the establishment or functioning of the common market.

b) Economic rationale for distinction between aids and general measures

15. The Treaty's relatively strict approach towards aids and the Commission's policy in this field has been based on the economic view that aids have a more direct and immediate impact on the conditions of competition between Member States than general measures. By concentrating State resources on certain enterprises or sectors, and by giving them benefits which are in addition to the normal system applied in a Member State, the favoured enterprises or sectors are for the reasons explained below put at a clear advantage not only vis-à-vis competitors in the same Member States, but also vis-à-vis competitors in other Member States. This prima facie distortive effect of aids must be contrasted with measures applied generally and in a non-discriminatory way across the whole economy. However, this is not to say that general measures may not distort competition. If they do, they fall under Articles 101/2. Nevertheless, it is widely held that the direct effect of most general measures is likely to be diluted across the whole spectrum of economic activity, be compensated or counteracted by other general measures, or be neutralised to a large extent by exchange rate changes⁵. The rationale for the distinction between aids and general measures in the Treaty, and the greater willingness to tolerate the latter, is furthermore based on a recognition to-date

⁵ This is the reasoning implicit in the Spaak report "Rapport des chefs de délégation aux Ministres des Affaires Etrangères" - Conference of Messina, April 1956.

by the Commission that it is not the aim of competition policy to try to remove fundamental differences between Member States' cost structures which contribute to the wider economic and social framework within which firms operate in each Member State⁶. Indeed, to do so would undermine the basis for mutually beneficial trade. Where there are differences in the role of the state in the economy and the provisions of public goods, there will also be differences in the overall level of taxation. Even in countries where the general burden of taxation is similar, for historical and political reasons there may be significant differences in the structure of the taxation system.

16. However, it is not always apparent whether certain fiscal or social security measures constitute aid or form a coherent and integral part of the fiscal or social security system. In addition, incentive schemes exist in different Member States to stimulate or facilitate general training or the employment of certain socially disadvantaged groups of workers. Insofar as such schemes are not industry-specific and are available across the whole economy and in fact genuinely constitute part of a general system of employment measures, they are not to be considered as state aids. Although a number of training and employment schemes have been treated by the Commission as state aids, not all Member States measures in these fields have been examined in detail. Therefore, in order to present figures that are comparable between Member States, no training and unemployment measures have been analysed in the present report pending completion of this detailed examination. The figures for interventions known to the Commission in this sector are however given separately for information (see footnote Table XB).
17. The Commission has always considered that aids have a direct and immediate impact on competition because by the definition of their specificity they are targetted at certain objectives often in a selective and discriminatory way. In order to favour the aided enterprise, taxes must be levied on the rest of the economy. Thus not only are enterprises in other Member States put at a competitive disadvantage by the aid because the aided enterprises are favoured in a way outside the normal fiscal or social security systems that contribute to the equilibrium between Member States, but also enterprises not receiving aid in the same Member State are disadvantaged and pay higher taxes directly or indirectly. Further work needs to be undertaken to establish criteria to identify general measures that may distort competition and which would fall within the scope of Articles 101/2.

⁶ Examples of the other factors that enter into the make-up of the overall economic and social framework within which firms operate in each Member State include the following: general level of physical infrastructure and the provision of public goods and services, general level of taxation, general level of education and training of workers, financial and political stability, general level of cost of factors of production (capital and labour) and natural resource endowment.

c) Conclusions

18. This first report has concentrated on aids since this reflects the importance of a coherent state aids policy in the context of a common market. Part A of this report showed that aids have an immediate and direct impact on both the integrity of the common market and the maintenance of free competition. Part B outlined why the Commission's policy has been to consider that aids affect competition in a much more direct and immediate way than general measures and that the Commission will integrate the results of its more detailed investigation on the distinction between general measures and aid in a later update of this Survey. This analysis takes on increased importance when seen in the context of the number and volume of aids identified in the present work, the frequent complaints from the Member States about their impact and in the overall context of the completion of the Internal Market.

C. RESULTS AND METHODOLOGY

a) Results⁷

19. The results of the present work are given below. Unless otherwise stated, only aid elements are given. Care should be taken in interpreting the expenditure on aid, particularly the global results, as reflecting the distortions of competition. A large volume of expenditure on aid, whilst important, is not necessarily by itself an indication of the distortion of competition that may arise. Account must also be taken of the economic context of the sector to which the aid is given, the form of the aid, the volume of aid effectively received by the recipient, his location and often the financial situation of the individual recipient. In certain circumstances, a relatively small aid in a sensitive or overcapacity sector with small profit margins and large interstate trade can have a greater distortive effect than a larger aid granted in other less sensitive sectors.

1. VOLUME OF AIDS

20. It can be seen from Table 1a) that the total of all the aid element (average 1981-86) in the four biggest Member States is as follows: Italy (28 billion ECU), Germany (19 billion ECU), France (17 billion ECU) and the United Kingdom (9 billion ECU). Of the smaller Member States, Belgium (4 billion ECU) gives the most. Of the remaining Member States the Netherlands (2 billion ECU) grants the most, followed by Ireland, Greece and Denmark (1 billion ECU each) with Luxemburg (0.2 billion ECU) granting the least.
21. In order to put these figures in a broader context, total Community intervention is given in Table 1b). It appears from this table that national aids are much more important than Community intervention (ratio 4:1). It should also be noted that Community spending on agriculture accounts for almost 80% of this Community intervention. However, national aids cannot be compared directly to Community intervention. The national aids included in this report are paid directly to enterprises whereas the bulk of Community interventions are not. Community intervention on the whole is for infrastructure or reimbursements to national governments for aids already awarded or the administrative costs to

⁷ Unless otherwise stated, all results given in the main text refer to the average 1981-86 in current prices. The averages are used in the main text in order to avoid over-reliance on any extraordinary items that may distort figures for individual years and to smooth out any fluctuations. See Tables in annexes for more details.

the Community of forms of intervention other than direct aids (in particular, the price support system in agriculture). Consequently, Community intervention will be analysed separately from national aids at points 51-63 below, where these conclusions are explained in greater detail. Therefore unless otherwise stated the results given below relate purely to national state aids and not to Community intervention.

Table I
Total volume of aid in billion ECU
Average 1981-86
a) national state aid - b) Community Intervention

	I	D	F	UK	B	NL	IRL	GR	DK	LUX	EEC10
a)	27.7	19.1	16.7	9.4	4.0	2.2	1.1	1.0	0.9	0.2	82.3
b)	4.1	3.5	4.6	2.7	0.8	1.9	1.2	1.3	0.8	0.0	22.0

(Source: Annex III and Table XI)

22. For a meaningful comparison and an indication of the global impact the figures for total national state aid expenditure have to be seen in relation to the size of the economy and size of the workforce. Consequently, Table II gives the total aid expenditure (aid element), expressed as a) a percentage of GDP and b) per employed person.

Table II
Average 1981-86

a) Total aid as % of GDP

LUX	I	IRL	B	F	D	GR	UK	NL	DK	EEC10
6.0	5.7	5.3	4.1	2.7	2.5	2.5	1.8	1.5	1.3	3.0

b) Total aid per employee (average for the period 1981-86)

LUX	I	IRL	B	F	D	GR	UK	NL	DK	EEC10
1562	1357	1036	1113	792	761	278	396	444	353	771

(Source: Annex IA and B)

This table shows that in terms of percentage of GDP Luxemburg (6.0%)⁸, Italy (5.7%) and Ireland (5.3%) have the highest expenditure, whilst Denmark (1.3%) and the Netherlands (1.5%) have the lowest. All other Member States have spent under 3% (France 2.7%, Germany 2.5%, Greece 2.5%⁹ and the UK 1.8%), except Belgium where the figure was 4.1%. This shows that the global expenditure involved with aids is indeed significant and warrants attention.

23. This significance can also be highlighted by showing aid in terms of ECU per employee (Table II b). Luxemburg (1562 ECU - however see footnote 8) has an expenditure much higher than the other relatively large aid givers, Italy (1357) and Belgium (1113). Ireland, which in terms of aid as a percentage of GDP was the third highest aid giver, is now ranked 4th (1036 ECU), which reflects its relatively lower GDP. Both France (792) and Germany (761) because of their large GDP per head appear to give relatively more in terms of aid per civil employment than as a percentage of GDP when compared with other Member States. The Netherlands (444), the UK (396) and Denmark (353) all still appear as relatively small aid givers, giving about only half that of France and Germany. In fact in terms of per person employed, Italy gives over three times as much as Denmark.
24. Aids are a greater percentage of value added in the manufacturing sector than in the economy in general (see Table III a). Isolating the manufacturing sector shows that aid is in fact very significant to this sector. The percentage of value added in manufacturing coming from aids is particularly significant in Italy (16.7), Ireland (12.9) and Greece (12.9). In the other Member States, the figures are still significant. It is interesting to note that in terms of aid to manufacturing Germany is the next to lowest aid giver, a marked decline from its average position in terms of total aid. It should be noted that even if steel and shipbuilding are excluded, although the figures for aid as a percentage of value added decline somewhat the results are still high - Italy (15.8), Greece (13.9) and Ireland (12.3) still have very large amounts of aid (see Table III b). Because of the importance of steel, its exclusion causes the largest decline for Luxemburg and to a lesser extent for Belgium and France. Notwithstanding this reduction, all Member States have significant proportions of aid in manufacturing.

⁸ It should be noted that the figures for Luxemburg are inflated in the period under consideration because of the abnormally high aid to steel in the period considered. In addition and more importantly, aids to transport (railways) are particularly high for Luxemburg in relation to other Member States. See Technical Annex for further explanations.

⁹ The figure for Greece is underestimated because no figures for agriculture were available. Also certain important fiscal aids are not fully included (see point 73).

25. These results are particularly significant for the unity of the common market because in general, despite the increase in Intra-Community trade and competition between the service sectors in the different Member States, the manufacturing sector still accounts for the bulk of activities engaged in Intra-Community trade and competition either directly through exporting or indirectly through (potential) import substitution. It should be noted however that certain other branches, notably agriculture, coal and transport, are aided more in terms of their value added than manufacturing - see points 31-34 below.

Table III
Average 1981-86

a) Aids to manufacturing as % of gross value added in manufacturing¹⁰

I	IRL	GR	LUX	B	F	NL	UK	D	DK	EEC10
16.7	12.9	12.9	7.3	6.4	4.9	4.1	3.8	3.0	2.8	6.2

b) Figures in a) excluding aids to steel and shipbuilding

I	IRL	GR	LUX	B	F	NL	UK	D	DK	EEC10
15.8	12.3	13.9	3.5	4.5	3.6	4.1	2.9	2.9	1.7	5.5

c) Aids to manufacturing as ECU per employee in manufacturing

I	IRL	GR	LUX	B	F	NL	UK	D	DK	EEC9
6226	3915	n.a.	2383	1973	1649	1442	971	982	987	1999

d) Figures in c) excluding aids to steel and shipbuilding

I	IRL	GR	LUX	B	F	NL	UK	D	DK	EEC9
5951	3741	n.a.	1079	1373	1223	1419	757	940	609	1774

(Source: Annex IC and Commission's services calculations)

¹⁰ Manufacturing excludes transport and energy as well as agriculture, fisheries, extractive industries, services and public administration. Aid to manufacturing is defined as all horizontal aids, all sectoral aids (except railways and coal) and all regional aids. A few aids accorded in the service sector (eg. tourism) are included in these aids and could not be separated out. However, the resultant distortions are not considered to be significant enough to invalidate the general conclusions drawn from this table.

26. In order to demonstrate more clearly the great significance of aids in the manufacturing sector, this aid has been expressed in terms of aid per employee granted each year in manufacturing both with and without steel and shipbuilding (Table III c and d). Even without steel and shipbuilding the aid granted per employee is equivalent to 5951 ECU in Italy and 3741 in Ireland (no figures could be calculated for Greece). The next largest donors per employee in manufacturing are the Netherlands (1419), Belgium (1373) and France (1223). Even amongst the lowest aid givers, the figures are still quite high - Luxemburg (1079)¹¹, Germany (940), the UK (757) and Denmark (609). This aid may be said to represent in some Member States a large part of labour costs and in others a significant part. Of course, not all industries are aided to the same extent, consequently the aid per employee in the industries receiving the aid must be even higher. Further work is necessary in order to give a detailed sectoral breakdown of aids in manufacturing (see points 77-79). In view of the sheer magnitude of aid involved, it is essential that this work is carried out.
27. Certain interesting conclusions can also be drawn as to the tendency of aid to industry (without steel and shipbuilding) (see Table IV A, which is expressed in national money at constant prices). In Belgium, Denmark, France, Ireland, Luxemburg and the Netherlands there are no definite trends during the period under consideration. In the UK there has been a downward trend with the 1986 aid total about two thirds of the 1981 amount¹². In Germany and Italy however the pattern has been different from other Member States. Germany has shown a general if slow upward trend. In Italy this trend has been more marked, 1986 being well over 50% higher than 1981. In Greece there has also been a dramatic increase, although this may be more apparent than real due to the fact that during the period under consideration aids given by way of positive expenditure (which can be identified in the budget) was replacing aids given via tax expenditures (which do not show up in the budget).

11 If steel is included, the figures for Luxemburg are nearly double. For other Member States the change is less noticeable.

12 In 1981/82 the figures in the UK were inflated by certain individual rescue operations. Without these rescue operations the downward trend would be less marked.

Table IV A
Aids to manufacturing excluding shipbuilding and steel
Aid amounts restated at constant 1986 prices
in mio national currency

	1981	1982	1983	1984	1985	1986
B	39115	41178	48300	43238	45315	38023
DK	1724	2182	1975	1495	1762	1107
D	14599	15254	14449	14949	15836	15601
GR	91305	80551	94812	110042	139483	163324
F	37431	40655	40793	41481	38794	36173
IRL	520	459	669	452	699	591
I *	20887	26360	33994	30760	29263	34851
LUX	1069	936	1092	1076	888	1095
NL	2466	2784	2418	2963	2423	2388
UK	3182	2867	1940	2185	1975	1906

* - In billion Lit.

(Source: Commission figures and GDP price deflator at market price
Table 17 of November 1987 edition of European Economy)

Table IV B
Aids to manufacturing excluding shipbuilding and steel
Aid amounts at current exchange rates
in MECU

	1981	1986
B	720.4	868.1
DK	156.7	139.5
D	5010.4	7331.1
GR	592.7	1188.5
F	4224.4	5319.5
IRL	495.3	805.1
I	9546.9	23839.3
LUX	19.0	25.0
NL	780.1	994.7
UK	4463.2	2837.7

28. The result of these tendencies plus exchange rate changes on the relative ranking of the big four economies under study has been particularly dramatic. In 1981 Germany, France and the UK all accorded roughly the same volume of aid and Italy gave about double. However by 1986, the UK was only 50% of the French level (which has stayed more or less constant in real terms - see Table IV A). The slight upward trend in aids plus the revaluation of the DM meant that aids in Germany in 1986 were 40% above the French

level and more than double the UK level. In Italy the aids increased so much that by 1986 these were more than four times the French level, over eight times the UK level and were three times the German level (see Table IV B).

29. Whilst, as admitted, it is dangerous to impute distortions of competition from global aid figures, these global results are nevertheless so marked that they merit some further reflection. It is possible that a decision to approve a scheme may seem coherent when judged solely by reference to the factors directly relating to the scheme in question. However, if the overall impact of all other schemes were taken into consideration along with the cross-effects of all schemes, and this is compared with the situation in other Member States, the scheme under question may not be acceptable from a Community point of view.
30. It is necessary to have a strict control of all aids in order to establish whether such huge differences in aid can be objectively justified on the basis of an assessment at the Community level having regard to their distortive effect on competition (eg. are the aids concentrated in sensitive sectors to preserve overcapacity). A breakdown of expenditure by objective is given below (points 45-50) but until the full cross-effects of aids have been examined this analysis can only be partial (see points 77-79).
31. The global aid to the other branches of the economy can be analysed in a similar way to that for manufacturing. Table V shows agricultural and fisheries aid as a percentage of value added in those sectors. This shows that despite the non-inclusion of the massive protection afforded to agriculture through other forms of intervention, agriculture is on the whole more highly aided than manufacturing.

Table V
Aids to agriculture and fisheries as a % of gross value added in
agriculture and fisheries
average 1981-86

UK	IRL	F	LUX	D	I	DK	B	NL	GR
14.1	13.2	12.1	12.0	9.8	8.6	8.0	7.3	7.2	n.a.

n.a. = not available

32. Table VI shows railway aid as a percentage of value added in railways¹³. Whilst most aid to railways is given to compensate for the imposition of social obligations or inherited liabilities, the aid amounts involved are extremely high. Although at the extreme in Luxemburg¹⁴ where aids exceed value added, in all Member States the figures are significant.

Table VI
Aids to railways as a % of gross value added in railways (*)

LUX	B	I	F	D	NL	UK	DK	GR	IRL
181	70	49	38	37	22	18	15	n.a.	n.a.

n.a. = not available

- (*) Gross value added details were not available for all years. The figures above should therefore be regarded as "best estimates". Includes figures for inland waterways. For sources, see Technical Annex.

33. Table VII shows aids to steel and shipbuilding as a percentage of gross value added (at factor cost) together with the aid per employee in coal mining (no other figures for energy except for coal are given in this report - for details see Technical Annex, points 10 and 11). In most Member States these sectors have been very highly aided. The figures for steel (Table VII A) show that aids in Ireland and Italy were extremely important and were also significant in France, the UK and Belgium. In comparison, aids to steel were less important in Germany and the Netherlands. Aids to steel were exceptionally high in the period under consideration because of the restructuring that took place. The aids in question were subject to the steel aid codes. Shipbuilding aids (Table VII B) are also significant (in terms of value added), especially in France followed by Italy, Denmark, Belgium and the UK. As regards the hard coal industry (Table VII C), the figures clearly show the very high aid that continues to be granted in Member States still possessing a hard coal industry (it should be noted that the aid in some other Member States may be understated vis-à-vis Germany - see footnote 20 below. The UK figure is inflated because of the extraordinary effect of the miners strike).

13 The figures for transport only include aid to railways and inland waterways given under Community Regulations. No figures are given in this report for other sectors of transport - see Technical Annex for details.

14 For explanation of this situation, see Technical Annex (point 12).

Table VII A
average 1981-85

Aids to steel as a % of gross value added in steel (*)

IRL	I	F	UK	B	DK	LUX	D	NL	GR
107.2	71.4	58.3	57.6	40.4	18.0	14.6	8.6	4.3	n.a.

Table VII B
average 1981-86

Aids to shipbuilding as a % of gross value added in shipbuilding (*)

F	I	DK	B	UK	D	NL	LUX	GR	IRL
56.6	34.2	33.8	27.7	21.6	12.3	10.7	0	n.a.	n.a.

(*) The latest year for which gross value added details were available was 1982 (source: Eurostat). Aid figures have been restated to reflect this position and the relevant percentages calculated accordingly. The results above should therefore be regarded as "best estimates" and are given as indicators only.

n.a. = not available

Table VII C
average 1981-85

Aids to coal mining as ECU per employee in coal mining **

B	D	F	UK
53300	26660	43950	9765

** Value added figures were not available for the coal mining sector

34. For both railways and coal the aid was shown to be massive. Whilst there may only be limited competition between the railways in different Member States or between coal industries, the impact of these aids on the wider markets of transport and energy cannot be ignored. As the national markets in transport and energy become integrated with the completion of the common market, competition could become very important. For example, road transporters in one Member State may be hindered in their attempts to transport goods by road in another Member State because of the aid to railways in the latter. Similarly, without aids to domestic coal producers, an electricity producer or distributor could, for example, find it attractive to import electricity directly from another Member State. It is evident that forms of transport other than railways and inland waterways and forms of energy other than

coal should be included in the study at a later date in order to fully assess the impact of aids in these sectors. This assessment will take account of the Commission's document "Completion of the Internal Market in Energy".

35. Not surprisingly, aids, in view of their volume, constitute a large proportion of public expenditure (see table VIII a). In Italy (15%), Ireland (12%), France (11%), Germany (10%) and Belgium (10%) aids are an important item of public expenditure. This is even more the case for Luxemburg (19%), but this is due to the exceptionally high aids to railways and also to steel during the period under consideration. In the UK (5%), the Netherlands (4%) and Denmark (3%) aids become relatively less important as a share of public expenditure.
36. It is also illuminating to see the volume of aids in relation to the budget deficit in the Member States (Table VIII b). In all Member States, aids are a significant proportion of the deficit and in France and Germany they actually exceed the deficit. However, in countries such as France or Germany where the budget deficit is still manageable this volume of aids may not be as critical as in certain Member States suffering chronic budget deficits. In Belgium, Ireland and Italy the budget deficit has been over 10% of GDP and aids represent around half of this deficit.

Table VIII
average 1981-86
Amounts (c-f below) expressed in Billions of ECU

	LUX	I	IRL	F	D	B	UK	NL	DK	GR
a) Aids as % of public exp.	19	15	12	11	10	10	5	4	3	na
b) Aids as % of budget deficit *		48	48	102	106	39	57	11	35	23
c) Total aids	0.2	27.7	1.1	16.7	19.1	4.0	9.4	2.2	0.9	1.0
d) Budget deficit *		57.4	2.3	16.4	18.0	10.3	16.5	19.5	2.6	4.3
e) Total receipts of gen.govt.	2.3	184.3	9.0	301.6	347.5	45.1	219.7	83.6	37.2	13.3
f) Corporation tax	0.2	4.4	0.3	11.0	11.6	1.7	22.6	4.4	1.1	0.3

Public expenditure is central government spending (i.e. excludes local government spending, but includes Länder in Germany)

na = Public expenditure not available
* = Budget surplus

N.B.: Aids include tax expenditure but public expenditure excludes general tax expenditure measures

Sources:

- d) Budget deficit or public sector borrowing requirements. Sources Eurostat C2, page 2 for 1981-84, European Economy Nov. 1987 Issue
- e) European Economy Nov. 1987 Issue
- f) Internal Commission Document.

II. TYPE OF INTERVENTION

37. A breakdown by Member State of the different forms of aid is shown in Table IX.

Table IX
Aid element of different forms of aid as a % of total aid
average 1981-86
(for manufacturing and service industry aids only) *

		B	DK	D	GR	IRL	F	I	LUX	NL	UK
Aid form ¹⁵											
Grant	A1A	47	43	35	) 95	39	20	68	57	60	69
Tax reductions	A2A	2	-	51	) **	49	4	11	4	25	2
total A		49	43	86	95	88	24	79	61	85	71
Equity participation											
	B1A	28	*** 1	-	-	8	26	18	35	1	18
Soft loan	C1A	10	52	6	-	2	38	3	4	13	6
Tax deferral	C2A	-	-	7	-	-	7	-	-	-	2
total C		10	52	13	-	2	45	3	4	13	8
Guarantee	D1A	13	3	1	5	1	5	-	-	-	1
		100	100	100	100	100	100	100	100	100	100

(Source: Annex II)

* Excludes aids in agriculture, fisheries, energy and transport.

** For certain laws in Greece it was not possible to separate the positive budgetary aids from tax concessions given for exports. Contact with the Greek authorities should allow this breakdown to be made.

*** No figures available for equity participation in Germany - aid element considered to be negligible.

¹⁵ See point 71 and Technical Annex (points 3 to 8 inclusive) for a full description of the different aid forms.

N.B.: The figures shown in this table represent the aid element of different interventions and not the gross intervention.

38. This table shows that grants or equivalent (Group A) have formed the bulk of intervention in many Member States (Greece 95%, Ireland 88%, Germany 86%, the Netherlands 85%, Italy 79% and the UK 71%. Grants in Luxemburg (61%), Belgium (49%), and Denmark (43%) are not as predominant as in the other Member States. The exception is France (only 24% of interventions are grants or equivalent).
39. Grants or equivalent are given predominantly by way of positive budgetary expenditure, except in Germany (51%) and Ireland (49%) where fiscal expenditure (i.e. tax reductions) are particularly important¹⁶. In Germany these tax reductions are notably for regional development purposes (particularly Berlin) and in Ireland, Export Sales Relief, which is currently being phased out. Tax reductions in the Netherlands (25%) were also relatively important.
40. It should be remembered that the Commission's work on tax expenditures is not yet completed and it is possible that certain aids given by way of tax expenditures (or social security reductions) have not been included in the present study. Only an exhaustive and detailed analysis of all fiscal and social security laws will reveal if any aids remain to be identified.
41. Equity participation has only formed a significant form of aid intervention in Luxemburg (35%), Belgium (28%), France (26%), Italy (18%) and the UK (18%). In France, the UK, but particularly in Luxemburg and Belgium, a major part or the bulk of this intervention has been in steel, where intervention is unlikely to be repeated on the scale experienced in the period under consideration. In addition, in France and the UK a very limited number of large individual rescue operations account for the remaining intervention. It is possible that there will not be a repeat of such rescues on the same scale in the future. Therefore, for these countries (Belgium, France, Luxemburg and the UK) there may be a tendency for equity participation to diminish as an instrument of aid in the future in relation to other forms of intervention. In Italy, the only other Member State where equity participation is a significant form of intervention, nearly half was in steel and the remainder passed via public holding companies to cover losses in a wider variety of sectors. Whether this form of intervention will decrease in the future is dependent on the trading results of the entities concerned.
42. The aid element of soft loans or equivalent is an important part of aid in Denmark (52%) and France (45%). They are also of some significance in the Netherlands (13%). In Denmark soft loans to shipbuilding account for the quasi-totality of these interventions and in France soft loans to trade/export (in particular) and general investment and agriculture (to a lesser extent) account for the bulk of these interventions. In all Member States except Germany positive budgetary expenditure as opposed to tax reductions forms the vast bulk of this type of intervention.

¹⁶ It was not possible to make a split between positive budgetary expenditure and fiscal expenditure in Greece.

43. The aid element of guarantees is a significant part of aid only in Belgium (13%) and to a lesser extent in France (5%) and Greece (5%). In Belgium over half the guarantees in aid terms are in the steel sector (which is likely to decrease), the remainder for trade/export and general investment. In France the guarantees are principally for trade/export and for Greece no specific objective could be identified.
44. It should be noted that the figures for soft loans and guarantees represent the aid element of these interventions and the gross intervention (i.e. the soft loans or the loans guaranteed) is much higher. Therefore, the aid equivalent figures in categories C and D underestimate the gross budgetary resources committed by the State.

III. OBJECTIVES OF AID

45. Table X A gives the proportion of the total aid element for each Member State according to the various objectives and sectors. These figures can be used to compare the thrust of aid policy in order to see where each Member State laid the emphasis of its aids policy (eg. regional aids or R+D). These global figures cannot be used to make any conclusions concerning distortions of competition or trade within certain specific sectors between Member States. The aid figure must be seen in relation to the relative size of a particular sector in each Member State and also to the real impact of all aids to the sector in question, not just aids directed at specific sectors¹⁷. Finally, as stated above (point 19), account should be taken of the individual circumstances of the recipient and the sector in which he operates.

¹⁷ For example, aids with a horizontal objective, such as R+D also have a sectoral and regional impact which is not known at the moment. It is proposed that such cross-effects of aids be the object of further study (see points 77-78).

Table X A
Percentage of aid according to sector and function
(average 1981-86)

	B	DK	D	GR	F	IRL	I	LUX	NL	UK
2.1 Industry/services										
<u>horiz.objectives</u>	14	19	13	55	20	34	32	3	26	16
2.1.1 Innovation/R+D*	3	8	7	6	1	1	3	-	5	6
2.1.2 Environment	-	1	0	-	-	-	0	-	1	-
2.1.3 SME	3	-	2	3	-	1	3	1	13	1
2.1.4 Trade/export	2	6	1	46	12	32	5	-	2	8
2.1.5 Econ.energy	-	3	1	-	-	-	-	-	2	-
2.1.6 Gen.investment	3	-	1	-	6	-	4	2	3	1
2.1.7 Combat unempl.) **										
2.1.8 Training aid)										
2.1.9 Oth.objectives	3	-	1	-	-	-	17	-	-	-
2.2 Industry/services										
<u>particular sectors</u>	15	15	5	14	20	14	16	27	16	17
2.2.1 Steel	11	1	2	-	9	3	6	27	2	7
2.2.2 Shipbuilding	2	14	1	-	3	-	1	-	3	5
2.2.5.1 Oth.secs/crisis	2	-	-	-	4	4	3	-	7	5
2.2.5.2 Oth.secs/growth	-	-	1	-	2	-	2	-	1	0
2.2.5.3 Other sectors	-	-	1	14	2	7	4	-	3	-
3. Regional aids	5	1	18	17	3	15	21	5	8	13
3.1 Regions 92(3)a	-	-	-	17	1	15	16	-	-	2
3.2 Other regions***	5	1	18	-	2	-	5	5	8	11
Aids principally under EEC										
<u>Treaty regulations</u> ****	67	64	64	13	56	37	30	65	52	44
1.1 <u>Agriculture</u>	4	29	7	-	17	23	7	9	21	10
1.2 <u>Fisheries</u>	-	1	-	-	-	2	-	-	-	1
2.2.3 <u>Transport</u>	35	34	31	13	26	12	23	56	30	14
2.2.3 <u>Regs. 1191-92</u>	(26)	(27)	(19)	(0)	(17)	(6)	(8)	(32)	(27)	(14)
2.2.4.1 <u>Coal/current</u>	6	-	10	-	3	-	-	-	-	13
2.2.4.2 <u>Coal/other</u>	22	-	16	-	11	-	-	-	-	6
TOTAL (1-3)	100	100	100	100	100	100	100	100	100	100

Figures may not add up due to rounding errors

* It should be noted that innovation/R+D excludes any aid given in the form of R+D contracts, defence R+D and any funding of public or semi-public research organisations. This category of aid may therefore be seriously underestimated - see points 74, 75.2, 83 and Technical Annex.

** See Table XB

*** Including aid for German border regions and Berlin granted under Article 92(2)(c)

**** This section groups together aids given principally under EEC Treaty regulations. Aids governed by EEC regulations are analysed in a different way from the aids given for other sectors or objectives. The problems of distortion of competition may in general be different for aids governed by Regulations (see point 13 above and Technical Annex).

Table X B
Amount of aid according to sector and function
(average 1981-86, in MECU)

	B	DK	D	GR	F	IRL	I	LUX	NL	UK
2.1 Industry/services										
horiz.objectives	570	168	2475	544	3396	385	8943	9	570	1588
2.1.1 Innovation/R+D*	113	75	1384	56	221	10	733	1	104	543
2.1.2 Environment	-	6	86	-	5	-	-	0	27	-
2.1.3 SME	115	2	477	34	74	14	716	3	290	130
2.1.4 Trade/export	97	52	99	454	2091	361	1328	1	34	749
2.1.5 Econ.energy	7	29	168	-	82	-	101	-	43	16
2.1.6 Gen.investment	136	4	98	-	921	-	1234	4	64	138
2.1.7 Combat unempl.)	**									
2.1.8 Training aid)										
2.1.9 Oth.objectives	102	-	163	-	2	-	4831	-	9	12
2.2 Industry/services										
particular sectors	578	136	839	141	3299	157	4461	68	332	1721
2.2.1 Steel	420	7	371	-	1513	31	1629	68	35	703
2.2.2 Shipbuilding	61	126	176	4	507	5	237	-	74	483
2.2.5.1 Oth.secs/crisis	92	-	-	-	616	43	934	-	146	469
2.2.5.2 Oth.secs/growth	-	-	157	-	318	-	416	-	17	42
2.2.5.3 Other sectors	5	3	135	137	345	78	1245	-	60	24
3. Regional aids	182	12	3449	171	383	176	5855	12	169	1372
3.1 Regions 92(3)a	-	-	-	171	115	176	4458	-	-	235
3.2 Other regions***	182	12	3449	-	268	-	1397	12	169	1137
Aids principally under EEC										
Treaty regulations ****										
1.1 Agriculture	164	256	1402	-	2870	259	1862	22	462	1088
1.2 Fisheries	2	13	18	4	45	20	90	-	8	69
2.2.3 Transport	1382	304	5931	127	4408	141	6494	139	697	1522
2.2.3 (Regs. 1191-92)	1054	242	3552	5	2781	66	2352	90	595	1510
2.2.4.1 Coal/current	228	-	1906	-	530	-	-	-	-	1407
2.2.4.2 Coal/other	875	-	3097	-	1756	-	-	-	-	662
TOTAL (1-3)										
In billion ECU	4.0	0.9	19.1	1.0	16.7	1.1	27.7	0.2	2.2	9.4

Figures may not add up due to rounding errors

* See Table X A

** Training and unemployment measures have not been included in the present report (see point 16 above). However by way of information expenditure on training and employment measures which has been identified but not yet examined in detail, is as follows (MECU average 1981-86):

B:29 DK:52 D:225 GR:4 F:636 IRL:60 I:466 LUX:1
NL:105 UK:1082

***)

****) See Table XA

Table X C
Amount of Regional Aid (In MECU)

	B	DK	D	GR	F	IRL	I	LUX	NL	UK	EEC10
Total regional aids	182	12	3449*	171	383	176	5855	12	169	1372	11781
of which											
Art. 92(3)(a) regions	-	-	-	171	115	176	4458	-	-	235	5151
Art. 92(2)(c) and 92(3)(c) regions	182	12	3449*	-	268	-	1397	12	169	1137	6626
Regional Aid as % GDP (index EEC=100)	0.2	PM	0.5	0.4	0.1	0.8	1.2	0.3	0.1	0.3	0.4
	(44)	(4)	(107)	(101)	(14)	(195)	(282)	(68)	(26)	(62)	(100)
% Pop. in aided areas	34.5	24.5	47.3	65.6	38.7	100	48.9	95.8	28.0	44.1	44.5
Per capita aid in aided areas (in ECU)	54.3	9.6	118.7	24.4	18.1	50.2	210.4	34.2	41.9	55.1	97.4

(*) Including Berlin 2632 MECU

46. The most immediate conclusion emerging from Table X (A and B) is that by far the bulk of aids in all Member States are those accorded under EEC Treaty Regulations (i.e. agriculture, fisheries, railways and coal¹⁸)¹⁹. The only exceptions are Greece (where the figures for agriculture are incomplete), Italy and Ireland (where the aids granted under Community Regulations still accounted for around one third of total aids) (Community funds are examined elsewhere in this paper - see points 51-63 below). Agriculture aid is significant in Denmark (29% of total) and to a lesser extent in Ireland (23%), the Netherlands (21% - estimated) and France (17%).

Furthermore, in all Member States studied, railways took at least a quarter of the aid budget except in Greece, Ireland, Italy and the UK where the amount was still significant. In the Member States where a sizeable coal industry is still found, i.e. Belgium, Germany, France and the UK, this sector accounts for an important part of aid expenditure²⁰. The second main conclusion is that many Member States, some to a greater degree than others, have spent large volumes of aid to support the declining industries of steel and shipbuilding²¹. In fact steel and shipbuilding together

-
- 18 Most of the aids given to railways are a reimbursement of the extra costs of uneconomic services which they are obliged to provide (Regs.1191/69 and 1192/69). These compensatory aids are automatically compatible with the Treaty (Art.77). Aids to other forms of transport were not available and are excluded from this study - see Technical Annex.
- 19 Most of the aids given to coal are not related to current production and are to compensate for special social security measures for miners or are to cover inherited liabilities. Aids to other forms of energy were not available and are excluded from this study - see Technical Annex.
- 20 It is possible that aids to coal in Germany appear relatively higher than in other Member States because the German figures include the "coal penny-scheme", which compensates electricity producers for the higher price of German coal. In some other Member States in addition to the aids recorded in this report, coal may be aided through the obligation imposed on national electricity producers to purchase coal from domestic producers at prices above that available from imported sources.
- 21 No separate steel figures are available for Greece even though aid was given in the period under consideration. The figures are included under the total for regional aid because the budgetary sources used did not permit expenditure on steel to be isolated from regional aids.

account for over 10% of aid expenditure in all Member States except Germany, Ireland, Italy and the Netherlands.^{22 23}. It should be noted that in France, Ireland, Italy, the Netherlands and the UK a small but not insignificant proportion of aids was devoted to other crisis sectors and individual rescue operations of companies in difficulties.

47. However, it emerges clearly from this table that with the exception of steel and shipbuilding, that aids to industry (excluding coal, railways, agriculture and fisheries) have not been sectorally specific, and this is particularly the case in Germany. In fact, horizontal aids (i.e. aids having no sectoral or regional objectives) are generally at least if not more important than the combined total of regional and sectorally specific aids (excluding steel and shipbuilding). Whilst these horizontal aids may well promote objectives in the Community interest, it is in general more difficult to assess their impact on competition because of their lack of sectoral or regional specificity. It is therefore particularly important for these horizontal schemes to monitor them effectively by annual reports (see points 77-80 below).
48. The high proportion of aid devoted to the declining or crisis sectors appears all the more significant when seen in relation to the relatively small amounts of aid spent on what may be termed growth sectors or innovation/R+D. Because it is not considered that either regional aids or aids with horizontal objectives have been particularly devoted to growth or high technology sectors, some confidence can be placed in the observation that crisis/declining sectors have been receiving much more aid than growth or high technology sectors. This observation should however be subject to a caveat concerning the figures for R+D. These figures comprise only direct aid for R+D and exclude all R+D contracts and defense R+D, both of which may have an aid content

22 During the period under consideration (1981-86), i.e. prior to the entry into force of the 6th Directive, aids to shipbuilding were notified under the applicable Directives. Excluded were non-sectorally specific aids accorded to shipbuilding. Also aids to shipowners (now explicitly covered in the 6th Directive) were notified by some Member States but not others. The figures for shipbuilding available under these Directives are not as comprehensive as for the 6th Directive.

23 In analysing the budgets and other reports available, it was not always possible to isolate all the aid granted to shipbuilding (but not notified under the shipbuilding Directives) from other items of budgetary expenditure. The figures for shipbuilding are therefore not complete and this remark applies particularly in relation to Greece and Italy.

but for which the analytical tools do not yet exist to allow the aid element to be isolated - see Technical Annex for details²⁴. This factor is particularly important in Germany, France and the UK and until further study of the problem is undertaken, the figures for R+D should be regarded as only a part of the overall picture. For example, in the UK R+D contracts are worth on average around four times the direct R+D aids identified in this report. It should also be taken into account that the funding of public and semi-public research organisations in the UK amounts to around six times the direct R+D aids identified in this report. In Germany, funding of R+D contracts and semi-public research organisations are over five times the figures of direct R+D aids identified in this report. In France, R+D contracts ("transfert de l'Etat vers les entreprises") are four times the direct R+D aid (no figures for semi-public research were available).

49. The situation in each Member State is as follows:

- In Belgium the emphasis of policy has been on railways (35%), coal (28%), steel (11%) and to a lesser extent on regional aids (5%).
- In Denmark, railways (34%), agriculture (29%) and shipbuilding (14%) have been the important items in the aid budget, with a small but not insignificant proportion given to innovation/R+D (8%) and trade/export (6%).
- In Germany railways (31%), coal (26%) and regional policy (18%) of which the bulk is for Berlin) are the important policy objectives. Innovation/R+D (7%) is also relatively important. Steel and shipbuilding are not significant in relation to total aid spending. Apart from railways, coal, agriculture and fisheries, sectorally specific schemes are of very little importance.
- In Greece any conclusions must be interpreted with reserve because of the as yet incomplete nature of results for that country. Of the aid expenditure identified, trade/export (46%), regional aid (17%) and railways (14%) are the major items. It should be pointed out that the high proportion of trade/export is explained partly by the reimbursement of certain taxes which were permitted by the Commission until Greece introduced a VAT system (1.1.87). In addition, the regional aid appears important because law no. 1262/82 has been classified as a regional aid. However, in addition to regional variations, this law includes sectoral, energy saving, pollution and high technology provisions.

²⁴ Also excluded are the state funding of public research institutes and higher education research establishments, to which privileged access by industry may give rise to an aid.

- In France, railways (26%), agriculture (17%), coal (14%), trade/export (12%) and steel (9%) are the important individual items of expenditure. Other sectors (8%) (including a few large individual rescue operations) and general investment (6%) aids are also quite important. Regional aids are relatively unimportant in France (3%). Innovation and R+D also appears unimportant but it should be remembered that the figures exclude R+D contracts and funding of public research institutes. In France large sums are involved in these items and therefore until further work is done on this topic, the aid figures should be regarded as incomplete.
- In Ireland, export aids (32%)²⁵, agriculture (23%), regional aids (15%) and railways (12%) have been the important individual items of expenditure.
- In Italy, railways (23%), regional aids (21%) and other sectors and rescue operations (9%) have been the main users of funds. Unlike any other Member States, other objectives (17%) appear particularly important in Italy. This stems from the fact that the main data sources used for Italy (Government expenditure accounts) did not give a breakdown in sufficient detail of the different forms of intervention to allow them to be classified according to more specific objectives. Further information is needed from the Italian authorities in order to allocate this expenditure according to its real objective. This figure should therefore be regarded as provisional.
- In Luxemburg railways (56%)²⁶, and steel (27%) are the only items of any significance. No other objectives are of any real financial importance.
- In the Netherlands apart from a high priority given to railways (30%), aids are spread out over a wider variety of objectives than in any other Member State. Of importance are agriculture (21%)²⁷, SMEs (13%) and regional aids (8%) with innovation/R+D, environment, economy of energy, general investment, shipbuilding and crisis sectors/rescue operations all receiving a small but significant share of the aid expenditure.

²⁵ Export Sales Relief - being phased out.

²⁶ Aid to railways in Luxemburg is particularly high. See Technical annex, point 12.

²⁷ The figure for agriculture aids in the Netherlands has been estimated, based on available data, and should therefore be regarded as provisional.

- In the UK, coal (19%)²⁸, railways (14%), regional policy (13%) and agriculture (10%) form the thrust of policy. After the Netherlands, the UK is the Member State with the widest spread of aids over different objectives and other significant items of expenditure are trade/export (8%), steel (7%), innovation/R+D (6%)²⁹, shipbuilding (5%) and other crisis sectors/rescue operations (5%).

50. The situation as regards regional aids in each Member State is shown in Table X C. Most regional aid is given either in the least developed areas of the Community (Ireland, Northern Ireland, Mezzogiorno, Greece and the French overseas Departments) or in Berlin, although outside these regions significant amounts of aid have tended to be paid in Italy, Belgium, Germany (including zonal border area aids) and the UK. Per capita spending in assisted areas shows wide variations among Member States. The percentage of population covered by regional aid also shows that such aid is relatively widely spread over each Member State, which tends to be counter-productive not only from a Community point of view but also from a national perspective. In most Member States regional aid is smaller in volume compared with sectoral aids and aids having horizontal objectives.³⁰ However, just as there is little information available on the regional impact of sectoral aids or the regional and sectoral impact of horizontal aids, there is little information available on the sectoral impact of regional aids.

IV. COMMUNITY FUNDS

51. Table XI A sets out in global terms the amounts paid or committed against the Community's budget in respect of the different Community funds, for each of the years 1981-86 inclusive. Table XI C gives for each Member State the average Community intervention under each fund for the period 1981-86. Two broad conclusions can be drawn from these tables. Firstly, the bulk of Community intervention (nearly 80%) has been in agriculture. Secondly, apart from agriculture where the cost of Community intervention far outweighs national aids, the cost of Community intervention has in general been very small compared with national aids.

28 The figure was inflated during this period because of the effects of the miners' strike.

29 This figure may underestimate the real aid - see Technical Annex.

30 Only in Germany, Greece, Ireland and Italy do regional aids exceed sectoral aids.

52. It should be noted that a direct comparison between the volume of community intervention shown here and the national aid described elsewhere in this paper (i.e. aids financed by national budgets), is misleading since in many cases the Community funds are not paid to enterprises, which is the case with state aids. Because of the basic incomparability of these two forms of intervention (i.e. Community funds and national aids) no further comparative analysis is considered worthwhile. A brief summary (points 53-63) of each fund will illustrate this point.
53. EAGGF Guarantee
The Common Agricultural Policy is a general system of market support based on external protection and internal intervention. As such, it is comparable to import quotas and customs tariffs, systems which bring about a transfer of resources between sectors, without the recourse to direct aids. Much of EAGGF Guarantee expenditure is concerned with a system of support of this type and therefore cannot be regarded as comparable to expenditure on aids. Moreover, the breakdown by Member State has little meaning in this case because the ultimate beneficiary may not be in the Member State where the expenditure took place.³¹
54. EAGGF Guidance
The activities of the EAGGF Guidance section are divided into direct measures and indirect measures. Direct measures may be considered as aid to public and private investors in respect of investment projects or programmes. In this respect, they are comparable to national aids. In recent years direct measures have accounted for around half of the Guidance budget. Indirect measures on the other hand are carried out on the Community's initiative and with its financial help but they are executed by Member States. As a result the expenditure will have been covered in most cases under the heading of national aids. In general they can be considered as socio-structural measures (eg. farmers early retirement scheme) or remedial measures in favour of the less favoured regions or investment aids at the farm level.
55. 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 worthy of support (long term unemployed, handicapped people, migrant workers and other socially disadvantaged groups). The fund therefore participates in the financing of operations carried out by public or private operators in the following areas:
- vocational training
- wage subsidies
- technical advice concerned with job creation
All applications for assistance are submitted through the Member States.

³¹ Around 35% of EAGGF Guarantee expenditure is in the form of price compensating aids granted to producers or processors.

The financing of vocational training projects and/or the provision of technical advice by Member States is not considered to be aid as defined for the purpose of this report. Whilst wage subsidies allocated under Community funds to enterprises may well constitute aids, they cannot be taken into account until the examination of training schemes (described above at point 16) has been completed. In addition such Social fund intervention would be accounted for in national expenditure accounts. These accounts show receipts from the Social Fund as income while expenditure on wage subsidies is shown as one figure comprising both national and Community aid. To include the Social Fund amounts would be, in effect, double counting. In general no money from the Social Fund is paid directly to enterprises.

56. Regional Funds

The aim of the ERDF is to help correct the principal regional imbalances within the Community by contributing a) to the development and structural adjustments of regions with a development lag and b) to the conversion of declining industrial regions. The fund finances both national and Community programmes as well as individual projects and studies. As a rule of thumb about 80% of the finance provided by the ERDF goes towards infrastructure projects and should not be considered as aid to specific entities. Financing of individual projects which would constitute aid is accounted for in National Accounts (due to the cofinancing requirement). In order to avoid double counting (the relevant figures are already to be found in the report under heading 3. Regional Aids) these aids should not be added to those already contained in the report. In general no money from the Regional Fund is paid directly to enterprises.

57. Community Research and Development

Community research activities are conducted essentially at three levels:

- (i) at the Joint Research Centre
- (ii) by contract research involving financial contributions from the contractor
- (iii) through coordination of Member States' research activities.

The figures contained in this report refer to (ii) above. Financing of the Joint Research Centre is considered to be outside the scope of this report while the Commission's role of coordination is confined to the exchange of knowledge - it does not finance any part of these programmes.

58. Aid programmes or projects administered by the Directorate General for Science, Research and Development (DGXII) are not directly comparable with aids given by Member States to enterprises to finance their specific R+D efforts. Firstly, they tend to be more for pure or basic research (but also include some pre-competitive

industrial research); secondly, Community intervention is generally by way of a contract for specific projects selected by annual calls for proposals in the form of public tender³². At present it is not possible to separate the aid element from the public procurement element in any R+D done under contract. Because of this, no purely national R+D contracts have been included in this study (see Technical Annex) and accordingly Community contracts should be excluded.

59. Programmes administered by the Directorate General for Telecommunications, Information Industries and Innovation (DGXIII) appear to be closer to the marketplace (although also based on competitive bids) and as such could be considered as conferring a benefit on recipients. In this sense they have a direct impact on industry, universities and research institutes who participate in transnational consortia. This would however involve examining each individual project on its merits. The Community's contribution to these contracts is generally 50% of the costs incurred and is paid directly to the contractor(s). Because of the mixed nature of the research and the transnational nature of the consortia, it is not considered useful to provide an analysis of the distribution of Community Aid to individual Member States (see note on Table XI C).

60. ECSC Financial Operations

Financial assistance is provided by the ECSC by way of loans and grants. The loans fall into 3 main categories:

- industrial loans
- conversion loans
- loans for workers houses.

The capital value of these loans is indicated in table XI B. They are granted at rates ruling on the capital markets; as the financial institution which distributes these loans is not profit-orientated, this might result in an advantage to the recipient of the loan but which are not to be regarded as aid for the purposes of the Treaties. The situation with regard to the grant payments is different. Whilst interest subsidy grants (on the loans) would normally be considered as constituting aid, other measures, notably payments of a social character to former steel and coal sector workers are less likely to do so. Further study is required to develop a consistent evaluation of such measures.

61. New Community Instrument (NCI) loans

The aim of NCI loans is to finance investment projects which contribute to greater convergence and integration of Member States' economic policies. The bulk of the finance (+/- 60%) has been used to finance projects in the fields of energy, infrastructure and the development of small and medium enterprises. Loans have also been granted to restore infrastructure in Community areas affected by earthquakes. The loans are administered by the European Investment Bank (EIB) on behalf of the Community. Interest rates are set at

³² Almost 90% (by value) of these contracts are carried out by universities, research foundations or government organizations.

market rates, plus a charge to cover overheads etc., for each currency. The only economically assessable benefit to the recipient could originate in the non-profit-orientated character of the bank. Such an advantage would be insignificant in the present context.

62. EURATOM Loans

The purpose of EURATOM loans is to promote the use of nuclear energy in order to reduce the Community's overdependence on external energy supplies. The terms of the loans are those prevailing in financial markets and so there is no aid element involved. Indeed the Community has been criticised by the Court of Auditors in the past for not passing on to the borrower benefits accruing from the refinancing of existing loans.

63. Balance of Payments Loans

These loans are available to alleviate balance of payments difficulties in the Member States. Once again, there is no aid element involved as the transactions take place at market rates.

TABLE XIA

COMMUNITY FUNDS MECU.

	1981	1982	1983	1984	1985	1986
F E O G A Guarantee (1)	11140.4	12400.8	15919.2	18366.2	19700.6	22073.2
F E O G A Guidance (1)	580.6	653.7	748.6	678.9	720.7	773.4
Social Fund (2)	1003.6	1532.0	1876.3	1855.0	2228.2	2554.3
Regional Fund (1)	791.4	950.7	1246.6	1326.0	1590.7	2394.2
Research & Development (DG XII) (2)(3)	113.5	154.3	130.5	74.9	206.0	294.0
Research & Development (DG XIII)(2)(4)	0.0	0.0	14.6	136.9	229.8	215.4
E C S C Grants (2)						
Resettlement Art 56.2(b)	124.0	115.0	125.0	140.0	215.0	170.0
Steel Social ..	48.6	113.4	50.0	62.5	122.5	100.0
Coal Social ..	0.0	0.0	0.0	60.0	0.0	60.0
Research Art 55	44.0	50.0	53.0	50.9	51.0	60.0
Interest Relief Art 54/56	33.2	45.9	57.6	83.9	63.8	78.2
Coking Coal Art 95	6.0	6.0	6.0	6.0	6.0	6.0
T O T A L	13885.3	16021.8	20227.4	22841.2	25134.3	28778.7

(1) PAYMENTS

(2) COMMITMENTS

(3) BRITE , FAST and similar scientific research projects.

(4) ESPRIT , FACE , SPRINT and similar research and development projects

SOURCES : Annual reports of the various funds.

TABLE XIB

	OTHER COMMUNITY INSTRUMENTS					M E C U
LOANS etc.	1981	1982	1983	1984	1985	1986
N C I Loans (new loans issued.) (a)	328.4	631.1	964.0	1194.0	1043.8	543.5
E U R A T O M Loans (a)	357.9	361.8	366.6	186.0	211.0	443.2
E C S C Loans (b)	387.6	668.9	778.1	686.6	896.1	1069.2

SOURCES :

(a) Annual reports of the Court of Auditors

(b) Annual reports of the E C S C .

T A B L E X I C

COMMUNITY FUNDS

(Average 1981 - 1986)

M E C U.

	E A G G F Guarantee	E A G G F Guidance	SOCIAL Fund	REGIONAL Fund	R & D (DG XII)	R & D (DG XIII)*	ECSC Grants	TOTAL
BELGIUM	707.9	18.1	49.4	11.0	8.9	0.0	2.5	797.7
DENMARK	756.2	19.7	47.5	16.1	3.9	0.0	0.7	844.1
GERMANY	3048.4	106.1	92.8	55.7	39.3	0.0	122.3	3464.6
SPAIN	271.3	0.0	2.4	314.3	6.9	0.0	0.0	594.9
GREECE	901.5	44.0	97.0	218.9	1.1	0.0	1.0	1263.6
FRANCE	3875.1	158.0	275.3	171.1	31.7	0.0	81.5	4592.7
IRELAND	805.9	73.0	193.5	92.5	2.1	0.0	1.4	1168.4
ITALY	2992.2	135.2	490.7	391.6	14.4	0.0	64.7	4080.7
LUXEMBURG	3.6	2.1	1.0	0.7	0.1	0.0	7.1	14.5
PORTUGAL	30.8	0.0	223.6	188.8	0.7	0.0	0.0	443.9
NETHERLANDS	1773.4	25.5	36.6	11.5	8.9	0.0	14.1	1869.9
UNITED KINGDOM	1685.5	109.8	464.2	330.1	26.5	0.0	73.8	2689.9
							R&D DGXIII	153.4
TOTAL	16851.9	691.4	1974.0	1802.4	144.3	153.4	368.9	21986.3

* NOTE : It is not the policy of DG XIII to make public details of the financial breakdown by programme by Member State of contracts awarded.

V. VARIETY OF AID INSTRUMENTS

64. In all Member States there are a large number of schemes and instruments. Table XII gives an estimation of the number of schemes in industry and services (excluding transport and energy as well as agriculture and fisheries) currently available in each Member State³³. Although work on compiling a complete inventory is not yet finished, some confidence can be placed in these estimates except for Italy and Greece, where further work is necessary (see footnote 34). It should always be understood in comparing the number of schemes in each Member State that certain schemes have several different instruments of intervention. In addition, specific or ad hoc intervention in individual cases is permitted under most national laws. Therefore, schemes exist that permit in theory most sectors of the economy to be covered by aid. This vast number of aid schemes in operation coupled with the sheer volume of expenditure not only makes Community control of aids more difficult, it may also be counterproductive and inefficient from the Member States' point of view. As discussed above, the volume of aid in each Member State may be no more than offsetting similar volumes in other Member States with consequently much less positive effects than might be imagined. In addition, the proliferation of schemes and their complex and opaque nature mean that potential recipients cannot be fully or effectively informed and as such cannot adapt their economic behaviour in the way that the schemes wish to promote.

Table XII
Approximate number of aid schemes excluding
agriculture, fisheries, transport and energy³⁴

B	DK	D*	GR	F	IRL	I	LUX	NL	UK
68	28	150	20	89	44	64	23	51	101

(*) of which 84 Länder schemes

(Source: Commission estimates)

³³ Steel and shipbuilding are also excluded.

³⁴ For both Greece and Italy it has been difficult to obtain an estimate of the number of schemes from the budgetary sources used, because the high level of aggregation in the figures does not allow the individual schemes to be isolated. This can only be done with greater accuracy once an inventory is completed.

65. Despite the fact that in each Member State there exist a large number of means of intervention, in most Member States this intervention has been very concentrated. As seen above, coal, railways and steel and shipbuilding take large proportions of expenditure. Of the remaining aids in the industry sector, although there are a large number of schemes through which aid can be channelled, a few schemes do in fact account for the bulk of expenditure (see Table XIII).

Table XIII

a) Percent of total aid to industry³⁵ channeled through the 5 biggest schemes in operation within Member States

B	DK	D	GR	F	IRL	I	LUX	NL	UK
47	70	45	97	36	81	50	87	56	69

b) Percent of total aid to industry³⁵ awarded through the 20% most important schemes in operation within Member States

B	DK	D	GR	F	IRL	I	LUX	NL	UK
73	75	75	97	75	88	68	87	82	91

(Source: Commission estimates based on schemes in table XII and aids in Table X b)

66. Care should be taken in interpreting the above figures. Some figures collected from budgetary sources aggregate several schemes which could not be split up into their individual constituent part (notably for Greece and Italy). Even if sufficiently disaggregated data at the level of the scheme are available, details of expenditure by individual scheme do not always lead to any meaningful results without comparing the particular schemes with other ones having similar objectives. For example, in one Member State a particular objective may be covered by one scheme and show up as important, whereas in another Member State expenditure on the same objective may be spread over several schemes with the result that none of these schemes appear individually important. In addition, it should also be borne in mind that an individual scheme may have several important instruments which do not all have the same objective. Finally, it should be noted that the emphasis of different schemes tends to change over time in view of differing

³⁵ Excluding shipbuilding, steel, transport and energy.

policy considerations, and that the allocation of a scheme to a particular objective may be arbitrary in certain cases. Consequently, until an inventory is completed, no further information will be given.

67. Notwithstanding the above caveat, it can be safely concluded that since it is considered necessary to have detailed annual reports from Member States on aids, giving information not currently available or made available as a result of the present study, it would be possible to limit these reports to a relatively small number of schemes which would cover the vast bulk of expenditure on aids and thus in all probability the vast bulk of distortions of competition caused by these aids. Such a relatively small number of detailed annual reports could feasibly be supplied by Member States (see points 77-80 below).

b) Methodology

68. The results in this report are based on expenditure on aids and tax advantages for the period 1981-86 and cover the EEC10. The Commission has had bilateral contact with all these Member States except Greece in order to verify and discuss the accuracy and completeness of its original detailed estimates of expenditure³⁶. The estimates for Italy have only been partially verified by the Member State concerned. Regarding Greece, preliminary detailed estimates have been transmitted. Until these figures have been verified, they should be regarded as provisional (see point 73 below). Although no figures are presented in this report, work is well under way for Spain and Portugal.
69. The methods used to collect and analyse the data, sources of these data, main problems encountered and the gaps still remaining are described in detail in the Technical Annex. Presented below is a brief resumé of the methodological approach and problems.
70. For agriculture, fisheries, transport and coal, the figures used are those already supplied by the Member States to the Commission in the framework of the various legal arrangements covering these sectors. No attempt was made to verify their completeness by reference to Member States budget reports and it is considered that at least some of these figures are incomplete. For all other aids, reference was made to information already available to the Commission for certain sectors (eg. steel) and to the annual reports submitted to the Commission on the operation and implementation of individual schemes. In order to complete the many and important gaps that remained and also to check these figures, analyses were made of all Member States' reports on Government expenditure and other reports made by national

³⁶ On the whole, Member States agree with the figures presented in this report although one or two contest whether a few items identified in this report fall within the scope of Article 92.

authorities on the operation of aid schemes. The remaining gaps were filled from various other official or non-official sources, with internal Commission estimates or as a result of the bilateral contact with the Member States.

71. The financial data collected³⁷ were classified according to one of the following categories:
- grants or the equivalent where the totality of the transferred amount constitutes aid to the recipient (eg. reduction in social charges) (A)
 - government equity holdings (B)
 - soft loans, or the equivalent, where the value to the recipient comes from a flow of benefits over several years (eg. special depreciation allowances) and where the value to the recipient is less than the Government's initial outlay (C)
 - guarantees (D)
- (The letters in brackets correspond to those in Table IX).

In line with the well established methods used by the Commission in other areas of state aids policy, these different forms of intervention were reduced as far as possible to a common grant equivalent so as to make them comparable.^{38 39 40} The different forms of intervention were then classified according to one of 18 policy objectives. This allowed an analysis to be made at the level of overall spending between Member States and comparisons to be made between the same policy objectives in different Member States.

37 With regard to tax expenditure figures, these were analysed in terms of revenue forgone by the Government or the reduction in tax paid by beneficiaries.

38 See in particular "The common method of evaluation" annexed to the Communication of the Commission on regional aid systems - OJEC no. C 31 3.2.79, and Application of Articles 92 and 93 EEC to public authorities holdings, Bulletin EC 9, 1984. The value of aids was calculated as the grant equivalent and does not take account of the incidence of taxation.

39 For a very limited number of schemes insufficient information was available to calculate or estimate the aid element; in these cases a rule of thumb was adopted that the aid element was 30% of the gross intervention. For a small number of schemes, information was only available up to 1985; in these cases past figures were extrapolated to estimate the 1986 figures. Finally, for a small number of tax expenditure aids no information was available as to the magnitude of revenue forgone and as such no estimates could be made.

40 Given that the above-mentioned estimates are small in number and generally relate to the less important schemes in terms of budgetary resources, any errors resulting from the estimates or omissions described are likely to be immaterial.

72. Mention should be made of the problem relating to the distinction between aids in the sense of Articles 92/93 and general measures in the field of fiscal and social security systems. Exhaustive information on this problem is not yet available and further work is necessary before it can be analysed in detail. Therefore, although it has been possible to identify and include in the current study many of the fiscal and social security measures which constitute aid, not all can be included at this stage. In addition, no aids for training and employment have been included until such interventions have been fully examined (see point 16 above).
73. Until further work on tax expenditure has been completed, the total aid figures should not be regarded as fully complete, although not to the extent of making the present results incomparable between Member States. Further details of tax expenditure included in the study and justifications for omitted measures are given in the Technical Annex. Special mention should however be made of the situation for Greece, where bilateral contact with the national authorities has yet to take place, but which will permit a verification of the Commission's estimates of aid expenditure. In Greece there seems to be a high reliance on tax reductions and reimbursements as a way of aiding enterprises. No figures however were available from the budget for some of these important schemes. Therefore, it is likely that until the estimates for such tax expenditures can be made, the figures for Greece understate the proportion of aid given by way of tax expenditure and consequently the total volume of aid. It should nevertheless be noted that certain of the tax concessions for which the Commission was unable to make estimates of the lost revenue are granted for exports. Some of these taxes, and therefore the resulting concessions, should have disappeared or be in the process of being phased out since Greece adopted the VAT system to replace its turnover tax system in 1987.
74. Special mention should also be made of the figures for R+D. Included in total expenditure is state financing of R+D by private and nationalised industries. Excluded from the total is financing of intra-mural government research (eg. public research institutions), financing of research in institutes of higher education and research made under contract (including military or defence research) which are usually considered to form part of public procurement. These figures, where available, have not been included because, although it is recognised that they may in certain cases contain an important element of aid, the methodological framework for quantifying this aid has not been fully developed⁴¹. From the information available (probably

41 See Community Framework for State Aids for Research and Development - OJEC 83 11.4.86, in particular points 9.1 and 9.2.

incomplete), these measures which have been excluded are very significant in terms of expenditure and the inability to identify or calculate the aid element is a serious handicap to having complete figures for R+D aids. In order to rectify the potentially important omission for this type of aid, further study is urgently needed.

D. FUTURE WORK

a) Analysis of Expenditure

75. Most of the figures presented in this report have been verified by each Member State concerned, except for Greece (no verification yet) and Italy (only partial verification). In addition to finishing the work for Spain and Portugal it is considered that further work is necessary in the following areas in order to increase both the scope of the study and its usefulness.
- 75.1. Tax expenditure - efforts should be concentrated on trying to assemble data on tax expenditure for Member States for which no comprehensive reports exist (i.e. all Member States except Germany, Belgium, France and the UK). Attempts should then be made to both identify and quantify all the tax expenditure measures in all Member States that constitute aids in the sense of Articles 92/3. Similar remarks apply to the social security systems.
- 75.2. Further study is essential to identify the aid element of certain types of R+D intervention in R+D contracts and research for defence purposes. This is most important because of the large budgetary sums involved.
76. At the same time as completing the work described above, the Commission intends that the main results described in this report should be constantly updated. This would allow the main developments in volume, trend, objectives and form of aids to be analysed. Since the methodological framework and sources of data have been established in the work necessary to complete this report, this updating could be achieved relatively quickly. In addition, this updating would be greatly facilitated if Member States would provide systematic notifications and, at least for the most important schemes, detailed annual reports on a systematic basis (see point 80 below).

b) Improvement of information collected from Member states

77. State aids must be analysed not just in relation to the impact of the individual case or scheme under consideration, but also in the wider context of the impact of all aids on competition. In particular, for general or horizontal schemes it is useful in certain circumstances to know their regional and/or sectoral impact.
78. As was shown in the results presented in this report, not enough information is available on such cross-effects of aids. This is so even though such effects can be significant and may well

result in certain desired Community objectives being inadvertently negated by contradictory side effects of other policies that in their own right may at first appear coherent⁴². This is all the more likely in view of the sheer volume of aids identified. The analysis of expenditure on aids (see Table X) has shown, in particular, the importance in terms of expenditure, of horizontal aids in relation to sectoral and/or regional aids. Therefore, it is considered that figures on these cross-effects should be provided to the Commission by the Member States.

79. A further area where information is currently lacking is the extent to which aid schemes are concentrated on a few recipients each receiving large volumes of aid or alternatively, the extent to which they are spread out over many small recipients. This does not imply that a scheme is always more harmful to competition if concentrated on a few large recipients. In fact, aid distributed among many small recipients in sensitive sectors can be very harmful to competition. However, in certain circumstances it could be an important element in the Commission's appreciation of an aid scheme if there has been a tendency in the application of a scheme to concentrate the aid on a few recipients. Such information could be incorporated into the systematic reports that are proposed and would constitute a further step towards full transparency.

c) Need for a more systematic system of notification and annual reports

80. In view of the above considerations, the Commission considers that there is a need for a more systematic system of notification and annual reporting.

- 80.1. Ex-ante notifications - At present notifications have to be provided under Article 93(3) for all new schemes or changes to existing schemes. It is considered that these notifications should include, in addition to details already provided, more standard information. They should give the period of application of the scheme and the budget allocated or estimated. Any extension of their application or significant budget increases should also result in a new notification. The notification should also specify if any regional or sectoral concentrations are foreseen. Such a systematic system of notification for all schemes will help keep the inventory of schemes in operation up to date.
- 80.2. Annual reports - Whilst annual reports on certain schemes are already required by the Commission, it is considered that detailed reports should be provided for the most important

⁴² The cross effects of non-sectorally specific schemes have been an important part of Community policy in the crisis sectors of steel, shipbuilding and synthetic fibres.

schemes in operation in order for the Commission to carry out the constant review under Article 93(1)⁴³. In addition to the information normally requested in these reports (eg. expenditure), or specific to the aid scheme in question, information should, where appropriate, be provided concerning the cross-effects of aids (eg. the regional or sectoral impact of the horizontal schemes) and the degree to which expenditure is concentrated on a few recipients. For all remaining schemes, a simplified report giving basic expenditure information for the past year, together with any information required by the Commission as a condition of its approval of the scheme, should be submitted annually.

- 80.3. Member States will be informed of these new arrangements in due course.

⁴³ It has been shown above that reports on a relatively small number of schemes would cover the vast bulk of aid expenditure and so no undue burden would be placed on Member States to supply these reports. In addition, detailed reports could be requested for the smaller schemes which are likely to have a large impact on competition.

E. CONCLUSIONS

81. The present work on State Aids has made available for the first time to the Commission a detailed breakdown of aids by volume, trend, the forms of aid and the objective pursued. Despite the fact that the level of expenditure on an aid does not necessarily indicate its impact on competition (which is the criterion in the Treaty for the Commission to be able to act), it may nevertheless be concluded that the sheer volume and proliferation of aids identified in this report means that the Commission must be conscious of the negative impact these aids could have on the unity of the common market, competition and therefore to the achievement of the internal market. The information now available to the Commission will be used as background on its appreciation of new notifications and monitoring of existing schemes in order to increase the coherence of its policy.
82. It is considered that the investment made to increase transparency by ascertaining expenditure on aids should not be allowed to lapse. Instead the survey should be constantly updated. To facilitate this updating and conserve the transparency that has already been achieved, notifications of all schemes and annual reports on the main schemes in operation should be provided on a more systematic and harmonised basis. At the same time it is considered that these systematic reports can be used to improve the Commission's information on the cross-effects of aids and the degree to which aids are concentrated or spread out between recipients.
83. The Commission has identified R+D as a significant area of government intervention. However it felt unable to quantify fully the impact of such measures because of the lack of methodological framework, in particular to evaluate the aid element of intra-mural Government R+D contracts. Further study is needed before transparency can be completed in this area.
84. Although most of the aids in the form of tax reductions are included in the present study, it is likely that certain aids given in this form have been overlooked due to the lack of information available. Further work is necessary.
85. It may be concluded that the results presented in this report have brought about a much greater transparency in the field of state aids. Even though this transparency needs to be developed in certain aspects, the results are nevertheless sufficiently complete so that a reasonably accurate picture of the volume, trend, form and objective of aids in each Member State has been obtained. It therefore provides an essential background against which to review the coherence of policy in the field of State Aids.

ANNEXES

A. Technical Annex

- Scope of the study
- Forms and categories of aid
- Methods of assessing the aid element
- Specific problems

B. Statistical Annexes

- Notes on tables
- I - Total aid element as a % of total GDP and as a % of public expenditure.
- II - Total aid element by aid form by Member State.
- III - Total aid element by objectives/sectors and by form for each Member State.

A. TECHNICAL ANNEX

The purpose of this annex is to outline the methodologies and sources used in drawing up this final Survey of State Aids, notably with regard to:

I. Scope of the study

Fields excluded

II. Forms and categories of aid

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

IV. Specific problems

- Research and Development (R & D)
- Transport in Luxembourg
- Agriculture and fisherie
- Tourism; Agrifoodstuff

I. Scope of the study

Fields excluded

1. In its 1985 Work Programme the Commission announced its intention to survey the full range of State aid in the Community so as to have an overall view of the situation.

The Survey focused on State aids to undertakings falling within the scope of Articles 92 and 93. Accordingly, general measures (which, if they distort competition, would be dealt with under Article 101 of the EEC Treaty) are not included in the figures.

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

- 2.1. Aid whose recipients are not directly undertakings

- . Aid to households
- . Aid to the handicapped
- . Aid for infrastructure (ports, airports, roads, etc.)
- . Aid for university institutes
- . Aid for public vocational training centres
- . Aid to developing countries¹

- 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)
- . Customs duties, quotas, public procurement, market restrictions, technical standards
- . Specific tax schemes (cooperatives, owner enterprises, self-employed, etc.)²

¹ Aid for exports outside the Community have been included in the study since their harmonization under Article 112 does not exclude application of Articles 92/3.

² However, a lower-than-the-standard rate of corporation tax for small

- . General reductions in VAT (for example, foodstuffs in the United Kingdom, certain products in the French Overseas Departments)³

2.3. Aid granted by supranational and multinational organizations

- . Community aid (ERDF, EAGGF...)⁴

- . Aid to the ESA (European Space Agency)

2.4. Individual types of aid

- . Defence (see point 11. R&D)
- . All aid to energy , except coal (see points 10.2 and 11)
- . All aid to transport, except railways and inland waterways (see point 10.2)
- . Press and media
- . Banks and credit institutions (for exemple, reserves, schemes for mortgage lending companies)
- . Buildings and public works
- . Public utilities: gas, water, electricity, post, telecommunications : tariff structure and financing
- . Aid for cultural and leisure activities.

businesses constitutes an aid and has been included (eg. Germany).

³ Specific reductions such as the reduction of the VAT for all products manufactured in Berlin have been included. This reduction of VAT on Berlin produced goods is also available for companies residing in the Federal Republic. In contrast, all goods (regardless of origin) sold in the DOM pay a lower rate of VAT. This has not been included as an aid.

⁴ Expenditure details on Community Funds are given in Part IV of the main text, by way of information.

II Forms and categories of aid

Objectives

3. Categories of aid

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

4. Group A (A1 + A2)

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

4.2. List of aid coming under categories A, A1 and A2

- . grants)A1/
- . interest subsidies received directly by the recipient)A1A
- . general research and development schemes (see point 11))

- . tax credits and other tax measures, where the benefit)
is not dependent on having a tax liability)
(ie. if the tax credit exceeds the tax due, the)
excess amount is repaid))A2/
- . tax allowances, exemptions and rate reliefs)A2A
where the benefit is dependent on having a tax liability)
- . reduction in social security contributions)

5. Group B1

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

5.2. List of aid coming under category B1

- . Equity participation in whatever form (including debt conversion)

6. Group C (C1 + C2)

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

6.2. List of aid coming under categories C1 or C2

- . Soft loans (new loans granted) whether from public or private sources, where the aid element is not quantified (if it is, the aid element is included in category C1A)) C1
- . Participatory loans from public or private sources, where the aid element is not quantified (if it is, the aid element is included in category C1A))
- . Advances repayable in the event of success where the aid element is not quantified (if it is, the aid element is included in category C1A)) C2
- . Deffered tax provisions (reserves, free or accelerated depreciation, etc) (if the aid element is quantified, it is included under C2A))

7. Groupe D1

7.1. The last category (D1) covers guarantees, expressed in nominal amounts. The aid elements 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 rates 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. List of aid coming under category D1

- . Amounts covered under guarantee schemes) D1
- . Losses arising from guarantee schemes8.) D1 A

8. For information on the calculation of the aid element in respect of all forms of assistance, see point 10.6.

9. Objectives

9.1. These aid schemes have been broken down into 18 headings according to their sectoral or functional objectives :

- 1.1. Agriculture
- 1.2. Fisheries
- 2.1. Industry/Services
(horizontal objectives)
 - 2.1.1. Innovation and Research and Development
 - 2.1.2. Environment
 - 2.1.3. Small and Medium Enterprises
 - 2.1.4. Trade/Export
 - 2.1.5. Economisation of Energy
 - 2.1.6. General Investment
 - 2.1.7. Combat unemployment) See point 16 main text
 - 2.1.8. Training Aid)
 - 2.1.9. Other objectives
- 2.2. Industry/Services
(particular sectors)
 - 2.2.1. Steel
 - 2.2.2. Shipbuilding
 - 2.2.3. Transport
 - 2.2.4.1. Coal (Current Production)
 - 2.2.4.2. Coal (Other Aid)
 - 2.2.5. Other Sectors
- 3. Regional aid

9.2. The heading "other sectors" covers all rescue operations and major individual cases. For analytical purposes this heading has been broken down into three subheadings: growth industries, industries in crisis (including rescue operations) and other industries.

9.3. The heading "regional aid" is divided into two subheadings: regions eligible under Article 92(3)(a) (3.1.) and the other regions (3.2.).

List of regions within the meaning of Article 92(3)(a)

<u>Member State</u>	<u>Regions</u>
Greece)
Ireland	)the whole of the country
Portugal)
France	Overseas departments
Italy	Mezzogiorno
Spain	Extremadura Andalusia Castile-La Mancha Galicia Castile-Leon Murcia Canary Islands Ceuta-Melilla
United Kingdom	Northern Ireland

9.4. In the coal sector, a distinction is made depending on whether or not aid is linked to current production (such a link is made by the Commission in its annual communication to the Council on the financial aids in this sector).

III Nature of the data, sources and methods of assessing the aid element

10.

10.1. As a general rule, the figures have been expressed in terms of actual expenditure (or actual revenue losses in the case of tax expenditure). Where this was not possible, budget appropriations or the amounts provided for in planning programmes were used after consultation with the Member States concerned. Where figures of this type were not available, the Commission's departments made estimates where this seemed reasonable, on the basis of information provided by the Member States.

Where figures for 1986 were not available, the Commission departments have extrapolated the 1985 figures.

All the figures have been compiled in national currency and have been converted into ECUs at the annual average rate provided by the Statistical Office of the European Communities.

10.2. The Commission services have provided the figures for their respective sectors in accordance with the following outlines. Not all the figures have been counter-checked by the Member States nor have they been checked against their budgets by the Commission's services.

For agriculture and fisheries the figures are those submitted by the Member States 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 20 October 1974.

As regards agriculture, the figures are taken from the "aid" inventory supplied by the Member States. From the total amount of budgetary expenditure indicated in the inventory, the following have been excluded:

- Research aid (Category 16)

- Land improvement - arterial drainage and sea defense
(Category 22)

- Selective regional financial assistance (Category 34)

The figures contain the following : grants, tax reliefs, aid financed by parafiscal charges, interest subsidies and a number of direct benefits provided by the State (for example, training courses). They also contain some of the aid financed by the EAGGF Guidance Section.

The figures for agriculture and fisheries include on the one hand national aids paid as a result of Community legislation (where financing can be either exclusively national or as a complement to Community financing, as a result of the application of Regulation (EEC) 797/85 (last amended by Regulation (EEC) 1760/87)) and on the other hand national aids falling directly under Articles 92 to 94. Article 92(1) applies in principle to agriculture (as it does in other sectors) subject to the reserve of the specific arrangements of Article 42 EEC. This is particularly the case for investment aid in agriculture where the Council (Regulation (EEC) 797/85) fixed the limits of the application of Articles 92 to 94.

As regards fisheries, loans and guarantees are not included where the aid element is unquantifiable.

For coal the figures are those submitted by the Member States in accordance with Commission Decision Nos. 528/76/ECSC (from 1986, Decision 2064/86/ECSC) and summarized in the Commission's Annual Communication to the Council on aids in this sector⁵. New capital injections which may constitute aid are not included in these figures. Public undertakings' coal-purchasing contracts (for example, for electricity

⁵ These figures are broken down into aids for current production and those not relating to current production (i.e. special social security measures for miners and aids to cover inherited liabilities).

generation) which might comprise an aid element where the price exceeds the world price have not been included. No aid figures for other forms of energy have been included⁶.

For transport the figures are those submitted by the Member States in accordance with Regulation No 1107/70 and summarized annually in the Commission's submission to the Consultative Committee on Aids to Transport. These regulations cover railways and navigable waterways only. In addition, but shown separately, are the aids given for railways within the framework of Regulations Nos 1191/69 and 1192/69 for respectively the maintenance of public service obligations and the normalization of railways accounts due to special burdens placed on railways.

With regard to other forms of transport, due to lack of information, the aid figures are incomplete and fragmentary and have not been included. No figures in particular have been given for aid to local transport.

Aid granted to ports against which the Article 93 EEC procedure were initiated (and subsequently closed), has been included.

⁶ Aid to promote alternative sources of energy have frequently been included under Economisation of Energy. In the case of nuclear energy, reference should be made to point 11.4.

10.3. Other sources

In the case of aid to industry and the service sector, the figures have generally been taken from national publications. These are mainly documents on the award of aid, national accounts relating to expenditure, and draft budgets. Inventories and other available studies have also been used.

10.4. Steel

The figures presented in this study have been compiled from communications submitted by Member States. The figures show the amount of aid paid to undertakings.

10.5. Tax expenditure

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

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

Thus, for example, tax reliefs granted to certain development areas (reduction in corporation taxes, or favourable depreciation terms) are regarded as tax expenditures, whereas the rate structure is regarded as an integral part of the benchmark tax system.

However, in some cases, such departures from the benchmark system are on the borderline between aid within the meaning of Article 92(1) and general measures. Further work has to be carried out in order to elucidate this "grey area". The figures have been taken from various reports published by certain Member States (Germany, France, Belgium and the United Kingdom). In the light of the problems indicated, it is possible that the study presented may not yet

embrace all aid granted in the form of tax expenditures, notably in the case of countries which do not publish any report on the subject.

10.6. Methods of assessing the aid element

10.6.1. In order to analyse these different interventions on a fully comparable basis, it is necessary to try and reduce these different interventions to a common denominator -the grant element which they contain. To this end the methods currently employed by the Commission in its control of State Aids have been used. These methods are all official Commission policy and have been discussed at a technical level with the Member States. Most of the methods have been published and these publications will be referred to.

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

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

Method applied to different forms of aid

10.6.3. Group A - grants, relief from social charges etc.

No calculations of the aid element are necessary because this group comprises all interventions which can be considered as constituting grants or grant equivalent.

10.6.4. Group B - equity (including debt conversion)

In line with established Commission policy, such interventions constitute aid when a private investor operating under normal market conditions would not have undertaken such an investment (see "Application of Articles 92 and 93 EEC to public authorities' holdings" Bulletin EC9-1984)⁷. This method is based on calculating the benefit of the intervention to the recipient.

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

10.6.5. Group C - soft loans and deferred tax provisions

In accordance with the common method of evaluation, benefits accorded to an enterprise over a period of time in the form of soft loans and deferred tax provisions are discounted back to the present. The discount rate is the "reference rate" which represents the rate at which companies can borrow under normal market conditions. The definition of what rate of interest to use as the reference rate in each Member State has been formally adopted by the Commission (see point 14 of the common method of evaluation). The aid element in a soft loan in

⁷ See also "The Measurement of the Aid Element of State Acquisitions of Company Capital" - IV/45/87 - Evolution of Concentration and Competition Series: Collection: Working Papers 87.

any one year is therefore the difference between the reference rate and the rate at which the State accords the loan multiplied by the value of the loan.

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

10.6.6. Group D - amounts covered under guarantee schemes

For loans awarded under exchange rate guarantee schemes, the aid element is calculated as though the loan were a soft loan in the currency which is guaranteed against exchange rate fluctuations. The subsidy is the difference between the reference rate for the currency which is covered by the guarantee and the rate of interest at which the loan is given less any charge for the guarantee. This calculation is therefore based on calculating the benefit of the scheme to the recipient⁸. For simple loan/export guarantee schemes it is normally impractical, because of the volume of cases, to look at every guarantee and decide what would be the price the recipients would normally have to pay for such a guarantee. Consequently, at the global level the net cost of such schemes to the Government (i.e. the difference between the cost of guarantees honoured by the state and any revenue from charges for the securities) was taken, except in large individual cases or for certain sectors where the value of the guarantee can be calculated on the basis of the value to the recipient⁹.

⁸ Where this information is not available, the global losses to the Government are taken as an approximation of the aid element.

⁹ This has been the Commission's policy as regards guarantees in the

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

steel and shipbuilding sectors and in individual rescue cases.

IV Specific problems

11. Research and Development (R & D)

11.1. R & D schemes

The figures include only extra-mural Government funding of R&D programmes for nationalised or private enterprises and they are classified under A1A¹⁰. In view of the global nature of the sources used, it has not always been possible to exclude certain elements of public procurement from extra-mural expenditure (eg. R&D contracts). Because only direct funding of R&D has been included it is considered that the figures for R&D have been underestimated (R&D contracts and Public Research (see 11.2 and 11.3 below) have been omitted because of the inability to quantify the aid element in such interventions).

11.2. R&D contracts

Figures for research and development contracts have not been included in the figures given in the main text (since the aid element is often unquantifiable at this stage). Furthermore, the sources do not permit research and development contracts intended specifically for military purposes to be isolated nor for the impact on the market of such contracts to be evaluated¹¹.

11.3. Public Research

No figures are given for any aid element contained in the intra-mural funding of Government or public research establishments or research carried out by institutes of higher

¹⁰ Accelerated depreciation for R&D equipment has not been considered as an aid.

¹¹ See Community framework for Research and Development Aids, OJ C 83 of 11.4.1986, point 9.2.

education. This omission may be important for certain sectors where state or semi-state bodies carry out large scale R+D that may have commercial repercussions¹².

11.4. Nuclear energy

Member States provide aid to the nuclear energy sector through the intermediary of their public undertakings or through the intermediary of R+D financing (mainly in the form of R+D contracts and public research). Only some of this direct financing could be included in the figures for R&D (2.1.1.).

The figures on nuclear energy have been underestimated, since the R&D figures exclude R&D contracts and public research, the aid element of such measures being difficult to quantify.

12. Transport in Luxembourg

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

13. Specific problems concerning agriculture and fisheries

A distinction is to be made between aid paid as a result of Community legislation and other types of state aid. At present the figures relating to agriculture and fisheries aid in this report group such aids together since it is not possible to split the figures according to type. For this reason these figures are not directly comparable with those in the rest of the report.

For agriculture and fisheries social security measures applicable to the entire sector are excluded.

For fisheries, loans and guarantees are not included.

¹² See Community framework for Research and Development Aids op.cit point. 9.1.

In addition, for agriculture, the following measures which were included in figures submitted by Member States have now been excluded: research, enclosure of land, income-tax reductions, social security and investment aids which are part of regional schemes.

Due to lack of more detailed information, the aid element contained in soft loans for Belgium and France had to be estimated globally. In addition, the figures for agriculture for France, Belgium and the United Kingdom include part of the Community expenditure under directives 159/72 and 268/75. No breakdown as between national and Community funded expenditure was available.

Therefore the figures for agricultural aids for these countries are probably overestimated.

The figures for Germany contain VAT compensation from 1984 onwards (1984: 711 MECU; 1985: 1167 MECU; 1986: 1202 MECU).

14. Tourism and Agrifoodstuff industries

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

B. Statistical Annex

Notes on tables

1. The sources and methodology for the tables given in these annexes are explained in the technical annex.
2. The figures were collected in national currency and converted into ECU using the annual average exchange rate published by the Community's Statistical office.
3. The figures on GDP are extracted from EUROSTAT review and are GDP at market prices and current exchange rate.
4. The figures on gross value added used in the various ratios are extracted from Eurostat review and are Gross value added at current market prices and at current exchange rates by branch (agricultural, forestry and fishery products, manufactured products).
5. Annex 1 attempts to isolate aids to the manufacturing sector. In principle, it excludes agriculture, fisheries, services, transport and energy. Some aids to the service sector may be included in industry and regional aid or aids having horizontal objectives. However it is considered that such aids are of minor importance at the global level and do not by their inclusion change the results in any significant way.
6. Public expenditure (Annex 1) is defined as current and capital expenditure. The figures for 1986 have been extrapolated from 1985.
7. Civilian employment is retained to calculate the various ratios by person employed.
8. The heading "2.2.5 other sectors" is divided in 3 sub-headings "other sectors in crisis and individual rescue operations", "other sectors in growth", and "other sectors".
Other sectors in crisis and individual rescue operations include schemes to fund crisis sectors such as textiles and for individual rescue operation such as British Leyland.
9. Certain figures have been extrapolated from 1985 to 1986 when no figures were available. Certain tax concessions remain incalculable. When no other information was provided by the Member State to calculate the aid element, 30% of the gross intervention has been taken as a proxy of the aid element. These proxies were only made in a few cases and have no significant impact on the results.

I

A Total aid element as % of total GDP

B Total aid element per person employed

C Industry and regional total aid element as % of gross value added in industry

D Agriculture and fisheries total aid element as % of gross value added in these two sectors

E Total aid element as % of public expenditure

A. TOTAL AID ELEMENT AS % OF TOTAL GDP AT MARKET PRICES

	1981	1982	1983	1984	1985	1986	Average
Belgium	4.53	4.24	4.35	4.11	4.23	3.42	4.11
Denmark	1.69	1.76	1.61	1.25	1.08	0.89	1.33
Germany	2.52	2.58	2.48	2.54	2.56	2.48	2.53
Greece	2.08	1.92	2.23	2.48	2.86	3.20	2.48
France	2.83	2.73	2.86	2.80	2.78	2.17	2.68
Ireland	5.66	5.22	5.58	4.70	5.78	5.14	5.33
Italy	4.41	5.56	6.57	5.92	5.58	5.63	5.66
Luxemburg	6.92	4.71	7.48	5.13	8.12	3.94	5.99
Netherlands	1.54	1.58	1.45	1.58	1.37	1.27	1.46
UK	2.00	1.98	1.86	2.31	1.45	1.26	1.79

B. TOTAL AID ELEMENT PER PERSON EMPLOYED IN ECU

	1981	1982	1983	1984	1985	1986	Average
Belgium	1080	1030	1112	1126	1245	1084	1113
Denmark	346	405	405	345	324	293	353
Germany	603	689	738	803	843	895	761
Greece	196	216	248	301	348	359	278
France	698	725	799	848	918	764	792
Ireland	820	894	1033	969	1324	1204	1036
Italy	802	1127	1511	1513	1514	1670	1357
Luxemburg	1489	1072	1811	1397	2385	1225	1562
Netherlands	387	444	443	506	445	441	444
UK	383	414	407	527	359	289	396

C. INDUSTRY AND REGIONAL TOTAL AID ELEMENT AS % OF GROSS VALUE ADDED IN INDUSTRY

	1981	1982	1983	1984	1985	1986	Average
Belgium	8.02	7.40	6.71	5.72	7.57	3.83	6.44
Denmark	4.51	4.62	3.80	2.27	2.03	1.18	2.85
Germany	3.06	3.22	2.96	3.26	3.11	2.67	3.03
Greece	9.95	9.61	11.30	13.00	15.30	17.65	12.93
France	4.87	4.25	5.31	5.44	5.82	3.79	4.93
Ireland	11.41	10.74	15.01	12.20	15.08	12.39	12.91
Italy	11.89	15.21	20.68	18.19	16.57	16.81	16.72
Luxemburg	7.12	2.77	11.71	5.07	15.45	1.61	7.28
Netherlands	4.77	4.77	3.94	4.77	3.61	3.35	4.15
UK	5.24	4.53	3.83	3.92	3.13	2.56	3.81

D. AGRICULTURE AND FISHERIES TOTAL AID ELEMENT AS % OF GROSS VALUE ADDED IN THESE TWO SECTORS

	1981	1982	1983	1984	1985	1986	Average
Belgium	8.97	8.21	6.16	7.04	7.07	7.13	7.35
Denmark	10.65	8.52	10.08	7.11	6.47	6.15	7.95
Germany	6.50	5.42	6.19	11.00	15.96	14.44	9.85
Greece	0.11	0.07	0.05	0.04	0.05	0.12	0.07
France	14.91	15.34	13.79	9.49	10.11	10.40	12.11
Ireland	20.37	18.16	11.22	9.39	12.08	11.75	13.20
Italy	5.11	8.81	6.75	9.47	8.80	11.24	8.60
Luxemburg	47.98	11.33	10.92	9.38	8.58	6.30	12.03
Netherlands	7.37	7.41	7.39	7.39	7.46	6.52	7.24
UK	12.80	12.76	15.76	15.40	14.22	13.24	14.07

E. TOTAL AID ELEMENT AS % OF PUBLIC EXPENDITURE

	1981	1982	1983	1984	1985	1986	Average
Belgium	10.58	9.88	10.19	9.75	10.41	8.80	9.91
Denmark	4.09	4.10	3.62	2.87	2.61	2.26	3.16
Germany	9.72	9.89	9.82	10.19	10.41	10.37	10.08
Greece							
France	12.15	11.26	11.43	11.18	11.35	9.03	10.95
Ireland	12.95	11.35	12.05	10.55	12.89	11.39	11.81
Italy	13.80	15.10	17.58	15.89	14.31	14.09	15.09
Luxemburg	21.84	15.54	23.34	17.66	25.28	11.17	18.80
Netherlands	4.45	4.34	4.00	4.46	3.91	3.63	4.12
UK	5.81	5.87	5.53	6.79	4.36	3.75	5.27

II

Total aid element by aid form from 1981 to 1986

- 1) Belgium - Denmark
- 2) Germany - Greece
- 3) France - Ireland
- 4) Italy - Luxemburg
- 5) Netherlands - United-Kingdom

in MECU

BELGIUM

Resources type	in MECU						
	1981	1982	1983	1984	1985	1986	Average
A1A	491.1	473.4	601.3	673.6	914.2	600.5	625.7
A2	7.0	16.1	25.4	44.2	27.1	34.5	25.7
B1A	619.9	526.4	360.5	229.5	467.6	69.9	378.9
B1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C1A	92.3	148.1	162.4	155.0	128.5	110.7	132.8
C1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C2A	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
D1A	236.6	226.0	186.3	115.9	141.2	96.3	167.0
D1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL AID ELEMENT (1)	1446.7	1390.0	1335.9	1218.1	1678.6	911.9	1330.2
TOTAL BUDGETARY AID ELEMENT (2)	1439.8	1373.9	1310.6	1174.0	1651.5	877.3	1304.5
TOTAL FISCAL AID ELEMENT (3)	7.0	16.1	25.4	44.2	27.1	34.5	25.7
IN % (2)/(1)	100%	99%	98%	96%	98%	96%	98%
IN % (3)/(1)	0%	1%	2%	4%	2%	4%	2%
A1A/(1)	34%	34%	45%	55%	54%	66%	47%
A2/(1)	0%	1%	2%	4%	2%	4%	2%
B1A/(1)	43%	38%	27%	19%	28%	8%	28%
C1A/(1)	6%	11%	12%	13%	8%	12%	10%
C2A/(1)	0%	0%	0%	0%	0%	0%	0%
D1A/(1)	16%	16%	14%	10%	8%	11%	13%
	100%	100%	100%	100%	100%	100%	100%

DENMARK

Resources type	in MECU						
	1981	1982	1983	1984	1985	1986	Average
A1A	114.9	128.0	137.4	136.3	176.9	119.9	135.6
A2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
B1A	26.0	0.0	0.0	0.0	0.0	0.0	4.3
B1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C1A	212.9	288.1	251.6	116.9	77.6	41.5	164.8
C1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C2A	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
D1A	23.5	11.0	8.6	8.7	4.4	4.7	10.1
D1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL AID ELEMENT (1)	377.3	427.1	397.6	261.8	258.8	166.1	314.8
TOTAL BUDGETARY AID ELEMENT (2)	377.3	427.1	397.6	261.8	258.8	166.1	314.8
TOTAL FISCAL AID ELEMENT (3)	0.0	0.0	0.0	0.0	0.0	0.0	0
IN % (2)/(1)	100%	100%	100%	100%	100%	100%	100%
IN % (3)/(1)	0%	0%	0%	0%	0%	0%	0%
A1A/(1)	30%	30%	35%	52%	68%	72%	43%
A2/(1)	0%	0%	0%	0%	0%	0%	0%
B1A/(1)	7%	0%	0%	0%	0%	0%	1%
C1A/(1)	56%	67%	63%	45%	30%	25%	52%
C2A/(1)	0%	0%	0%	0%	0%	0%	0%
D1A/(1)	6%	3%	2%	3%	2%	3%	3%
	100%	100%	100%	100%	100%	100%	100%

(1) Total aid element contained in all interventions : A1A+A2A+B1A+C1A+C2A+D1A
 (2) Aid element of interventions having a budgetary impact : A1A+B1A+C1A+D1A
 (3) Aid element contained in fiscal incentives : A2A+C2A

(1) Total aid element contained in all interventions : A1A+A2A+B1A+C1A+C2A+D1A
 (2) Aid element of interventions having a budgetary impact : A1A+B1A+C1A+D1A
 (3) Aid element contained in fiscal incentives : A2A+C2A

GERMANY

in MECU

Resources type	1980	1982	1983	1984	1985	1986	Average
A1A	1811.5	2455.0	2194.8	2821.4	2830.7	2152.5	2377.6
A1Z	2894.0	3078.5	3250.0	3489.9	3759.3	4070.1	3423.6
B1A	0.0	0.0	0.0	0.0	0.0	0.0	0.0
B1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C1A	392.4	363.7	435.0	474.6	542.2	525.0	455.6
C1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C2A	190.9	216.3	376.0	519.2	492.8	696.0	415.2
C2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
D1A	118.3	173.6	56.0	59.9	69.1	60.2	89.5
D1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL AID ELEMENT (1)	5408.2	6287.2	6311.9	7365.0	7694.1	7503.7	6761.7
TOTAL BUDGETARY AID ELEMENT (2)	2323.3	2992.3	2685.9	3355.9	3442.0	2737.6	2922.8
TOTAL FISCAL AID ELEMENT (3)	3084.9	3294.8	3626.0	4009.1	4252.1	4766.1	3838.8
IN % (2)/(1)	43%	48%	43%	46%	45%	36%	43%
IN % (3)/(1)	57%	52%	57%	54%	55%	64%	57%
A1A/(1)	33%	39%	35%	38%	37%	29%	35%
A2A/(1)	54%	49%	51%	47%	49%	54%	51%
B1A/(1)	0%	0%	0%	0%	0%	0%	0%
C1A/(1)	7%	6%	7%	6%	7%	7%	7%
C2A/(1)	4%	3%	6%	7%	6%	9%	6%
D1A/(1)	2%	3%	1%	1%	1%	1%	1%
100%	100%	100%	100%	100%	100%	100%	100%

(1) Total aid element contained in all interventions : A1A-A2A-B1A-C1A-C2A-D1A
 (2) Aid element of interventions having a budgetary impact : A1A-B1A-C1A-D1A
 (3) Aid element contained in fiscal incentives : A2A-C2A

GREECE

in MECU

Resources type	1981	1982	1983	1984	1985	1986	Average
A1A	549.3	571.3	681.1	850.6	1071.4	1155.5	813.2
A1Z	0.0	0.0	0.0	0.0	0.0	0.0	0.0
B1A	0.0	0.0	0.0	0.0	0.0	0.0	0.0
B1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C1A	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C2A	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
D1A	43.5	45.1	41.5	39.8	37.1	31.4	39.7
D1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL AID ELEMENT (1)	592.7	616.4	722.7	907.9	1109.0	1189.0	856.3
TOTAL BUDGETARY AID ELEMENT (2)	592.7	616.4	722.7	907.9	1109.0	1189.0	856.3
TOTAL FISCAL AID ELEMENT (3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IN % (2)/(1)	100%	100%	100%	100%	100%	100%	100%
IN % (3)/(1)	0%	0%	0%	0%	0%	0%	0%
A1A/(1)	93%	93%	94%	94%	97%	97%	93%
A2A/(1)	0%	0%	0%	0%	0%	0%	0%
B1A/(1)	0%	0%	0%	0%	0%	0%	0%
C1A/(1)	0%	0%	0%	0%	0%	0%	0%
C2A/(1)	0%	0%	0%	0%	0%	0%	0%
D1A/(1)	7%	7%	6%	4%	3%	3%	5%
100%	100%	100%	100%	100%	100%	100%	100%

(1) Total aid element contained in all interventions : A1A-A2A-B1A-C1A-C2A-D1A
 (2) Aid element of interventions having a budgetary impact : A1A-B1A-C1A-D1A
 (3) Aid element contained in fiscal incentives : A2A-C2A

FRANCE

in MECU

Resources type	1981	1982	1983	1984	1985	1986	Average
A1A	880.8	1103.9	1221.7	1931.8	1965.1	1467.3	1438.4
A1Z	118.6	130.4	451.8	376.5	254.7	326.2	276.3
B1A	1547.0	876.0	2735.9	2044.6	3567.5	735.3	1824.4
B1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C1A	2916.8	2937.3	2674.3	3218.7	2653.8	1813.8	2702.5
C1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C2A	461.1	441.8	427.2	444.8	513.2	550.6	473.5
C2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
D1A	212.7	217.5	383.1	103.0	394.6	867.4	363.4
D1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL AID ELEMENT (1)	6137.0	5706.9	7397.9	8119.4	9348.9	5760.5	7078.4
TOTAL BUDGETARY AID ELEMENT (2)	5557.4	5134.7	6576.9	7298.1	8581.0	4883.8	6328.6
TOTAL FISCAL AID ELEMENT (3)	579.7	572.1	821.0	821.3	767.9	876.8	749.8
IN % (2)/(1)	91%	90%	88%	90%	92%	85%	89%
IN % (3)/(1)	9%	10%	12%	10%	8%	15%	11%
A1A/(1)	14%	19%	17%	24%	21%	25%	20%
A2A/(1)	2%	2%	6%	5%	3%	6%	4%
B1A/(1)	25%	15%	29%	25%	38%	13%	26%
C1A/(1)	48%	51%	36%	40%	28%	31%	38%
C2A/(1)	8%	8%	6%	5%	5%	10%	7%
D1A/(1)	3%	4%	5%	1%	4%	15%	5%
	100%	100%	100%	100%	100%	100%	100%

(1) Total aid element contained in all interventions : A1A+A2A+B1A+C1A+C2A+D1A

(2) Aid element of interventions having a budgetary impact : A1A+B1A+C1A+D1A

(3) Aid element contained in fiscal incentives : A2A+C2A

IRELAND

in AECU

Resources type	1981	1982	1983	1984	1985	1986	Average
A1A	258.0	320.8	300.1	267.4	287.8	252.4	281.1
A1Z	153.4	139.2	421.0	267.3	591.4	515.3	347.9
B1A	72.4	53.7	44.1	130.3	15.0	27.3	57.1
B1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C1A	4.5	19.6	30.6	20.9	20.8	5.2	16.9
C1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C2A	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
D1A	4.9	6.5	9.0	12.0	15.4	5.9	8.9
D1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL AID ELEMENT (1)	493.2	539.8	804.8	697.8	930.4	806.0	712.0
TOTAL BUDGETARY AID ELEMENT (2)	339.8	400.6	383.8	430.6	339.0	290.7	364.1
TOTAL FISCAL AID ELEMENT (3)	153.4	139.2	421.0	267.3	591.4	515.3	347.9
IN % (2)/(1)	69%	74%	48%	62%	36%	36%	51%
IN % (3)/(1)	31%	26%	52%	38%	64%	64%	49%
A1A/(1)	52%	59%	37%	38%	31%	31%	39%
A2A/(1)	31%	26%	52%	38%	64%	64%	49%
B1A/(1)	15%	10%	5%	19%	2%	3%	8%
C1A/(1)	1%	4%	4%	3%	2%	1%	2%
C2A/(1)	0%	0%	0%	0%	0%	0%	0%
D1A/(1)	1%	1%	1%	2%	2%	1%	1%
	100%	100%	100%	100%	100%	100%	100%

(1) Total aid element contained in all interventions : A1A+A2A+B1A+C1A+C2A+D1A

(2) Aid element of interventions having a budgetary impact : A1A+B1A+C1A+D1A

(3) Aid element contained in fiscal incentives : A2A+C2A

ITALY

in MECU

Resources type	1981	1982	1983	1984	1985	1986	Average
A1A	7367.3	9255.4	13413.4	12912.2	13304.3	17968.0	12370.1
A1Z	76.0	1223.0	2638.0	2884.0	2363.3	2992.7	2029.5
B1A	2253.0	3368.7	5267.4	4105.3	3062.0	976.8	3172.2
B1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C1A	304.0	395.8	433.4	499.5	647.7	855.7	522.6
C1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C2A	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
D1A	0.0	0.0	0.0	0.0	0.0	0.0	0.0
D1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL AID ELEMENT (1)	10000.3	14243.0	21752.1	20401.0	19376.7	22793.2	18094.4
TOTAL BUDGETARY AID ELEMENT (2)	9924.3	13020.0	19114.1	17517.0	17013.4	19800.5	16064.9
TOTAL FISCAL AID ELEMENT (3)	76.0	1223.0	2638.0	2884.0	2363.3	2992.7	2029.5
IN % (2)/(1)	99%	91%	88%	86%	88%	87%	89%
IN % (3)/(1)	1%	9%	12%	14%	12%	13%	11%
A1A/(1)	74%	65%	62%	63%	67%	79%	68%
A2A/(1)	1%	9%	12%	14%	12%	13%	11%
B1A/(1)	23%	24%	24%	20%	16%	4%	18%
C1A/(1)	3%	3%	2%	2%	3%	4%	3%
C2A/(1)	0%	0%	0%	0%	0%	0%	0%
D1A/(1)	0%	0%	0%	0%	0%	0%	0%
	100%	100%	100%	100%	100%	100%	100%

LUXENBOURG

in MECU

Resources type	1981	1982	1983	1984	1985	1986	Average
A1A	59.3	22.5	123.5	54.3	24.0	16.8	50.1
A2A	2.2	2.2	2.7	4.8	4.5	3.7	3.3
B1A	3.0	0.0	1.4	0.4	181.1	0.7	31.1
B1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C1A	3.7	3.1	3.8	3.9	4.6	4.4	3.9
C1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C2A	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
D1A	0.0	0.0	0.0	0.0	0.0	0.0	0.0
D1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL AID ELEMENT (1)	68.2	27.8	131.4	63.5	214.2	25.5	88.4
TOTAL BUDGETARY AID ELEMENT (2)	66.0	25.6	128.7	58.6	209.8	21.9	85.1
TOTAL FISCAL AID ELEMENT (3)	2.2	2.2	2.7	4.8	4.5	3.7	3.3
IN % (2)/(1)	97%	92%	98%	92%	98%	86%	96.2%
IN % (3)/(1)	3%	8%	2%	8%	2%	14%	3.8%
A1A/(1)	87%	81%	94%	86%	11%	66%	56.6%
A2A/(1)	3%	8%	2%	8%	2%	14%	3.8%
B1A/(1)	4%	0%	1%	1%	85%	3%	35.2%
C1A/(1)	5%	11%	3%	6%	2%	17%	4.4%
C2A/(1)	0%	0%	0%	0%	0%	0%	0.0%
D1A/(1)	0%	0%	0%	0%	0%	0%	0.0%
	100%	100%	100%	100%	100%	100%	100.0%

- (1) Total aid element contained in all interventions : A1A+A2A+B1A+C1A+C2A+D1A
(2) Aid element of interventions having a budgetary impact : A1A+B1A+C1A+D1A
(3) Aid element contained in fiscal incentives : A2A+C2A

- (1) Total aid element contained in all interventions : A1A+A2A+B1A+C1A+C2A+D1A
(2) Aid element of interventions having a budgetary impact : A1A+B1A+C1A+D1A
(3) Aid element contained in fiscal incentives : A2A+C2A

NETHERLANDS

in MECU

Resources type	1981	1982	1983	1984	1985	1986	Average
A1A	540.6	683.5	598.8	736.9	731.1	587.8	646.4
A1Z	243.9	245.3	201.5	316.3	253.9	338.3	266.5
B1A	83.3	0.0	0.0	0.0	0.0	0.0	13.9
B1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C1A	122.3	183.7	175.5	229.4	67.1	78.3	142.7
C1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C2A	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
D1A	0.0	0.0	0.4	0.8	0.4	0.8	0.4
D1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL AID ELEMENT (1)	990.0	1112.5	976.2	1283.4	1052.5	1005.3	1070.0
TOTAL BUDGETARY AID ELEMENT (2)	746.2	867.2	774.7	967.1	798.6	667.0	803.4
TOTAL FISCAL AID ELEMENT (3)	243.9	245.3	201.5	316.3	253.9	338.3	266.5
IN % (2)/(1)	75%	78%	79%	75%	76%	66%	75%
IN % (3)/(1)	25%	22%	21%	25%	24%	34%	25%
A1A/(1)	55%	61%	61%	57%	69%	58%	60%
A2A/(1)	25%	22%	21%	25%	24%	34%	25%
B1A/(1)	8%	0%	0%	0%	0%	0%	1%
C1A/(1)	12%	17%	18%	18%	6%	8%	13%
C2A/(1)	0%	0%	0%	0%	0%	0%	0%
D1A/(1)	0%	0%	0%	0%	0%	0%	0%
	100%	100%	100%	100%	100%	100%	100%

(1) Total aid element contained in all interventions : A1A+A2A+B1A+C1A+C2A+D1A

(2) Aid element of interventions having a budgetary impact : A1A+B1A+C1A+D1A

(3) Aid element contained in fiscal incentives : A2A+C2A

UNITED KINGDOM

in MECU

Resources type	1981	1982	1983	1984	1985	1986	Average
A1A	3749.2	3555.8	2970.4	3119.4	2930.3	2779.3	3184.1
A1Z	38.5	64.4	71.7	85.7	102.0	93.8	76.0
B1A	1621.2	1402.3	829.0	1132.4	944.0	0.0	988.1
B1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C1A	223.5	171.5	522.6	280.9	103.6	283.5	264.3
C1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C2A	31.6	36.8	15.3	86.0	139.7	128.1	72.9
C2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
D1A	0.0	19.3	55.4	90.2	68.3	47.1	46.7
D1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL AID ELEMENT (1)	5664.0	5250.0	4464.5	4794.6	4287.9	3331.7	4632.1
TOTAL BUDGETARY AID ELEMENT (2)	5593.8	5148.8	4377.4	4623.0	4046.1	3109.9	4483.2
TOTAL FISCAL AID ELEMENT (3)	70.2	101.2	87.1	171.7	241.8	221.9	149.0
IN % (2)/(1)	99%	98%	98%	96%	94%	93%	97%
IN % (3)/(1)	1%	2%	2%	4%	6%	7%	3%
A1A/(1)	66%	68%	67%	65%	68%	83%	69%
A2A/(1)	1%	1%	2%	2%	2%	3%	2%
B1A/(1)	29%	27%	19%	24%	22%	0%	21%
C1A/(1)	4%	3%	12%	6%	2%	9%	6%
C2A/(1)	1%	1%	0%	2%	3%	4%	2%
D1A/(1)	0%	0%	1%	2%	2%	1%	1%
	100%	100%	100%	100%	100%	100%	100%

(1) Total aid element contained in all interventions : A1A+A2A+B1A+C1A+C2A+D1A

(2) Aid element of interventions having a budgetary impact : A1A+B1A+C1A+D1A

(3) Aid element contained in fiscal incentives : A2A+C2A

III

SUMMARY TABLE

Total aid element by objectives/sectors and by form.

Average 81-86

in MECU

BELGIUM

in MECU

Sectors/Functions	AVERAGE 81-86					total	% of total
	(A1A+A2A)	(B1A)	(C1A+C2A)	(D1A)			
1.1. Agriculture	163.8	0.0	0.0	0.0	163.8	4%	

1.2. Fisheries	2.1	0.0	0.0	0.0	2.1	0%	

2.1. Industry/services : Horizontal objectives	325.0	103.7	82.1	59.4	570.2	14%	

2.1.1 Innovation, R&D	104.5	1.7	7.0	0.0	113.2	3%	
2.1.2 Environment	0.0	0.0	0.0	0.0	0.0	0%	
2.1.3 S.M.E	115.3	0.0	0.0	0.0	115.3	3%	
2.1.4 Trade /Export	9.7	0.0	63.3	24.2	97.1	2%	
2.1.5 Economisation of energy	4.8	0.0	2.2	0.0	7.0	0%	
2.1.6 General investment	90.8	0.0	9.6	35.3	135.6	3%	
2.1.7 Combat unemployment	0.0	0.0	0.0	0.0	0.0	0%	
2.1.8 Training aid	0.0	0.0	0.0	0.0	0.0	0%	
2.1.9 Other objectives	0.0	102.0	0.0	0.0	102.0	3%	
2.2. Industry/services : Particular sectors	2564.2	371.9	50.7	76.8	3063.7	77%	

2.2.1 Steel	70.0	272.0	1.3	76.8	420.2	11%	
2.2.2 Shipbuilding	11.8	0.0	49.4	0.0	61.2	2%	
2.2.3 Transport	1285.5	96.7	0.0	0.0	1382.2	35%	
2.2.3 of which Regs 1191 and 1192/69	957.0	96.7	0.0	0.0	1053.7	26%	
2.2.4.1 Coal : Aid to current production	228.3	0.0	0.0	0.0	228.3	6%	
2.2.4.2 Coal : Other aids	875.2	0.0	0.0	0.0	875.2	22%	
2.2.5.1 Other crisis sectors (incl.rescue aids)	88.9	3.3	0.0	0.0	92.2	2%	
2.2.5.2 Other sectors (growth)	0.0	0.0	0.0	0.0	0.0	0%	
2.2.5.3 Other sectors	4.5	0.0	0.0	0.0	4.5	0%	
3. Regional aids	151.2	0.0	0.0	30.8	182.0	5%	

3.1. Regions under 92(3)a	0.0	0.0	0.0	0.0	0.0	0%	
3.2. Other regions	151.2	0.0	0.0	30.8	182.0	5%	
TOTAL (1-3)	3206.4	475.6	132.8	167.0	3981.8	100%	

DENMARK
18/10/88

in MECU

Sectors/Functions	AVERAGE 81-86					total	% of total
	(A1A+A2A)	(B1A)	(C1A+C2A)	(D1A)			
1.1. Agriculture	256.5	0.0	0.0	0.0	256.5	29%	

1.2. Fisheries	12.5	0.0	0.0	0.0	12.5	1%	

2.1. Industry/services : Horizontal objectives	127.1	0.0	36.9	4.0	168.0	19%	

2.1.1 Innovation, R&D	69.2	0.0	6.0	0.0	75.2	8%	
2.1.2 Environment	5.8	0.0	0.0	0.0	5.8	1%	
2.1.3 S.M.E	0.0	0.0	2.3	0.0	2.3	0%	
2.1.4 Trade /Export	24.6	0.0	27.4	0.0	52.0	6%	
2.1.5 Economisation of energy	27.5	0.0	1.2	0.0	28.7	3%	
2.1.6 General investment	0.0	0.0	0.0	4.0	4.0	0%	
2.1.7 Combat unemployment	0.0	0.0	0.0	0.0	0.0	0%	
2.1.8 Training aid	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%	
2.2. Industry/services : Particular sectors	305.6	4.3	122.8	6.2	438.9	49%	

2.2.1 Steel	0.0	4.3	0.0	2.3	6.7	1%	
2.2.2 Shipbuilding	0.0	0.0	122.0	3.8	125.9	14%	
2.2.3 Transport	303.8	0.0	0.0	0.0	303.8	34%	
2.2.3 of which Regs 1191 and 1192/69	241.5	0.0	0.0	0.0	241.5	27%	
2.2.4.1 Coal : Aid to current production	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%	
2.2.5.1 Other crisis sectors (incl.rescue aids)	0.0	0.0	0.0	0.0	0.0	0%	
2.2.5.2 Other sectors (growth)	0.0	0.0	0.0	0.0	0.0	0%	
2.2.5.3 Other sectors	1.9	0.0	0.7	0.0	2.6	0%	
3. Regional aids	6.5	0.0	5.1	0.0	11.6	1%	

3.1. Regions under 92(3)a	0.0	0.0	0.0	0.0	0.0	0%	
3.2. Other regions	6.5	0.0	5.1	0.0	11.6	1%	
TOTAL (1-3)	708.2	4.3	164.8	10.1	887.5	100%	

GERMANY
18/10/88

- 34 -
in MECU

Sectors/Functions	AVERAGE 81-86					
	(A1A+A2A)	(B1A)	(C1A+C2A)	(D1A)	total	% of total
1.1. Agriculture	1401.5	0.0	0.0	0.0	1401.5	7%

1.2. Fisheries	18.0	0.0	0.0	0.0	18.0	0%

2.1. Industry/services : Horizontal objectives	1956.2	0.0	455.2	63.2	2474.7	13%

2.1.1 Innovation, R&D	1365.8	0.0	18.0	0.0	1383.8	7%
2.1.2 Environment	34.1	0.0	51.1	0.4	85.6	0%
2.1.3 S.M.E	258.2	0.0	209.5	9.7	477.5	2%
2.1.4 Trade /Export	99.0	0.0	0.0	0.0	99.0	1%
2.1.5 Economisation of energy	168.0	0.0	0.0	0.0	168.0	1%
2.1.6 General investment	11.4	0.0	86.8	0.0	98.2	1%
2.1.7 Combat unemployment	0.0	0.0	0.0	0.0	0.0	0%
2.1.8 Training aid	0.0	0.0	0.0	0.0	0.0	0%
2.1.9 Other objectives	19.8	0.0	89.8	53.0	162.6	1%
2.2. Industry/services : Particular sectors	11660.3	0.0	85.1	26.3	11771.7	62%

2.2.1 Steel	343.0	0.0	1.2	26.3	370.5	2%
2.2.2 Shipbuilding	105.3	0.0	71.0	0.0	176.2	1%
2.2.3 Transport	5930.8	0.0	0.0	0.0	5930.8	31%
2.2.3 of which Regs 1191 and 1192/69	3552.0	0.0	0.0	0.0	3552.0	19%
2.2.4.1 Coal : Aid to current production	1905.7	0.0	0.0	0.0	1905.7	10%
2.2.4.2 Coal : Other aids	3096.9	0.0	0.0	0.0	3096.9	16%
2.2.5.1 Other crisis sectors (incl.rescue aids)	0.0	0.0	0.0	0.0	0.0	0%
2.2.5.2 Other sectors (growth)	156.8	0.0	0.0	0.0	156.8	1%
2.2.5.3 Other sectors	122.0	0.0	13.0	0.0	134.9	1%
3. Regional aids	3116.9	0.0	330.5	0.0	3447.4	18%

3.1. Berlin	2531.1	0.0	101.2	0.0	2632.4	14%
3.2.1 Other regions under 92(2)c	216.7	0.0	202.0	0.0	418.8	2%
3.2.2 Other regions	369.0	0.0	27.2	0.0	396.3	2%

GREECE
18/10/88

in MECU

Sectors/Functions	AVERAGE 81-86				total	% of total
	(A1A+A2A)	(B1A)	(C1A+C2A)	(D1A)		
1.1. Agriculture	0.0	0.0	0.0	0.0	0.0	0%

1.2. Fisheries	4.4	0.0	0.0	0.0	4.4	0%

2.1. Industry/services : Horizontal obje	504.7	0.3	0.0	39.7	544.8	55%

2.1.1 Innovation, R&D	56.0	0.3	0.0	0.0	56.3	6%
2.1.2 Environment	0.0	0.0	0.0	0.0	0.0	0%
2.1.3 S.M.E	34.0	0.0	0.0	0.0	34.0	3%
2.1.4 Trade /Export	414.6	0.0	0.0	39.7	454.4	46%
2.1.5 Economisation of energy	0.0	0.0	0.0	0.0	0.0	0%
2.1.6 General investment	0.0	0.0	0.0	0.0	0.0	0%
2.1.7 Combat unemployment	0.0	0.0	0.0	0.0	0.0	0%
2.1.8 Training aid	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%
2.2. Industry/services : Particular sect	264.6	0.0	4.1	0.0	268.7	27%

2.2.1 Steel	0.0	0.0	0.0	0.0	0.0	0%
2.2.2 Shipbuilding	0.1	0.0	4.1	0.0	4.3	0%
2.2.3 Transport	127.2	0.0	0.0	0.0	127.2	13%
2.2.3 of which Regs 1191 and 1192/69	4.8	0.0	0.0	0.0	4.8	0%
2.2.4.1 Coal : Aid to current production	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%
2.2.5.1 Other crisis sectors (incl.rescu	0.0	0.0	0.0	0.0	0.0	0%
2.2.5.2 Other sectors (growth)	0.0	0.0	0.0	0.0	0.0	0%
2.2.5.3 Other sectors	137.3	0.0	0.0	0.0	137.3	14%
3. Regional aids	171.2	0.0	0.0	0.0	171.2	17%

3.1. Regions under 92(3)a	171.2	0.0	0.0	0.0	171.2	17%
3.2. Other regions	0.0	0.0	0.0	0.0	0.0	0%
TOTAL (1-3)	944.9	0.3	4.1	39.7	989.1	100%

FRANCE 17/10/88		in MECU					AVERAGE 81-86	
Sectors/Functions	(A1A+A2A)	(B1A)	(C1A+C2A)	(D1A)	total	% of total		
1.1. Agriculture -----	2205.7	0.0	664.7	0.0	2870.3	17%		
1.2. Fisheries -----	44.6	0.0	0.0	0.0	44.6	0%		
2.1. Industry/services : Horiz -----	465.8	0.0	2565.7	363.4	3394.9	20%		
2.1.1 Innovation, R&D	219.6	0.0	1.0	0.0	220.5	1%		
2.1.2 Environment	4.8	0.0	0.0	0.0	4.8	0%		
2.1.3 S.M.E	61.9	0.0	0.9	10.8	73.6	0%		
2.1.4 Trade /Export	25.4	0.0	1777.8	288.0	2091.2	13%		
2.1.5 Economisation of energy	82.0	0.0	0.0	0.0	82.0	0%		
2.1.6 General investment	70.4	0.0	786.1	64.5	921.0	6%		
2.1.7 Combat unemployment	0.0	0.0	0.0	0.0	0.0	0%		
2.1.8 Training aid	0.0	0.0	0.0	0.0	0.0	0%		
2.1.9 Other objectives	1.7	0.0	0.0	0.0	1.7	0%		
2.2. Industry/services : Parti -----	7562.4	1824.4	607.1	0.0	9993.9	60%		
2.2.1 Steel	1.7	1511.5	0.0	0.0	1513.2	9%		
2.2.2 Shipbuilding	417.4	0.0	89.7	0.0	507.1	3%		
2.2.3 Transport	4407.9	0.0	0.0	0.0	4407.9	26%		
2.2.3 of which Begs 1191 and 1	2780.5	0.0	0.0	0.0	2780.5	17%		
2.2.4.1 Coal : Aid to current	530.3	0.0	0.0	0.0	530.3	3%		
2.2.4.2 Coal : Other aids	1755.5	0.0	0.0	0.0	1755.5	11%		
2.2.5.1 Other crisis sectors (	303.3	312.9	0.0	0.0	616.2	4%	
2.2.5.2 Other sectors (growth)	64.4	0.0	254.0	0.0	318.4	2%		
2.2.5.3 Other sectors	81.9	0.0	263.5	0.0	345.4	2%		
3. Regional aids -----	380.4	0.0	3.0	0.0	383.4	2%		
3.1. Regions under 92(3)a	114.8	0.0	0.0	0.0	114.8	1%		
3.2. Other regions	265.6	0.0	3.0	0.0	268.6	2%		
TOTAL (1-3)	10658.8	1824.4	3840.6	363.4	16687.1	100%		

IRELAND 18/10/88		in mio ECU				
Sectors/Functions	AVERAGE 81-86				total	% of total
	(A1A+A2A)	(B1A)	(C1A+C2A)	(D1A)		
1.1. Agriculture	258.5	0.0	0.0	0.0	258.5	22.7%

1.2. Fisheries	20.3	0.0	0.0	0.0	20.3	1.8%

2.1. Industry/services : Horizontal objectives	377.6	0.0	0.0	6.8	384.4	33.8%

2.1.1 Innovation, R&D	9.8	0.0	0.0	0.0	9.8	0.9%
2.1.2 Environment	0.0	0.0	0.0	0.0	0.0	0.0%
2.1.3 S.M.E	8.9	0.0	0.0	4.8	13.7	1.2%
2.1.4 Trade /Export	358.8	0.0	0.0	2.0	360.7	31.7%
2.1.5 Economisation of energy	0.2	0.0	0.0	0.0	0.2	0.0%
2.1.6 General investment	0.0	0.0	0.0	0.0	0.0	0.0%
2.1.7 Combat unemployment	0.0	0.0	0.0	0.0	0.0	0.0%
2.1.8 Training aid	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%
2.2. Industry/services : Particular sectors	220.4	57.1	18.3	1.4	297.1	26.2%

2.2.1 Steel	6.0	22.8	1.3	0.5	30.7	2.7%
2.2.2 Shipbuilding	4.8	0.0	0.0	0.0	4.8	0.4%
2.2.3 Transport	140.9	0.0	0.0	0.0	140.9	12.4%
2.2.3 of which Regs 1191 and 1192/69	65.5	0.0	0.0	0.0	65.5	5.8%
2.2.4.1 Coal : Aid to current production	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%
2.2.5.1 Other crisis sectors (incl.rescue aids)	1.4	24.0	16.9	0.4	42.8	3.8%
2.2.5.2 Other sectors (growth)	0.0	0.0	0.0	0.0	0.0	0.0%
2.2.5.3 Other sectors	67.3	10.3	0.0	0.4	78.0	6.9%
3. Regional aids	171.9	2.4	0.0	1.7	176.0	15.5%

3.1. Regions under 92(3)a	171.9	2.4	0.0	1.7	176.0	15.5%
3.2. Other regions	0.0	0.0	0.0	0.0	0.0	0.0%
TOTAL (1-3)	1048.7	59.5	18.3	9.9	1136.3	100.0%

ITALY
20/10/88

Sectors/Functions	in MECU				total	% of total
	(A1A+A2A)	(B1A)	(C1A+C2A)	(D1A)		
1.1. Agriculture	1861.5	0.0	0.0	0.0	1861.5	7%

1.2. Fisheries	89.9	0.0	0.0	0.0	89.9	0%

2.1. Industry/services : Horizontal objectives	8466.3	299.0	177.8	0.0	8943.2	32%

2.1.1 Innovation, R&D	732.6	0.0	0.0	0.0	732.6	3%
2.1.2 Environment	0.0	0.0	0.0	0.0	0.0	0%
2.1.3 S.M.E.	569.6	146.8	0.0	0.0	716.4	3%
2.1.4 Trade/Export	1128.3	152.2	47.7	0.0	1328.1	5%
2.1.5 Economisation of energy	100.7	0.0	0.0	0.0	100.7	0%
2.1.6 General investment	1103.9	0.0	130.2	0.0	1234.1	4%
2.1.7 Combat unemployment	0.0	0.0	0.0	0.0	0.0	0%
2.1.8 Training aid	0.0	0.0	0.0	0.0	0.0	0%
2.1.9 Other objectives	4831.3	0.0	0.0	0.0	4831.3	17%
2.2. Industry/services : Particular sectors	8086.2	2837.7	32.5	0.0	10956.4	40%

2.2.1 Steel	277.3	1351.8	0.0	0.0	1629.2	6%
2.2.2 Shipbuilding	109.6	94.7	32.5	0.0	236.7	1%
2.2.3 Transport	6494.2	0.0	0.0	0.0	6494.2	23%
	2351.7	0.0	0.0	0.0	2351.7	8%
2.2.4.1 Coal : Aid to current production	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%
2.2.5.1 Other sectors in crisis (incl.rescue aids)	154.2	780.2	0.0	0.0	934.4	3%
2.2.5.2 Other sectors in growth	401.8	14.6	0.0	0.0	416.4	2%
2.2.5.3 Other sectors	649.1	596.3	0.0	0.0	1245.4	4%
3. Regional aids	5814.1	9.9	21.0	10.2	5855.2	21%

3.1. Mezzogiorno	4450.8	7.4	0.0	0.0	4458.2	16%
3.2. Other regions	1363.3	2.5	21.0	10.2	1397.0	5%
TOTAL (1-3)	24318.1	3146.6	231.3	10.2	27706.2	100%

Sectors/Functions	AVERAGE 81-86				in MECU	
	(A1A+A2A)	(B1A)	(C1A+C2A)	(D1A)	total	% of total
1.1. Agriculture	21.2	0.5	0.0	0.0	21.7	9%

1.2. Fisheries	0.0	0.0	0.0	0.0	0.0	0%

2.1. Industry/services : Horizontal objectives	4.2	0.6	3.8	0.0	8.7	3%

2.1.1 Innovation, R&D	0.4	0.0	0.1	0.0	0.5	0%
2.1.2 Environment	0.0	0.0	0.0	0.0	0.0	0%
2.1.3 S.M.E	0.5	0.0	2.6	0.0	3.1	1%
2.1.4 Trade /Export	0.0	0.0	0.8	0.0	0.8	0%
2.1.5 Economisation of energy	0.0	0.0	0.0	0.0	0.0	0%
2.1.6 General investment	3.3	0.6	0.4	0.0	4.3	2%
2.1.7 Combat unemployment	0.0	0.0	0.0	0.0	0.0	0%
2.1.8 Training aid	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%
2.2. Industry/services : Particular sectors	175.8	30.5	0.0	0.0	206.3	83%

2.2.1 Steel	37.2	30.5	0.0	0.0	67.7	27%
2.2.2 Shipbuilding	0.0	0.0	0.0	0.0	0.0	0%
2.2.3 Transport	138.6	0.0	0.0	0.0	138.6	56%
2.2.3 of which Regs 1191 and 1192/69	89.8	0.0	0.0	0.0	89.8	36%
2.2.4.1 Coal : Aid to current production	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%
2.2.5.1 Other crisis sectors (incl.rescue aids)	0.0	0.0	0.0	0.0	0.0	0%
2.2.5.2 Other sectors (growth)	0.0	0.0	0.0	0.0	0.0	0%
2.2.5.3 Other sectors	0.0	0.0	0.0	0.0	0.0	0%
3. Regional aids	12.0	0.0	0.1	0.0	12.1	5%

3.1. Regions under 92(3)a	0.0	0.0	0.0	0.0	0.0	0%
3.2. Other regions	12.0	0.0	0.1	0.0	12.1	5%
TOTAL (1-3)	213.2	31.6	3.9	0.0	248.7	100%

NETHERLANDS
18/10/88

in MECU

Sectors/Functions	AVERAGE 81-86					
	(A1A+A2A)	(B1A)	(C1A+C2A)	(D1A)	total	% of total
1.1. Agriculture	461.7	0.0	0.0	0.0	461.7	21%

1.2. Fisheries	8.1	0.0	0.0	0.0	8.1	0%

2.1. Industry/services : Horizontal objectives	493.7	0.0	76.1	0.4	570.2	25%

2.1.1 Innovation, R&D	51.7	0.0	52.0	0.0	103.6	5%
2.1.2 Environment	26.6	0.0	0.0	0.0	26.6	1%
2.1.3 S.M.E	270.6	0.0	19.4	0.4	290.4	13%
2.1.4 Trade /Export	28.9	0.0	4.8	0.0	33.7	2%
2.1.5 Economisation of energy	42.8	0.0	0.0	0.0	42.8	2%
2.1.6 General investment	64.0	0.0	0.0	0.0	64.0	3%
2.1.7 Combat unemployment	0.0	0.0	0.0	0.0	0.0	0%
2.1.8 Training aid	0.0	0.0	0.0	0.0	0.0	0%
2.1.9 Other objectives	9.0	0.0	0.0	0.0	9.0	0%
2.2. Industry/services : Particular sectors	948.0	13.9	66.6	0.0	1028.4	46%

2.2.1 Steel	10.0	12.8	12.5	0.0	35.3	2%
2.2.2 Shipbuilding	73.9	0.0	0.0	0.0	73.9	3%
2.2.3 Transport	697.1	0.0	0.0	0.0	697.1	31%
2.2.3 of which Regs 1191 and 1192/69	595.0	0.0	0.0	0.0	595.0	27%
2.2.4.1 Coal : Aid to current production	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%
2.2.5.1 Other crisis sectors (incl.rescue aids)	107.5	1.0	36.9	0.0	145.5	7%
2.2.5.2 Other sectors (growth)	0.0	0.0	17.2	0.0	17.2	1%
2.2.5.3 Other sectors	59.5	0.0	0.0	0.0	59.5	3%
3. Regional aids	168.5	0.0	0.0	0.0	168.5	8%

3.1. Regions under 92(3)a	0.0	0.0	0.0	0.0	0.0	0%
3.2. Other regions	168.5	0.0	0.0	0.0	168.5	8%
TOTAL (1-3)	2079.9	13.9	142.7	0.4	2236.9	100%

UNITED KINGDOM
19/10/88

in MECU

Sectors/Functions	AVERAGE 81-86				total	% of total
	(A1A+A2A)	(B1A)	(C1A+C2A)	(D1A)		
1.1. Agriculture	1088.3	0.0	0.0	0.0	1088.3	12%

1.2. Fisheries	68.7	0.0	0.0	0.0	68.7	1%

2.1. Industry/services : Horizontal objectives	1481.1	0.0	75.6	31.1	1587.8	17%

2.1.1 Innovation, R&D	542.8	0.0	0.0	0.0	542.8	6%
2.1.2 Environment	0.0	0.0	0.0	0.0	0.0	0%
2.1.3 S.M.E	98.8	0.0	0.0	31.1	129.9	1%
2.1.4 Trade /Export	748.8	0.0	0.0	0.0	748.8	8%
2.1.5 Economisation of energy	15.7	0.0	0.0	0.0	15.7	0%
2.1.6 General investment	65.5	0.0	72.9	0.0	138.5	1%
2.1.7 Combat unemployment	0.0	0.0	0.0	0.0	0.0	0%
2.1.8 Training aid	0.0	0.0	0.0	0.0	0.0	0%
2.1.9 Other objectives	9.5	0.0	2.6	0.0	12.2	0%
2.2. Industry/services : Particular sectors	4096.1	987.1	228.2	0.0	5311.4	56%

2.2.1 Steel	8.3	694.8	0.0	0.0	703.2	7%
2.2.2 Shipbuilding	255.3	0.0	228.2	0.0	483.5	5%
2.2.3 Transport	1522.2	0.0	0.0	0.0	1522.2	16%
2.2.3 of which Regs 1191 and 1192/69	1510.0	0.0	0.0	0.0	1510.0	16%
2.2.4.1 Coal : Aid to current production	1406.7	0.0	0.0	0.0	1406.7	15%
2.2.4.2 Coal : Other aids	662.2	0.0	0.0	0.0	662.2	7%
2.2.5.1 Other crisis sectors (incl.rescue aids)	176.3	292.3	0.0	0.0	468.6	5%
2.2.5.2 Other sectors (growth)	41.7	0.0	0.0	0.0	41.7	0%
2.2.5.3 Other sectors	23.6	0.0	0.0	0.0	23.6	0%
3. Regional aids	1322.3	1.0	33.4	15.6	1372.3	15%

3.1. Regions under 92(3)a	230.2	1.0	4.2	0.0	235.4	2%
3.2. Other regions	1092.1	0.0	29.2	15.6	1136.9	12%
TOTAL (1-3)	8056.6	988.1	337.2	46.7	9428.6	100%