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Ninth Survey on State Aid in the European Union

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(presented by the Commission)

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INTRODUCTION

Background

1. Community Competition Policy is one of the pillars upon which the action of the European Commission in the economic field rests. This action is inspired by the principle laid down in the Treaty, of “*an open market economy with free competition*”. The Treaty thus acknowledges the fundamental role of the market and of competition in guaranteeing consumer welfare, in encouraging the optimal allocation of resources and, in providing the appropriate incentives for the pursuit of productive efficiency, quality and innovation. By way of this policy therefore, the Commission seeks to reinforce the growth and competitiveness of European industry by ensuring effective competition in the Internal market and creating the conditions for markets to function well, whilst accounting for Europe’s particular social market economy.
2. A key element of Competition policy is Community State aid control, the benefits of which are clear. State aid can frustrate free competition by preventing the most efficient allocation of resources and posing a threat to the unity of the Internal market. In many cases, the granting of State aid reduces economic welfare and weakens the incentives for firms to improve efficiency. Aid also enables the less efficient to survive at the expense of the more efficient. In addition to creating distortions within the Internal market, the grant of State aid can affect trade between the EU and third countries thereby encouraging them to adopt retaliatory measures that may be a source of further inefficiency. The unique system of control that exists throughout the European Union and indeed the European Economic Area is aimed at reducing all of these inefficiencies. Based on an agreed set of rules firmly anchored in the European Treaties, this system of control makes an important contribution towards fully realising the benefits of the Internal market and economic and monetary union.
3. However whilst the Internal market and economic and monetary union offer new possibilities to European industry, both contribute to the fundamental changes that are taking place in the environment where this industry operates. These changes are driven not only by developments for which the Community is the instigator, but also by external factors such as the changing nature of globalisation and the growing opportunities and challenges offered by the markets on which Europe depends. Europe’s economy has in the course of the past two decades undergone significant change and it is now on the threshold of further transformation. The process of economic integration continues apace and even before the Candidate countries actually become Members of the European Union, the degree of integration between them, as indeed between other countries that comprised the former USSR and the Union, is increasing at an unprecedented rate.
4. Accompanying this process of economic integration has been an unparalleled process of deregulation or liberalisation of industries that previously were in the national domain. As examples we have airlines, power generation and telecommunications. The liberalisation of these sectors has opened them up to greater competition within and from outside the European Union.
5. In parallel with the structural changes that have resulted from liberalisation, we are witnesses to changes in behaviour. Given the Internet and the global awareness it

engenders, compounded with the removal of the many cross-border obstacles that existed hitherto, the most dynamic, innovative and profitable activities are becoming even more mobile than in years past. The drive for optimal use of global resources is becoming unstoppable. Political priorities have also changed. Finding expression in the Amsterdam Treaty they have for example increased the emphasis on environmental protection and employment. The issues that now confront the Commission and Member States in the development of State aid control policy and State aid policies are therefore becoming more exacting.

6. When market failures caused not least by this changing environment are being addressed, it is recognised that Community or government intervention can be justified. For example such intervention may be used to mitigate the effects of undesirable market outcomes regarding resource allocation or income distribution. Moreover intervention might also be required either to reinforce policies that would not be sustained by market forces alone or, provide services that bring positive external benefits beyond their market value. Nevertheless, if such interventions do take the form of State aid, State aid control will attempt to ensure that the distortive effects on competition by each individual aid proposal, is minimised. And although a basis for addressing the cumulative distortive effect of the high levels of State aid in some sectors was not provided for under the Treaties, over the years State aid control has been instrumental in attenuating many of the worst symptoms of State aid.
7. However at the European Council Summits in Lisbon and then in Stockholm, the necessary political impetus was given to address the root cause. It was recognised that in order for Europe to be capable of sustainable economic growth, with more and better jobs and greater social cohesion, it will be necessary to improve its competitive position not only by ensuring that European society itself is both dynamic and knowledge-based, but also by reducing levels of State aid. The overall strategic goal is being supported by a series of measures¹, but it is in the context of the economic reform process that the importance of State aid control and reduction of State aid levels is found.
8. Nevertheless outside of the economic reform process, the rationale for State aid control and the use of State aid is more than just contributing to the competitiveness of European industry. It is essential that sound State aid control and the judicious use of state resources lead for example to the reduction in the disparities between prosperous regions and regions where there is either a concentration of crisis-ridden sectors or indeed no jobs at all. The risk of polarization may be relatively high in Western Europe given that the mobility of labour is relatively lower than in many of our main trading partners' regions. To avoid the entrenchment of poverty, social mobility must either match the movement of capital or regions must be supported in the development of their own comparative advantages and by doing so, create employment.

¹ An information society for all ; Establishing a European Area of Research and Innovation ; Creating a friendly environment for starting up and developing innovative businesses, especially SMEs; Economic reforms for a complete and fully operational internal market; Efficient and integrated financial markets ; Co-ordinating macro-economic policies: fiscal consolidation, quality and sustainability of public finances ; Education and training for living and working in the knowledge society ; More and better jobs for Europe: developing an active employment policy ; Modernising social protection ; Promoting social inclusion ;

9. In this context, investment in European economies is crucial and one measure of how attractive is Europe to investors, is the level of inward foreign direct investment. It is of concern that particularly in a few Member States, levels of FDI are below levels of State aid and Community funding whilst in others FDI dwarfs such government support. Clearly in the pursuit of the Lisbon objectives, investment must be encouraged and State aid, in tandem with other policies, should ensure that Europe can offer a skilled and educated work force and a tax and regulatory environment that encourages entrepreneurship. The effects of wage flexibility and the importance of incentives for worker mobility should be investigated. There is a body of theoretical work that is developing on whether firms should be encouraged to cluster. This and other research should contribute to thinking on the evolution of State aid policy. The difficulty is sometimes the development of creative policies that attract new industries whilst providing the necessary accompanying investment in human resources. As some industries decline, others need to be waiting in the wings to provide new employment opportunities.
10. Member States have at their disposal a number of instruments to intervene on markets and it is essential that the economically most efficient is used to achieve the objective at hand. If State aid is considered as being the most appropriate instrument, then its objectives should be sufficiently well defined so that it is possible to monitor its effectiveness and compare its success with other types of intervention in order to assess its efficiency. Monitoring and follow-up of State aid expenditure are therefore essential components of national State aid policies and Community State aid control policy.
11. A policy of transparency in the control and use of State aid should also accompany monitoring and follow up. The publication of this Ninth Survey underlines the continued commitment of the Commission and all Member States to this policy. Compiling and publishing data on the amounts of aid that are awarded is one primary means by which the Commission demonstrates that it is constantly keeping a close watch on the results of its control policy and the respective aid policies of each Member State.
12. As State aid policy in the European Union evolves, it has to account for the international context and, in particular, the multilateral obligations imposed by WTO rules: the WTO Agreement on Agriculture and the WTO Agreement on Subsidies and Countervailing Measures.
13. Bilateral agreements concluded with candidates for membership to the European Union contain a clear obligation for them to abide by Community rules on the grant of State aid. Full compliance with these rules is still needed, with transparency being the first step that should be taken towards their enforcement. Bilateral agreements have been signed with other countries and, in most cases, a State aid control dimension has been included. The provisions on transparency are essential and should, consequently, be implemented at an early stage. This Survey continues to provide an example of what we should expect in terms of transparency from these and our other trading partners.

Conceptual remarks

14. Since 1988 the Commission has regularly published State aid Surveys. The First Survey covered the period 1981-1986 and subsequent Surveys were updated every two years.² In order to further enhance transparency, provide more timely information and enable the Commission to detect at an early stage new trends in the award of State aid and therefore, respond more rapidly to changing circumstances, the Commission decided in 1998 to publish the Survey on an annual basis. The Ninth Survey, which covers the period from 1995 to 1999, is the third annual Survey.
15. Commission departments in close co-operation with Member States drew up the figures used for this Survey. Historical data, upon which previous Surveys were based, have been updated with figures for 1999. Historical data have also been updated to account for reimbursement of incompatible aid and to include figures on public support that, after investigation by the Commission, has been deemed as constituting “non-notified” aid. In addition Member States have continued to verify and, if necessary, modify historical data, thus ensuring that a relatively high degree of reliance can be placed on the figures. For example the recent in-depth reviews by the Italian and Swedish national authorities on their respective data, have contributed to the reliability of the Survey.
16. If the Commission, taking account of changing circumstances, decides on the State aid character of a measure that was previously considered as not constituting State aid, the aid amount is fully integrated in the Survey. For example, following an examination of Irish corporation tax, the Commission decided in December 1998 that this existing scheme constituted State aid. As a result of this decision, levels of State aid in Ireland have markedly increased when the period 1997-1999 is compared with 1995-1997, although this increase does not represent any voluntary change in the Irish Government’s State aid policy.
17. State aid may be granted by way of State resources of any form. The notion of State resources is very wide and covers not only the central budget of the State but all the resources of the State including those foregone by way of State aid, for example, that is granted by way of various tax benefits. In addition State resources comprise the different administrative entities of the State, agencies that act on behalf of the State, other para-State entities and may also include public-owned undertakings irrespective of whether they are governed by public or private law. Advantages in kind such as use of facilities made available by the State may also constitute State aid.
18. State aid implies that certain economic sectors, regions or activities are treated more favourably than others in order to promote economic activity. However the notion of

²

References:
COM (88) 945
COM (90) 1021
COM (92) 1116
COM (95) 365
COM (97) 170
COM (98) 417
COM (99) 148
COM (00) 205

State aid does not cover all types of state intervention to lower the cost of acquiring certain goods or services. For example grants given to homebuyers may be of indirect help to the building sector, but would not always be considered as distorting competition and affecting trade between Member States and therefore, as being State aid.

19. This Survey covers national State aid as defined under Article 87(1) EC Treaty³ that is granted by the fifteen Member States and has been examined by the Commission. Compensation granted in accordance with Article 86(2)⁴ to undertakings that perform a public service obligation may, according to recent court decisions⁵, constitute State aid. As a consequence, the procedural provisions in Article 88 apply and in principle prior authorisation by the Commission is requested as of recently. However, in the past Member States often failed to report on this type of State aid. Only in the transport sector different rules have been applied following specific obligations contained in Community legislation based on Articles 73 regarding land transport and 80, in connection with 86(2), EC Treaty, regarding aviation and maritime transport. Rules on reporting exist in particular for compensation granted in rail transport, compensating for its exemption from the notification procedure of Article 88(3), which has not been affected by the recent Court rulings. Data pertaining to public service obligations are therefore included in the Survey only for rail transport but may sometimes (irretraceably) be contained in Commission State aid decisions in the rare cases of aids being justified under Article 86(2). Financial aspects of public air or sea transport services are for example dealt with under Articles 86(2) but also 87(2)a as the case may be. General measures and public subsidies that have no affect on trade and do not distort or threaten to distort competition are not dealt with in the Survey as they are not subject to the Commission's investigative powers.
20. The Commission has, by means of an exemption regulation, decided that certain aids do not meet all the criteria of Article 87(1) and that they are therefore exempted from the notification procedure provided for in Article 88(3) as long as aid granted to the same undertaking over any period of three years does not exceed €100.000. Such *De minimis* aid is not included in the Survey.
21. In future the Survey will include data on State aid granted by way of aid schemes and ad-hoc aid that is exempted from notification under the group exemption regulations. Currently two such exemption regulations have been adopted, one for training aid⁶ and another for State aid to small and medium-sized enterprises⁷. In both cases, Member States are obliged to provide annual reports on State aid that is granted

³ Save as otherwise provided in this Treaty, any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, insofar as it affects trade between Member States, be incompatible with the common market.

⁴ Undertakings entrusted with the operation of services of general economic interest or having the character of a revenue-producing monopoly shall be subject to the rules contained in this Treaty, in particular to the rules of competition, insofar as the application of such rules does not obstruct the performance, in law or in fact, of the particular tasks assigned therein. The development of trade must not be affected to such an extent as would be contrary to the interests of the Community.

⁵ See Court of First Instance cases: T-106/95; T-46/97 and C-332/98

⁶ Commission Regulation (EC) No 68/2001 of 12 January 2001

⁷ Commission Regulation (EC) No 70/2001 of 12 January 2001

under the terms of these Commission Regulations. These data will be available for analysis in 2002.

22. The principal objective of State aid is to resolve market failures in various economic sectors, to support national, regional or Community policy objectives or reduce the potential social cost of structural changes that are occurring throughout European economies. The conditions under which aid may be granted are laid down in one or more of the numerous EU rules that pertain to the control of State aid. In theory therefore, a clear, unambiguous assessment of State aid levels may be carried out from both a functional and rules-based point of view. In practice, the benefits that accrue from an individual grant of aid often reflect the complexity of our economies and are therefore associated with a juxtaposition of objectives and rules. For example, aid granted in support of specific sectors may also be considered as reinforcing regional and/or social objectives. On the other hand, aid granted under regional aid rules can quite legitimately be used to support certain economic entities such as SMEs or activities such as training or R&D.
23. Consequently and within the constraints imposed by the current, but continually improving, degree of detail in the available data, this Survey presents an assessment of levels of State aid from both the above vantage points. In keeping with previous editions of the Survey, this edition concentrates its analysis on aid to manufacturing. Moreover, given the continued importance of aid granted to further certain policy aims such as R&D, SMEs, environmental protection and reductions in CO₂ and other emission gases, the analysis that was introduced in the 8th Survey has been maintained. Chapters on aid devoted to particular manufacturing sectors and objectives have been reorganised and the chapter on aid instruments has been extended. In addition, a short chapter has been added on certain trends that can already be identified in the year 2000.
24. Aid granted to the agricultural, fisheries, coal and transport sectors is also reported on, but given the lower level of detail currently available, information on the final objectives of such aid and the aid instruments that are used is not highlighted. However where new trends or policies have been identified then these are presented. Given the growing importance of the service sector in the European economy, Member States were asked to provide information on the service component of major aid schemes that are open to many sectors. An overview of the data obtained from three Member States is presented in this edition of the Survey and will be developed for the whole of the EU in future.
25. When comparing patterns in the grant of national State aid between each Member State, the analysis concentrates on the annual average over the current three-year reporting period 1997-1999. Annual averages over this period are compared with annual averages for the period 1995-1997 when trends in the grant of aid are being analysed. Given that annual figures do not always allow for reliable conclusions to be drawn on changing medium and long-term trends, these data are not generally used for purposes of comparison. However where it is important to highlight rapid changes, 1999 annual figures have been commented upon. For the first time an historical overview is given on levels of State aid since 1990. Also for the first time since the Fifth Survey, data on aid granted to the agricultural sector are broken down by Member State.

26. In order to make the figures quoted in the Survey comparable all are expressed in constant 1998 prices⁸.
27. General explanations of the methodology used are given in the Technical Annex (Annex I). The Statistical Annex (Annex II) contains basic statistical data on national State aid to the manufacturing sector and overall national State aid. Community funds and instruments are therefore, not included in national State aid figures. Information on these funds and instruments and the respective data are given in Annex III.

SUMMARY AND CONCLUSIONS

Summary

28. The importance of the data analysis associated with the Survey is growing. It contributes to improve transparency in the implementation by Member States of Commission State aid decisions. Provisional data for 1999 were used to support certain proposals that are included in Commission Recommendations for Broad Economic Policy Guidelines and the recent Synthesis report that was presented at the Stockholm European Council. Given therefore the changing context that surrounds the Survey, Member States have responded to the Commission's request to ensure that the current as indeed the historical data they provide are as reliable as possible.
29. In the context of the commitments made by Member States at Stockholm, a selection of data have been presented in a way that will provide information that might allow more informed choices to be made with regard to State aid reductions and where these reductions may be possible. In order to comply with the undertaking to demonstrate a reduction in State aid by 2003, if ever State aid expenditure in 2000 and 2001 has increased, Member States will have to react very quickly in order to ensure a downward trend in 2003. This edition of the Survey should provide some of the information necessary if Member State expenditure plans need to be changed in the near future.
30. The European Union is a service-driven economy. The commercial service sector accounts for a large proportion of total GDP and this proportion is even larger when social and public services are included. Given the importance of services, a growing emphasis is being put on the analysis of aid granted in this sector and contingent upon information provided by Member States, a more detailed picture of the trends and patterns in the grant of aid will be presented in future.

Overall Results

31. The results of the Survey show that overall levels of State aid in the European Union have continued to fall. Moreover the disparities between Member States in the resources allocated to national State aid are diminishing. The results also show that the process of major restructuring in productive industries that took place in some Member States during the 1990s is coming to a close. Restructuring of certain

⁸ Figures for national State aid to manufacturing in current prices are given in Annex II, the statistical annex on national State aid.

service industries such as airlines and finance also appears to be winding down following the relatively recent liberalisation of these sectors.

32. The overall level of national State aid in the EU has dropped from an annual average of €102 billion during 1995-1997, to €90 billion during 1997-1999. Whilst the decreases in aid to manufacturing, transport and agriculture contributed most to this €12 billion drop, decreases were also seen in levels of aid granted to the coal sector. In contrast with the overall downward trend, when comparing the two reporting periods, increases were seen in aid to fisheries and to the service sector. A full series of data from 1995 to 1999 is not available for employment and training therefore a comparison between these two periods cannot be made. However a comparison of recent annual data shows that aid devoted to both of these objectives has increased each year since 1997.
33. The level of State aid has decreased in every Member State except in Denmark, Ireland, Luxembourg and the Netherlands. The marginal increase in Denmark is due to substantial increases in aid that is now granted to combat unemployment and support training in this country. The increase in Ireland is largely caused by the inclusion of figures for Irish Corporation tax that has been considered as a State aid only since 1998 combined with smaller increases in aid to agriculture and financial services. In Luxembourg the rise is entirely due to the recent sharp, albeit temporary, increase in subsidies paid for the additional investment in that country's railway network; a network that benefits communications between many Member States. In the Netherlands the increase seen in aid granted to the agricultural and railway sectors have more than outweighed decreases seen elsewhere. The two Member States that have contributed most to the €12 billion decrease are, as in previous periods, Germany and Italy with reductions of almost €6 billion and €5 billion respectively.
34. However, it is not only the volume but also the composition of State aid that influences its impact on competition in the Internal market. In the period 1997-1999, sector-specific aid is still relatively high in Belgium (railways), Germany (coal and railways, but declining in absolute terms), Greece (railways), Spain (railways, coal and shipbuilding) and France (railways and financial services). About one half of all aid granted in Portugal is regional aid that is almost entirely directed towards the service sector in the form of tax breaks.

Detailed findings and specific issues

35. The overall amount of aid granted to manufacturing throughout the Community, calculated in real terms over 5 years from 1995 to 1999 confirm the findings of the three previous Surveys where a peak in aid was observed in 1993. Since then there has been a gradual decrease in the EU level of aid. Compared with the reporting period from 1995 to 1997 when the annual average level of aid was €36 billion, the annual average during the current reporting period is €28 billion. This decrease is encouraging especially as the annual €6 billion decrease between 1997 and 1998 was repeated between 1998 and 1999.
36. Whilst the overall total of aid granted to manufacturing decreased by ca. 23% from the previous to the current reporting period, this decrease is due to a €3 billion reduction in Germany and a €4 billion reduction in Italy. Smaller reductions are seen in Belgium, Greece, Spain, Luxembourg, the Netherlands and the UK.

37. The three new Member States, Austria, Finland and Sweden contribute less than 4% of total aid to manufacturing, however their current share represents an increase compared with their less than 3% share only two years ago.
38. Disparities remain between Member States in their award of aid to the manufacturing sector. The spread is sizeable when this aid is expressed in percent of value added: the 4.3% level observed in Greece is over 7 times higher than the lowest aid level in the European Union; 0.6% observed in the United Kingdom. The Member States with the lowest levels of aid for manufacturing are the United Kingdom, Sweden, Portugal and the Netherlands where aid levels are well below the EU average.
39. When disparities between Member States are considered in regard to cohesion, it appears that the share of aid in the four cohesion countries, Greece, Ireland, Portugal and Spain, has only increased from 9% of total aid to the manufacturing sector during the previous period to approximately 10% in 1997-1999. Furthermore this increase is mainly due to the inclusion of data on an Irish Corporation tax scheme that the Commission considers since 1998, as being a State aid. This aid scheme accounts for approximately 1% of all manufacturing aid. By way of comparison, the share of the four big economies, Germany, Italy, France and the United Kingdom, in manufacturing aid has decreased from 82 to 79%. (Germany accounts for 36%, Italy for 21%, France for 17% and the United Kingdom for 5% of the total.)
40. Insofar as the objectives pursued are concerned, the change in the shares of aid granted to horizontal objectives, particular manufacturing sectors and assisted regions has been relatively small. Variations have remained at less than 9% in most Member States. The only countries where larger variations have been seen are Belgium and Spain with considerable decreases in sectorial aid and Sweden where the increase in aid to horizontal objectives matches the decrease in regional aid. At the EU level, aid granted for horizontal objectives, *inter alia*, for the promotion of research and development, for environmental protection and to support small and medium-sized enterprises, accounts for 37%. The share of sectorial aid in overall manufacturing aid has dropped to 7%. Overall the largest share of manufacturing aid in the European Union, 56%, is spent on regional objectives, most of which is targeted to the least developed regions, i.e. areas qualifying for regional aid under Article 87(3)a EC Treaty. This share drops to 53% when the exceptional aid granted by THA and its successors to the new German Bundesländer is not taken into account.
41. As to the instruments used when aid is granted to the manufacturing sector at Community level, budgetary expenditure is the preferred form with its share being approximately 75%. However in comparison with tax forgone, the preference for the more transparent instrument of budgetary expenditure is unequally distributed amongst Member States. Whereas in some countries practically all manufacturing aid is given in the form of budgetary expenditure, in other countries, such as Denmark, France and Ireland, over 35% of aid is given in the form of tax breaks.
42. As witnessed in the previous Surveys, a relatively large but continually decreasing volume of aid falling outside schemes promoting horizontal, sectorial or regional objectives is granted on an ad-hoc basis to individual enterprises. In the manufacturing, financial services and transport sectors, a limited number of large individual aids account for a disproportionate part of the total aid granted. Ad hoc aid, which is granted mainly for rescue and restructuring of companies, is most prone

to distort competition. In the manufacturing sector, it increased in volume to 11%, of total aid to this sector in 1994 before dropping back to 1,7% in 1999. If aid granted to the new German Bundesländer via the Treuhandanstalt/BvS is added – such aid can be considered similar to ad hoc aid – the share in overall aid to manufacturing increased to 37% in 1994 and has subsequently fallen back to 4,7% in 1999.

Conclusions

43. In a rapidly changing world an on-going review of State aid control policy is necessary to ensure that it remains fair and equitable for Member States, industry and consumers alike. The application of its basic principles must evolve to keep pace with the fundamental changes that are taking place in the environment where European industries operate and to underpin the evolution of industrial and social policies.
44. The purpose of government intervention and in particular intervention that takes the form of State aid, is to remedy the unwanted outcomes of market processes. However not unlike any other form of government action, intervention by way of State aid has to be constantly justified, critically examined and open to scrutiny. Apart from the need to minimise distortion to competition, the grant of aid must also be balanced against constraints on national public finances whilst in the European context the grant of aid must be consistent with the framework of economic and monetary union and the Stability and Growth pact. Public resources must be used restrictively and efficiently.
45. In the European Union the need for fiscal discipline is recognised. The debate is over what level of public goods and services should be supplied and the efficiency with which they can be provided. This Survey deals with government intervention that is apprehended under the concept of State aid as defined under article 87 of the EC Treaty and is written in the full knowledge of the recent commitment by all Member States to reduce levels of aid as a proportion of GDP.
46. In order to support Member States' compliance with the commitment made in Stockholm on the necessity to reduce levels of State aid, an instrument is needed that will transcend the objectives of this Survey. A much more detailed level of monitoring and follow-up of State aid measures is needed. Moreover the experience gained by 15 Member States in the implementation of national, regional and local State aid policies needs to be shared. The complex dynamic of State aid policy and other government interventions on markets and provision and cost of public goods needs to be understood. In order to contribute to this ambitious undertaking, the first version of a State aid Register of all Commission decisions pertaining to State aid has already been opened on the Union's Internet provider, EUROPA⁹. In the near future a State aid Scoreboard will be published.
47. The objective of these new transparency instruments is threefold. Firstly they should provide further the understanding of the Community's State aid system and raise awareness in the need for a central State aid control. They should also contribute to the availability of information on the Commission's decisional processes whilst providing information on how Member States implement Commission decisions.

⁹ The State aid Register is found on: http://europa.eu.int/comm/competition/state_aid/register/

Most importantly they must provide all Member States with a means to facilitate the exchange of information and experience on their respective State aid policies. In this way the Register and particularly the Scoreboard will provide a vehicle for improving the process of analysis of the effectiveness and efficiency of State aid measures with respect to other government measures that do not distort competition. In the short term these two instruments will complement information currently provided by way of the Annual Surveys on State aid in the Union. At a later stage they will replace the Surveys. The data provided by Member States will continue to provide the statistical basis for these instruments and the economic indicators will help to identify where and how reductions in State aid levels as a percentage of GDP can be made.

48. The task of reducing State aid levels will not be easy. The greatest room for Member States' manoeuvre is certainly to be found in aid for particular manufacturing and service sectors and that part of regional aid, very marginal in cohesion countries but more important in the most prosperous Member States, that is not co-financed with Community funds. As a matter of fact, the framework of the current structural fund and therefore co-financing of Community support with national State aid has already been defined until 2006. Furthermore, agreement on spending was also reached in the areas of agriculture and fisheries until the year 2006. Finally, in addition to the already fixed pattern of spending in the aforementioned areas, there are already agreements on the reduction of volumes of aid to the coal industry until 2005.
49. Each Member State will find its own policy that best meets the Stockholm commitment. And in providing the necessary data, the Survey must facilitate monitoring of the levels of aid by Member States and thus contribute to maintaining continued budget discipline; a discipline that is required to provide the conditions for a strong and durable expansion of investment, output and employment. Whilst the declining amounts of State aid in most Member States presented in this Survey are certainly also a reflection of this discipline, the cumulative level of aid reported are still high. There may therefore still exist a margin for manoeuvre in regard to further efforts to reduce State aid. The continued rigorous enforcement of the Community State aid rules will support this process.
50. In parallel with the development of new transparency instruments, there is still a need to address other more traditional issues. There is a continued need to maintain an ongoing refinement of State aid control that currently finds expression in a number of ways. New Community guidelines and frameworks are being drawn up not only to address developing market needs, but also to fine-tune existing Community State aid control rules. A new environmental protection framework has been published¹⁰ and its impact on State aid levels will be closely followed up. A revision of the current Multi-sectorial, Employment and R&D guidelines is ongoing and rules on the provision of State aid to stimulate the provision of venture capital to provide an important boost to the development of companies and employment have been developed. Work also continues on identifying harmful tax measures in the form of State aid.¹¹

¹⁰ Community Guidelines on State aid for Environmental protection OJ C37 of 3.02.2001, p3.

¹¹ Communication on the application of State aid rules to measures relating to direct business taxation OJ C 384 of 10.12.1998, p3.

51. Aid granted in the area of SMEs and Training, responding to strict criteria currently have been approved by the Commission¹², will be exempted from notification requirements. Such group exemptions should ensure a reduced level of administrative effort on the part of Member States and the Commission prior to implementation of aid targeted towards these objectives, thereby allowing a greater focus on monitoring the effectiveness of such aid. An analysis of group exemptions will be available in 2002.
52. In July 2002, the ECSC Treaty will expire and with it the State aid rules that currently regulate the granting of State aid to ECSC coal and steel products. As reported in the Survey, the level of State aid granted in these two areas has dropped, particularly in the case of ECSC steel products. A decision will be taken in the near future as to what rules will apply to these sectors once they are subject to State aid control under the EC Treaty.
53. The Commission will also continue to monitor developments in newly liberalised sectors so that the long-term competitive advantages gained from deregulation will not be lost by the granting of subsidies to prop up loss-making activities. In particular, increasing attention is being paid to the energy, telecommunications and postal sectors. As these and other sectors enjoy a gradually increasing level of deregulation, the Commission must carefully assess government measures that previously were not considered as constituting State aid, may in the wake of deregulation acquire this characteristic. Such measures must be closely monitored and if necessary, evaluated under State aid rules.
54. In regard to cohesion within the European Union, the findings of the Survey indicate that the gap between the level of State aid granted in the richest Member States and in the four cohesion countries has hardly diminished. With a view to correcting regional disparities, financial assistance is vital and its effectiveness must not be compromised by the granting of disproportionate national State aid elsewhere. The Commission will, insofar as is possible under current State aid control rules, continue to reduce the cohesion gap.
55. The process of enlargement has continued apace. The establishment in these countries of a competitive environment such as that of the Community has, therefore, become urgent. In view of their future aspirations, compliance with the State aid "Community acquis", well in advance of accession proper, is essential in meeting the accession criteria in the competition area, as established in 1993 at the Copenhagen European Council. The Commission, therefore, continues to follow closely the developments in State aid in these countries and, by way of the Survey, provides an effective benchmark on the basis of which the necessary degree of comparability and transparency should be achieved.

¹² See reference to group exemption regulations on page 13.

PART I – OVERALL VOLUME OF NATIONAL AID IN THE COMMUNITY

56. The overall volume of national State aid granted in the EU to the sectors covered by this Survey is presented in Table 1. Amounting to an annual average of €90 billion during the period under review, it is a perceptible decrease in comparison with the €102 billion spent in the previous period. When this overall figure is broken down, the contribution of the largest sectors in terms of aid, agriculture, manufacturing, coal and transport, to this decrease can be seen. For employment and training, a reliable comparison cannot yet be made for the reasons given under Part VIII below. However it should be noted that the year-on-year figures presented in Annex II show that from 1997 aid supporting these activities has increased.

Table 1 Overall national State aid in the Community - annual averages 1995-1997 and 1997-1999 in constant prices (1998)

€ Billion

	1995-1997	1997-1999
Overall national aid	<i>102</i>	90
<i>of which:</i>		
- <i>Agriculture</i>	<i>15,2</i>	14,0
- <i>Fisheries</i>	<i>0,3</i>	0,3
- <i>Manufacturing</i>	<i>35,8</i>	27,6
- <i>Coal Mining</i>	<i>8,2</i>	7,6
- <i>Transport</i>	<i>35,4</i>	32,0
<i>Of which rail transport</i>	<i>33,7</i>	<i>31,5</i>
- <i>Services</i>	<i>5,0</i>	5,4
- <i>Employment</i>	<i>0,8</i>	0,9
- <i>Training</i>	<i>1,7</i>	2,2

57. Table 2 shows overall national aid per capita in the European Union during the two reporting periods. Relatively high values are seen in Finland and Luxembourg, whilst the UK and Greece grant, in per capita terms, the lowest amounts of national State aid. Of the four cohesion countries, only Ireland is above the EU average during the current reporting period, whilst of the four largest EU economies the UK and Italy are below this average in the same period.

Table 2 State aid per capita in the Member States - annual averages 1995-1997 and 1997-1999 in constant prices (1998)

	Annual averages 1995-1997		Annual averages 1997-1999		Population in millions
	In € million	€ per capita	In € million	€ per capita	
Austria	2.389	296	2.180	270	8
Belgium	3.285	322	3.152	309	10
Denmark	1.575	297	1.681	317	5
Germany	32.228	393	26.716	326	82
Greece	1.584	151	1.305	124	11
Spain	6.801	173	6.086	155	39
Finland	2.292	445	1.994	387	5
France	17.989	306	17.829	304	59
Ireland	698	189	1.065	288	4
Italy	18.523	322	13.605	236	58
Luxembourg	140	330	218	514	0
Netherlands	2.739	175	3.159	202	16
Portugal	1.557	156	1.535	154	10
Sweden	2.000	226	1.792	203	9
United Kingdom	8.519	144	7.569	128	59
EU 15	102.319	273	89.885	240	375

58. Table 3 shows Member States' total aid expenditure as a percentage of gross domestic product per person employed and, relative to total government expenditure.

Table 3 Overall national aid in the Member States in percent of GDP, in Euro per person employed and in percent of government expenditure 1995-1997 and 1997-1999 in constant prices (1998)

	In percent of GDP		In Euro per person employed		In percent of total government expenditure	
	1995-1997	1997-1999	1995-1997	1997-1999	1995-1997	1997-1999
Austria	1,32	1,16	610	550	2,37	2,15
Belgium	1,55	1,41	880	830	2,94	2,76
Denmark	1,07	1,08	599	622	1,80	1,90
Germany	1,73	1,39	864	712	3,49	2,85
Greece	1,55	1,21	416	338	3,37	2,70
Spain	1,40	1,17	493	416	3,21	2,80
Finland	2,22	1,74	1.103	914	3,76	3,21
France	1,46	1,38	790	772	2,64	2,55
Ireland	1,08	1,36	517	706	2,72	3,75
Italy	1,80	1,28	838	607	3,41	2,56
Luxembourg	0,94	1,31	633	912	2,12	3,04
Netherlands	0,84	0,90	373	406	1,69	1,90
Portugal	1,68	1,56	342	326	3,73	3,50
Sweden	0,99	0,84	492	436	1,50	1,35
United Kingdom	0,72	0,60	324	280	1,63	1,47
EU 15	1,43	1,18	656	563	2,82	2,44

59. In spite of the convergence, which is stronger in terms of aid as a percentage of GDP and percent of total government expenditure than in Euro per person employed, disparities between Member States in the granting of State aid are reflected here. Of note is the gradual overall EU decrease in total aid as a percentage of GDP. With the exception of Denmark, Ireland, Luxembourg and the Netherlands where aid levels have slightly increased due to the growing importance of environmental protection, training and employment aid measures, levels have dropped everywhere. Data pertaining to Luxembourg reflect an important increase in railway investment.

60. The figures below present overall EU State aid as a percentage of overall EU GDP.

Figure 1 State aid as a percentage of overall EU GDP

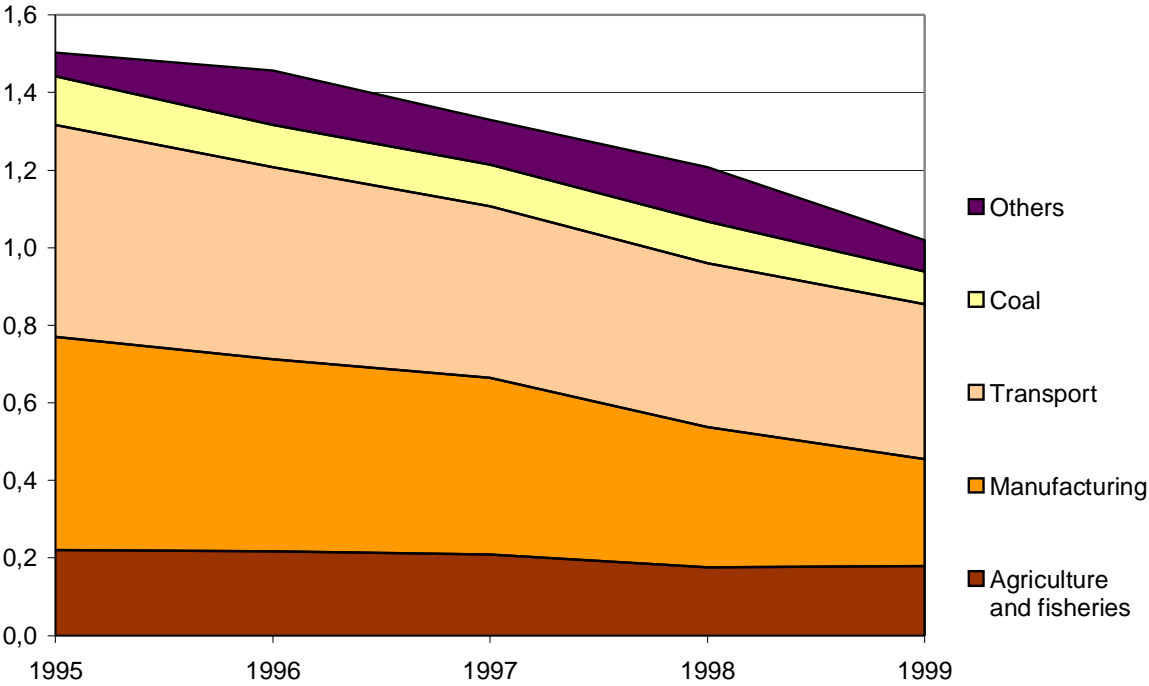
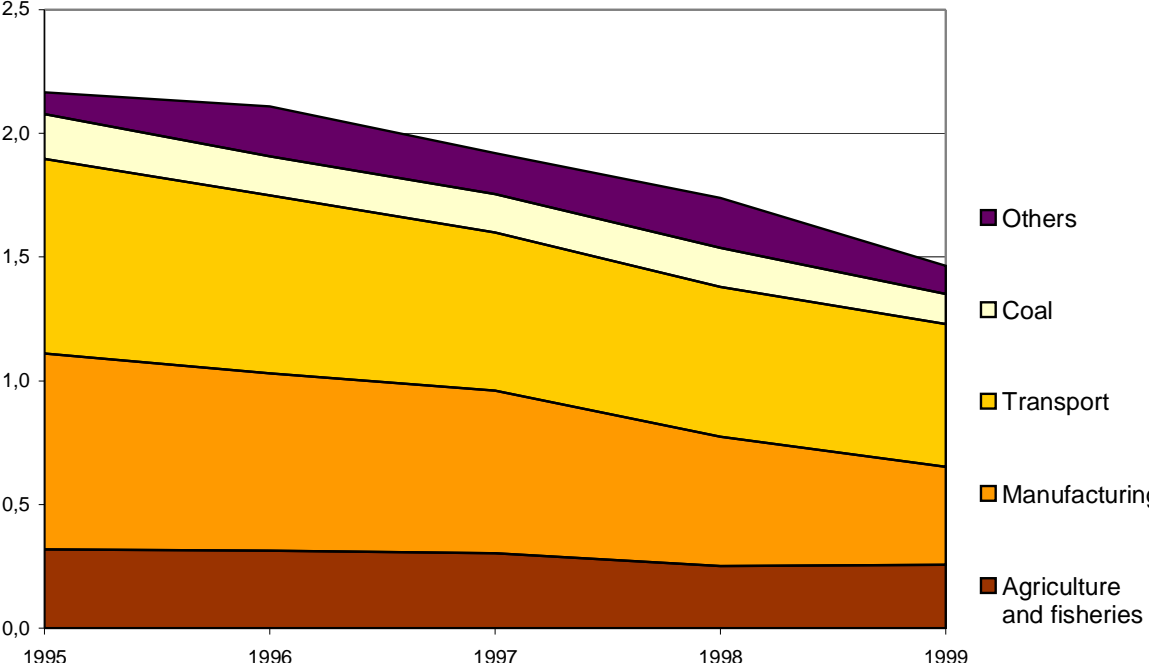
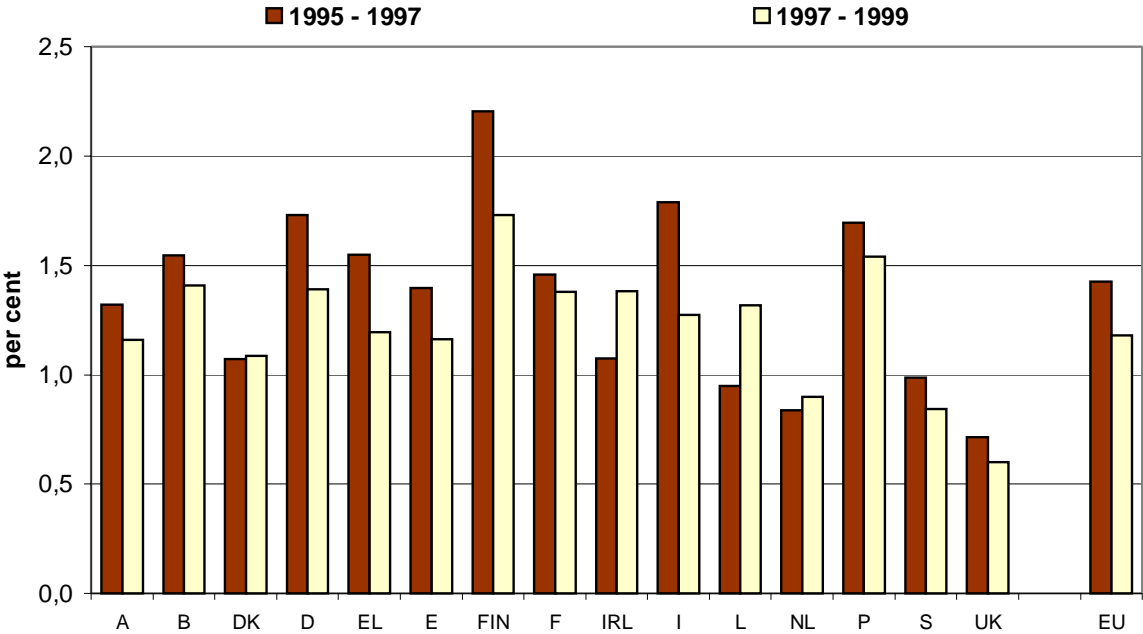


Figure 2 State aid as a percentage of overall EU GDP of aided sectors



- 61. Figures 1 and 2 show the gradual decrease in State aid that has been seen in all areas between 1995 and 1999. Figure 2 presents State aid as a percentage of GDP in all sectors except those which do not generally receive aid. i.e. Public administration and defence, compulsory social security, Education, Health and Social work and other community, social, personal advice activities, Private households with employed persons and, Extra-territorial organisations and bodies.
- 62. Figure 3 below shows in graphical form the data presented in Table 3 on State aid in each Member State when expressed as a percentage of their respective GDP. A more detailed analysis of aid granted in each Member State since 1990 is given in Part X of the Survey.

Figure 3 State aid as a percentage of National GDP in 1995-1997 and 1997-1999



63. Table 4 shows by Member State, the share of overall national aid that is granted in the sectors commented upon in the Survey. During the two periods covered by the Survey, the share of aid granted in each sector has remained fairly constant at the EU level with the biggest overall change in share being seen in manufacturing. On the national level shares are also fairly stable with the largest variations being seen in transport aid in Ireland, Luxembourg and Portugal. Almost three-quarters of Finnish national aid was granted to the agricultural and fisheries sectors during the period under review. During the same period the share of aid granted to manufacturing in Greece, Ireland and Italy accounted for more than 40% of their respective national aid. The bulk of aid granted in support of transport services is directed towards rail transport and during the period under review, over 50% of national aid was granted to this end in Belgium, Luxembourg and Sweden. Aid granted specifically for services has remained relatively low in most Member States except in Portugal where a single regional aid tax scheme accounts for the relatively large share of aid directed to services in this country.

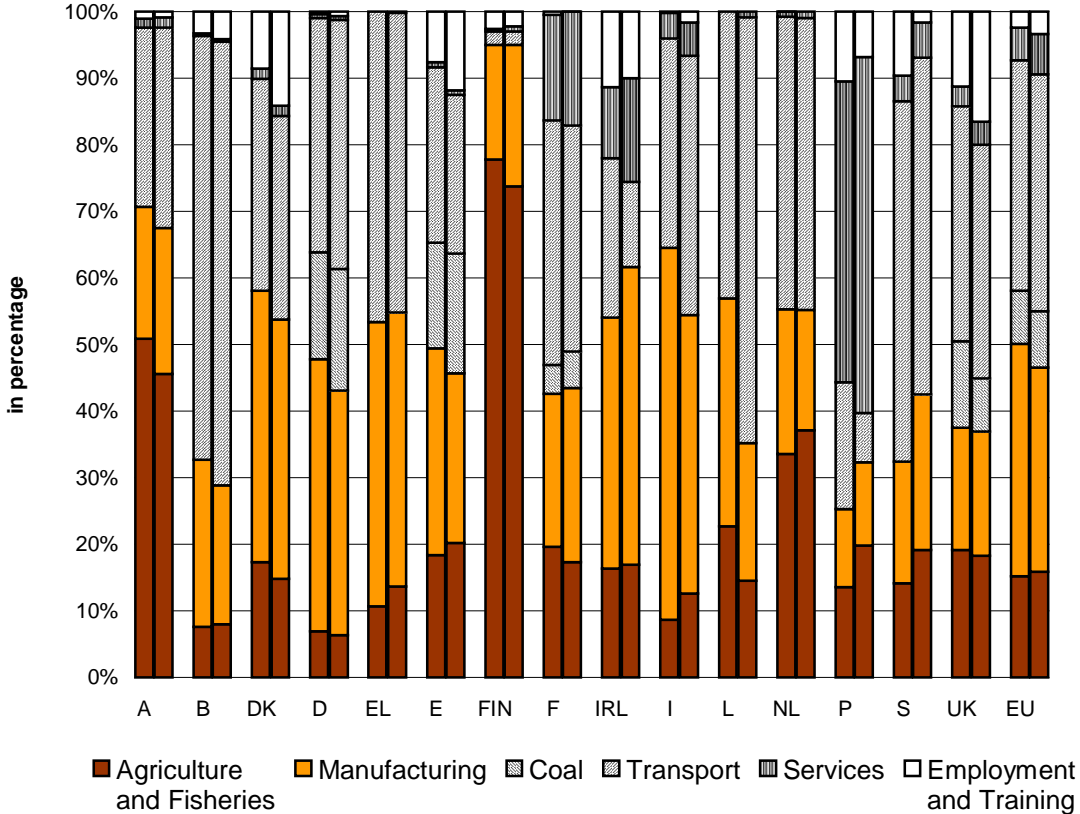
Table 4 Overall national aid in the Member States - breakdown according to main sectors 1995-1997 and 1997-1999

per cent

	Agriculture and fisheries		Manufacturing		Coal		Transport		Services		Employment and Training	
	1995-1997	1997-1999	1995-1997	1997-1999	1995-1997	1997-1999	1995-1997	1997-1999	1995-1997	1997-1999	1995-1997	1997-1999
AU	51	46	20	22			27	30	1	2	1	1
B	8	8	25	21			64	67			3	4
DK	17	15	41	39			32	31	2	2	9	14
D	7	6	41	37	16	18	35	37	1	1		1
GR	11	14	43	41			47	45				
E	18	20	31	25	16	18	26	24	1	1	8	12
FIN	78	74	17	21			2	2	0	1	3	2
F	20	17	23	26	4	5	37	34	16	17		
IRL	16	17	38	45			24	13	11	15	11	10
I	9	13	56	42			31	39	4	5		2
LUX	23	14	34	21			43	64		1		
NL	34	37	22	18			44	44	1	1		
P	13	20	12	12			19	7	45	53	10	7
S	14	19	18	23			54	51	4	5	10	2
UK	19	18	18	19	13	8	35	35	3	3	11	17
EU 15	15	16	35	31	8	8	35	36	5	6	2	3

64. Figure 4 give a graphical representation of the above data for each Member State.

Figure 4 Overall State aid in Member States broken down to main sectors averages 1995 - 1997 and 1997 - 1999



PART II – AID TO THE MANUFACTURING SECTOR

2.1. Volume and trend of aid

65. During the current reporting period from 1997 to 1999, State aid to the manufacturing sector accounts for 31% of the total annual average volume of aid granted in the Community.
66. Table 5 shows the annual amounts of aid to the manufacturing sector in the Community in the years 1995-1999.

Table 5 State aid to the manufacturing sector in the Community - annual values 1995-1999 in constant prices (1998)

€ Million

	1995	1996	1997	1998	1999
EU 15	38749	35039	33537	27559	21592

The figures above confirm that the trend in aid granted in the Union has not only continued on the gradual downward path observed since 1993¹³, during the last two years of the period under review, the trend has accelerated.

A downward trend is also seen when, as in Table 6, aid to the manufacturing sector is expressed as a percentage of value added and per person employed in this sector.¹⁴

Table 6 State aid to the manufacturing sector in the Community - annual values 1995-1999 in constant prices (1998)

	1995	1996	1997	1998	1999
In percent of value added	2,8	2,6	2,4	1,9	1,5
In Euro per person employed	1287	1171	1121	910	716

Expressed in percent of value added in the manufacturing sector - aid levels have dropped continuously since 1995.

The average amount of aid per person employed in the manufacturing sector dropped each year from € 1287 in 1995 to € 716 in 1999.

2.2. Comparisons between Member States

67. Table 7 compares the average annual levels of aid in manufacturing sector for each Member State¹⁵ for the periods 1995-1997 and 1997-1999, expressed in percent of

¹³ In comparison with the data presented in the Eighth Survey, the figures above have varied slightly, reflecting the revisions carried out by Member States.

¹⁴ Since a small but not exactly quantifiable part of the aid amounts has to be attributed to the service sector, the figures shown may be slightly overestimated.

gross value added and aid amounts per person employed in this sector. Absolute amounts of aid are also given.

Table 7 State aid to the manufacturing sector in the Member States - annual averages 1995-1997 and 1997-1999 in constant prices (1998)

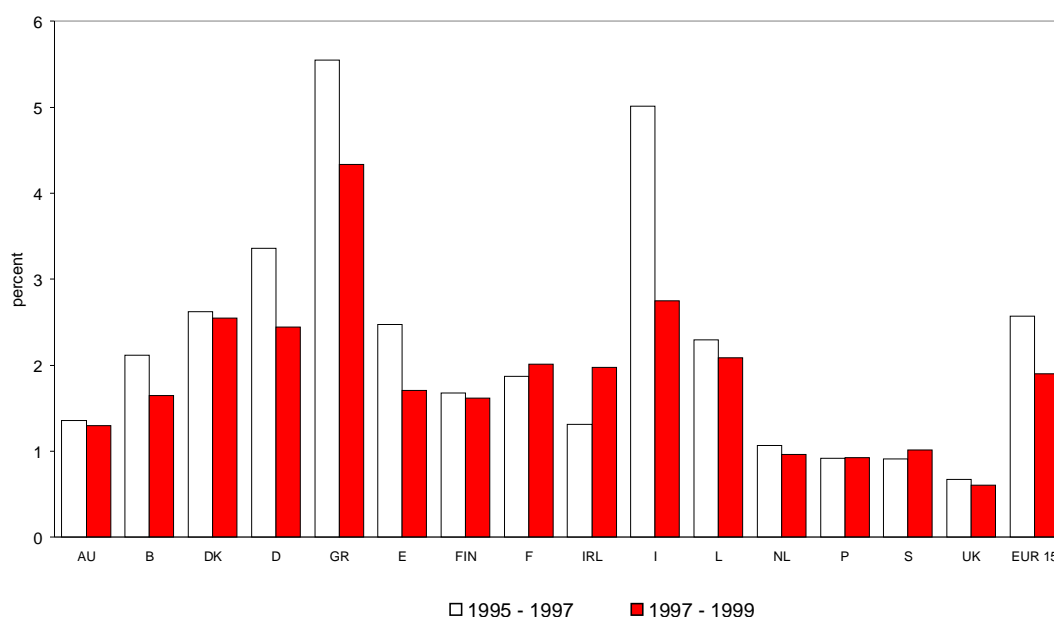
	In percent of value added		In Euro per person employed		In million Euro	
	1995-1997	1997-1999	1995-1997	1997-1999	1995-1997	1997-1999
Austria	1,4	1,3	685	696	473	478
Belgium	2,1	1,7	1237	1003	826	657
Denmark	2,6	2,6	1429	1453	642	655
Germany	3,4	2,4	1592	1211	13144	9808
- <i>Old Länder</i>	:	:	431	437	2914	2913
- <i>New Länder</i>	:	:	6854	4820	10230	6896
Greece	5,5	4,3	1093	876	677	537
Spain	2,5	1,7	841	567	2117	1548
Finland	1,7	1,6	937	968	394	424
France	1,9	2,0	1090	1235	4141	4651
Ireland	1,3	2,0	1075	1683	263	477
Italy	5,0	2,7	2025	1108	10350	5694
Luxembourg	2,3	2,1	1464	1380	48	45
Netherlands	1,1	1,0	561	530	595	571
Portugal	0,9	0,9	185	193	183	192
Sweden	0,9	1,0	490	557	364	418
United Kingdom	0,7	0,6	357	322	1558	1408
EU 15	2,6	1,9	1193	916	35775	27563

68. The annual average aid for the manufacturing sector in the EU during the current reporting period, 1997-1999, is approximately € 28 billion, representing a decrease of 23% in comparison with 1995-1997. This decrease is half as large again as that reported in the previous Survey. It is evident from Table 7 that the overall reduction of aid in absolute terms in the Community is almost entirely due to the continued strong decreases of 32,6% and 45% respectively in the new German Bundesländer and Italy. Reductions are also seen in Belgium, Greece, Spain, Luxembourg; the Netherlands and the United Kingdom. When comparing the two reporting periods aid levels in the seven other Member States are higher in the current reporting period than during the previous period.

¹⁵ Germany has been divided in to the old and new Bundesländer in order to show clearly the different development in the two German areas, marked by the unprecedented adjustment process of the new Bundesländer economy to a market system.

69. These two apparently contradictory trends of increases in seven Member States and an overall decrease at the EU level are explained when Table A3 is considered. This table confirms the long-term downward trend in overall EU aid to manufacturing and also confirms the medium-term downward trend in almost all Member States. On a year-on-year basis there are decreases in 13 Member States. With the exception of Belgium and Sweden, there is evidence that levels of aid for manufacturing are decreasing in Member States. However as the rate of decrease during the current reporting period is less in seven countries than their respective rates of increase during the previous reporting period, their respective 1997-1999 annual averages are higher than their 1995-1997 annual averages.
70. When considering the overall differences in the Community under the aspect of cohesion, Table 7 shows that the volume of aid in the four cohesion countries has hardly increased. It has only grown from 9% in 1995-1997 to almost 10% of aid to the manufacturing sector in the Community in 1997-1999. Furthermore this increase is mainly due to the inclusion of data on an Irish Corporation tax scheme since 1998. When comparing the same periods, the share of the four big economies has decreased from 82% to 79%. In this context it should also be noted that, in addition to national State aid, the manufacturing sector benefits from Community interventions via the Structural Funds (see Annex III). In relative terms, the largest beneficiaries of this expenditure are the four cohesion countries, which see their relative aid position improved to a level that better reflects their weaker socio-economic situation. However, the effectiveness of these Community instruments in reducing disparities depends crucially on their not being outweighed by an unbalanced development in the use of State aid measures in other Member States.

Figure 5 State aid to the manufacturing sector in the Member States as a percentage of value added. Annual averages 1995-1997 and 1997-1999



71. Expressed as a percentage of value added, the highest levels of aid granted to the manufacturing sector in 1997-1999 are found in Greece, Italy and Denmark (see Figure 5). These countries rank above the Community average, although the long-term decreasing trend in Italy continues. The increase seen in Ireland is due to the inclusion of figures from 1998 on an Irish tax scheme that is now being phased out. If this were discounted the underlying trend in Ireland would also be downwards.
72. Due mainly to the aforementioned tax scheme, aid per person employed in Ireland is the highest of all Member States during the period 1997-1999 followed by Denmark, Luxembourg, France and Germany. The high but decreasing figure for the new German Bundesländer is due both to the high level of aid granted and a sharp decline in the number of employees engaged in manufacturing in this part of Germany. The continued decrease in aid levels reflects that the peak of the restructuring process following German reunification in 1990 was already reached during earlier review periods. At the same time, aid per person employed in the old Bundesländer is among the lowest in the Community. Countries where levels of aid remain low are, in descending order, Portugal, the United Kingdom, the Netherlands and Sweden.

2.3. Aid objectives

2.3.1. Overview

73. Aid to the manufacturing sector is classified according to the primary objectives for which it is given or the sector to which it is directed, as follows:

Horizontal objectives

- Research and development
- Environment
- Small and medium-sized enterprises
- Trade
- Energy saving
- Rescue and restructuring¹⁶
- Other objectives

Particular sectors

- Shipbuilding
- Steel
- Other manufacturing sectors

Regional objectives

- Regions falling under Article 87(3)a
- Regions falling under Article 87(3)c

74. In some Member States aid schemes classified under the primary objective of regional aid and approved according to the regional aid guidelines may also support secondary objectives such as research and development, training and employment. Similarly, secondary objectives may also be attained by way of aid schemes whose primary objective is for example, aid for SME's. Consequently, observations concerning changing trends and comparisons between Member States, as indicated in Tables 8 and 9 respectively, are limited to the primary objectives of the schemes concerned.

2.3.2. Changing trends - Horizontal Objectives

75. As regards the development over time, the distribution of aid to the manufacturing sector between the above three different main objectives is shown in Table 8. The share of aid granted for horizontal objectives has increased and whilst this type of aid continues to be ranked second, it now absorbs 34% of aid granted to the manufacturing sector. A further 3% was also granted for rescue and restructuring and its breakdown by Member State is also indicated in Table 8. The share of horizontal aid, not including rescue and restructuring, has risen in thirteen countries and consistently remains well above the EU average in Denmark, Finland and the Netherlands. Moreover the share is below the EU average in only Greece, Germany

¹⁶ Rescue and restructuring aid is classified amongst other types of horizontal aid given that it is limited to neither certain sectors of the economy nor to certain regions.

and Italy. The most significant increase appears to be in Ireland. However this is due to the inclusion of data, since 1998, on the ICT¹⁷.

Table 8 State aid to the manufacturing sector in the Member States - breakdown by main objectives 1995-1997 and 1997-1999

	Percent							
	Horizontal Objectives without Rescue and restructuring		Rescue and Restructuring		Particular Manufacturing Sectors		Regional Objectives	
	1995-1997/ 1997-1999	1995-1997/ 1997-1999	1995-1997/ 1997-1999	1995-1997/ 1997-1999	1995-1997/ 1997-1999	1995-1997/ 1997-1999	1995-1997/ 1997-1999	1995-1997/ 1997-1999
Austria	56	59	14	3	3	3	27	35
Belgium	46	65	1	1	23	0	29	34
Denmark	85	92	0	0	13	6	2	2
Germany <i>of which Treuhand</i>	24	29	<1	<1	6	5	71 37.6	67 22.2
Greece	0	4	0	0	1	3	99	93
Spain	23	34	3	4	60	40	14	22
Finland	71	74	0	0	9	10	20	16
France	44	35	15	13	6	10	35	42
Ireland <i>of which ICT</i>	19 0	65 56	0	0	9	1	71	34
Italy	13	18	10	4	5	5	72	73
Luxembourg	29	37	0	0	2	0	69	63
Netherlands	76	83	<1	0	9	3	16	14
Portugal	61	62	1	3	23	18	15	17
Sweden	45	59	0	0	0	0	55	41
UK	39	39	0	0	1	1	60	61
EU 15	27	34	5	3	9	7	59	56

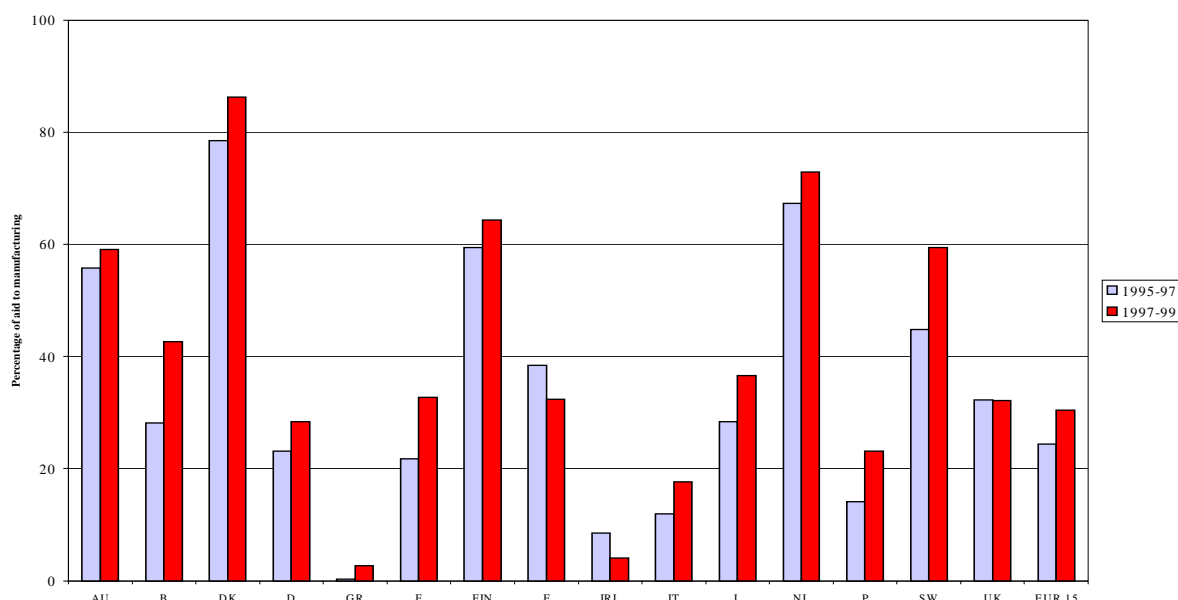
76. An increasing share of manufacturing aid was directed towards horizontal objectives in the period from 1997 to 1999 and 14% and 12% were directed towards research

¹⁷ ICT – Irish Corporation Tax is a tax scheme now being phased out and that can be considered as being a horizontal aid since it benefits the whole manufacturing sector.

and development¹⁸ and small and medium-sized enterprises respectively. The share of aid granted for rescue and restructuring, a category of aid that is also considered under horizontal objectives dropped. However in contrast with the former objectives, the highly distortive effects of rescue and restructuring aid are normally not matched by important positive externalities. Such aid has, therefore, to be very strictly controlled. It is discussed further under 2.5, ad-hoc aid.

77. An analysis of aid that supports R&D, SMEs, environmental protection and energy saving and as such is considered as generating positive externalities, shows a slightly different picture with increases in twelve Member States. Figure 6 clearly shows the vast disparities between Member States in respect of the level of State aid for these four objectives. Whilst figures, particularly for Greece, hide the fact that some aid classified as regional aid also supports horizontal objectives, it cannot be ignored that in some Member States the relative weight of horizontal objectives did not increase in the reporting period.

Figure 6 Aid for R&D, SMEs, environmental protection and energy saving in the Member States - as a percentage of aid to manufacturing 1995-1997 and 1997-1999



78. Included in the category aid for environmental protection is a sub-category of schemes that is gradually increasing in importance. CO₂ emission tax schemes have been established by some Member States to encourage a reduction in emissions of CO₂ and other gases resulting from the combustion of fossil fuels and to support the use of renewable sources of energy. The principle rationale for such schemes is the need for the EU and the individual Member States to meet the commitments they entered in to under the terms of the Kyoto Agreement and the more general aim of achieving sustainable development.

¹⁸ For the reasons explained in Annex I, point 11.1, the R&D figures contained in Table 8 may be underestimated.

79. Two types of State aid instruments are used and often in combination: tax exemptions and grants. In general, the Member States concerned have established schemes that levy taxes on energy or on CO₂, NO_x and SO_x emissions. Given that very few countries have as yet set up such measures, a concern expressed by Member States is that the extra tax burden may result in their industries' competitive position being undermined. Therefore, the tax schemes have been introduced in a progressive way with energy-intensive industries being granted partial and temporary exemptions.
80. The second element of many of the State aid schemes in question is the extra incentive provided to industry by way of grants for the adoption of modern technology, that will increase the use of renewable energies and contribute to energy saving and reductions in the level of emissions. The grants are paid from emission tax receipts or from the general budget. Currently Denmark, which accounts for the bulk of this aid, Germany, Finland, France, the Netherlands, Sweden and the United Kingdom use such measures. In the near future the number of other Member States expected to adopt similar measures is likely to increase.

Table 9 State aid for CO₂ emission tax schemes 1995-1999

€ Million

	1995	1996	1997	1998	1999
Denmark	108,5	171,7	202,9	237,0	233,4
Germany	8,3	4,3	4,6	0,4	0,6
Finland	-	-	-	0,1	0,3
France	21,4	17,1	15,3	15,2	15,1
Netherlands	-	0,4	0,1	1,2	10,7
Sweden	6,5	6,4	16,8	22,6	21,1
United Kingdom	1,8	1,3	1,5	10,1	9,3
Total	146,5	201,2	241,2	286,4	290,5

81. A sub-category of aid for SMEs that may constitute State aid, comprises government support measures for foreign direct investment outside the EU. These measures may be compatible with the common interest if they promote the competitiveness of European industry, for example, by assisting the development of SMEs or contributing to other Community objectives, such as the adjustment of the economies in transition or economic development in the Third World. Since 1993, a small number of schemes proposed by Member States specifically for this objective, has been approved by the Commission. The programmes concerned are only available to SMEs, nevertheless their geographical coverage is world-wide, thus responding to a need not only to reinforce support to the major sources of employment in the EU, but also to facilitate the widening of their horizons.

Table 10 State aid for foreign direct investment carried out by SMEs 1995-1999

€ Million

	1995	1996	1997	1998	1999
Grants	10,8	8,8	8,5	18,7	16,0
Loans	1,5	1,0	1,0	0,5	0,4
Guarantees	8,3	11,4	25,8	10,2	16,1
Total	20,6	21,1	35,2	29,3	32,5

2.3.3. *Changing trends – Aid for Particular Sectors*

82. The proportion of manufacturing aid granted specifically to particular sectors as given in Table 8, continues to decrease and in the period under review dropped to 7% of all manufacturing aid in the Community. The decrease in the share of aid to particular manufacturing sectors in ten Member States has largely outweighed the marginal increases in four others. In Italy the share has remained constant. Whilst this category of aid is not always recognised as generating the positive externalities attributed to most horizontal aid, it is often granted in regions qualifying for regional assistance and may therefore contribute to general regional support policies.

83. The reductions in aid for particular sectors are due to the almost complete halt in rescue and restructuring aid specifically directed to the steel industry and the decrease in aid to shipbuilding, which nevertheless still represents almost two-thirds of this category of aid (see Table A5/16). In Belgium, no sectorial aid was granted during the period under review whilst the relatively high, albeit decreasing, level in Spain is due to the restructuring aid granted for shipbuilding. A detailed picture of these sectors is given below.

2.3.3.1 The steel industry

84. In the steel sub-sector of the manufacturing sector, the bulk of the aid granted during the period covered by this Survey was for restructuring and derives from eight cases that were approved on the basis of Article 95 ECSC Treaty. State aid that benefited ECSC products in the period under review was also granted in compliance with the Fifth and Sixth Steel Aid Codes of 1991 and 1996¹⁹ respectively. Aid granted outside the ECSC steel sector was regulated under the 1988 Framework for certain steel sectors not covered by the ECSC Treaty.²⁰

85. Together these grants of aid decreased from an annual average of € 797 million during the period 1995-1997 to an annual average of € 130 million during the current reporting period, thus reflecting a significant reduction of over 84%. It should be noted moreover that the 1999 level was down to only €33 million. These figures do not include the marginal amounts of aid granted to this sector in the context of schemes supporting R&D, environmental protection and energy saving. However, they do show that the major restructuring and concomitant capacity reductions that

¹⁹ Commission Decisions No 3855/91/ECSC of 27.11.1991 and No 2496/96/ECSC of 18.12.1996 establishing Community rules for State aid to the steel industry.

²⁰ Framework for certain steel sectors not covered by the ECSC Treaty, 13.12.1988.

have been undertaken since 1994 in Austria, the new German Bundesländer, Spain, Ireland, Italy and Portugal are now almost complete.

2.3.3.2 Shipbuilding

86. During the reporting period the granting of aid for shipbuilding, a sub-sector of the manufacturing sector, was governed by the Seventh Shipbuilding Directive²¹, which applied from 01/01/1991 until 31/12/1998 and, since then, Council Regulation 1540/98²². The average annual amounts of aid granted in the periods 1995-1997 and 1997-1999 are given in Table 11.

Table 11 Aid to the Shipbuilding sector

€ million

	Contract related aid		Rescue and Restructuring aid	
	1995 - 1997	1997 - 1999	1995 - 1997	1997 - 1999
Denmark	81	37		
Germany	257	160	314	143
Greece			0.4	7.5
Spain	130	64	426	366
Finland	25	35		
France	37	164	0	93
Italy	287	147		
Netherlands	52	20		
Portugal			12	12
United Kingdom	12	5		
EUR 15	882	632	752	622

87. During the period 1997-1999, restructuring aid averaged € 622 million per year; a decrease from the € 752 million granted during the period 1995-1997. In addition to restructuring aid, Table 11 also shows contract related operating aid granted for new constructions including ships for developing countries and conversions. Given decreases in operating aid in all countries except Finland and France, the overall average annual level of all aid granted to this sector decreased from € 1.634 million during 1995-1997 to € 1.254 million during 1997-1999²³.

²¹ OJ L 380 of 31.12.1990.

²² OJ L 202 of 18.07.1998

²³ Figures in this table are higher than those reported in Third Report from the Commission to the Council on the Situation in World Shipbuilding, COM(2000)730 final, dated 15.11.2000. The discrepancy

88. The aid ceilings under the Directive and Regulation prevailing during the reporting period were 4.5% of contract value both for ships with a contract value of less than € 10 million and for conversions, and 9% of contract value for ships with a contract value of more than € 10 million. However, this ceiling did not apply to aid for the construction of ships for developing countries for which the minimum is 25% of the contract price. Table 12 presents the average aid ceilings, only including direct grants to shipyards or ship owners, in each Member State.

Table 12 Aid to shipbuilding in the Member States in percent of contract value of ships 1997-1999

	1997			1998			1999		
	Small Ships	Large Ships	Total	Small Ships	Large Ships	Total	Small Ships	Large Ships	Total
Austria									
Belgium									
Denmark	4,5	9,0	8,9	4,5	9,0	8,1		8,6	8,6
Germany	4,5	6,4	6,3	4,5	6,4	6,4	4,5	6,3	6,3
Greece									
Spain	2,9	7,6	7,4	0,5	4,3	3,9			
Finland		5,3	5,3		3,1	3,1		9	9
France		9,0	9,0		9,0	8,6		9	9
Ireland									
Italy	4,5	9,0	8,9	4,5	9,0	8,9	4,5	9,0	9,0
Luxembourg									
Netherlands	3,2	3,8	3,6	2,6	4,4	4,1	3,8	5,4	4,7
Portugal									
Sweden									
United Kingdom		8,7	8,7	-	-	-			

* Small ships are those with a contract value of less than € 10 million. For these the maximum aid intensity allowed is 4.5% of contract value.

** Large ships are those with a contract value of more than € 10 million. For these the maximum aid intensity allowed is 9% of contract value.

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

between these figures comes from the fact that figures presented in the report to the Council were limited to those relating to new constructions and which benefited from the normal application of article 4 of the seventh Directive (max 9% of the contract price, 4,5 % for smaller vessels). The Survey includes all contracts benefiting from aid (development aid contracts and conversion contracts). Moreover the figures given in the Survey are in constant € 1998 and not nominal values.

89. Aid granted for the construction of ships for developing countries is given in conformity with Article 4.7 of the Seventh Shipbuilding Directive and Article 3.5 of Council Regulation 1540/98. Although there is a sharp increase in this type of aid in 1999, the annual average level of State aid that was granted to European shipyards for this purpose during the period 1997-1999 was € 103 million. This represents a 30% reduction when compared with the annual average of € 148 million granted during the period 1995-1997. The distribution of this development aid by country is given in Table 13.

Table 13 Shipbuilding development aid 1995-1999 as approved by the Commission. (The reference year corresponds with the Commission's decision date).

€ Million

	1995	1996	1997	1998	1999
Germany	106	101	7	3	0
Spain	58	33	9	0	59
France	40	0	0	0	215
Netherlands	34	48	9	7,5	0
Total	238	182	25	10,5	274

90. In order to put the above figures into context, Table 14 presents information on the total number of new ships for which aid was granted during the period 1995-1999. As would be expected, the 1995 peak in building corresponds with the 1995 peak in operating and development aid granted to Europe's shipbuilders.

Table 14 Shipbuilding – total number of new ships supported by State aid 1995-1999

	1995	1996	1997	1998	1999
Denmark	21	18	13	5	3
Germany	153	35	65	50	49
Spain	72	n.a.	40	10	2
Finland	-	3	8	4	1
France	72	3	0	28	9
Italy	111	67	14	37	23
Netherlands	73	49	28	22	42
Portugal	0	0	0	0	0
United Kingdom	12	6	3	0	0
Total	514	181	171	156	129

2.3.3.3 The motor vehicle industry

91. Whilst there are no aid schemes in the EU that are specific to this sub-sector, State aid as shown in Table 15 is approved to the sector and mainly by way of regional, rescue and restructuring and training aid. The awarding of this type of aid by Member States remains within tight limits that are imposed by a specific motor vehicle framework. It is not possible at present to draw any conclusions as regards the general trend because of the very small number of cases.

Table 15 State aid approved to the motor vehicle sector 1995-1999 (not including cases below the notification ceilings)

€ Million

	1995	1996	1997	1998	1999
Austria	0	10	26	2	0
Belgium	33	0	0	6	0
Germany	3	340	59	163	0
Spain	328	202	1	9	29
Finland	0	0	6	0	0
France	0	83	6	52	0
Italy	0	0	107	7	61
Netherlands	7	0	6	0	0
Portugal	0	103	0	0	0
Sweden	0	0	1	0	0
United Kingdom	0	72	65	101	17
Total	371	810	277	340	107

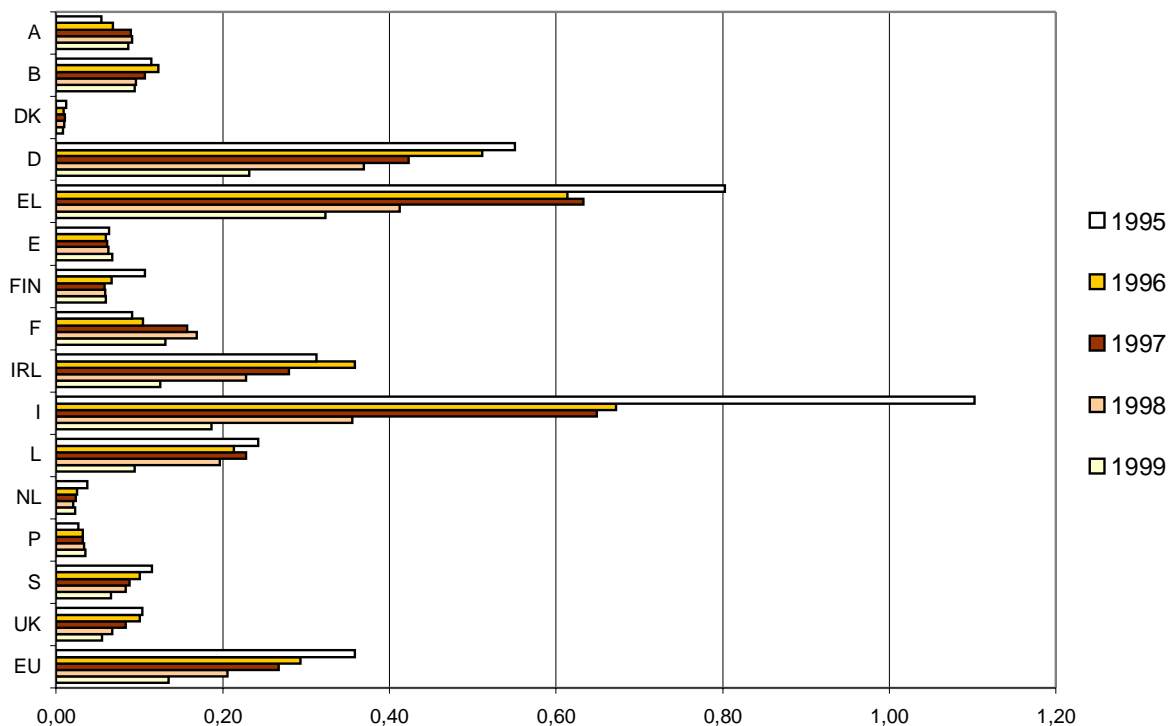
2.3.4. Changing trends – Regional Objectives

92. The overall EU level of regional aid continues to drop slightly. Apart from Greece, none of the other Member States with shares of regional aid to manufacturing that are above the EU average, are cohesion countries. Table 8 shows that during the period under review, 56% of manufacturing aid in the Union is spent on regional objectives with most being targeted at the least prosperous areas, the so-called Article 87(3)a regions.²⁴ This figure includes aid amounting to an annual average of € 2,179 million that is granted to the new German Bundesländer by way of the Treuhandanstalt (THA) and its successors. If no account were taken of this exceptional aid, aid for regional purposes would represent 53% of total aid to manufacturing.

²⁴ A list of these regions is given in Annex I, point 9.2.

93. Figure 7 below presents the level of Regional State aid in each Member State as a percentage of total national GDP. In five Member States the levels have been relatively constant during the current reporting period. In contrast significant decreases are seen in Germany, Greece, Ireland, Italy and Luxembourg. Smaller decreases are seen in Belgium, Sweden and the UK.

Figure 7 Regional aid as a percentage of national GDP 1995 - 1999



94. In Member States where the share of regional aid is close to or below the EU average, their respective overall levels of manufacturing aid, expressed as a percentage of value added, are also below the European average. The one notable exception is Denmark where although the share of regional aid is the lowest in the Union, this country's level of manufacturing aid is the third highest in the EU. Conversely, where the share of regional aid is above the EU average, it then appears, with the exception of Sweden and the UK whose aid levels are amongst the lowest in the Union, that the respective Member States' level of manufacturing aid is also above the EU average.

95. Table 16 below compares regional aid per head of population in the assisted regions (per eligible capita) in Euro and regional aid as a percentage of total national GDP. In terms of aid per eligible capita, the highest levels are seen in Germany, Italy, Luxembourg and Sweden. Portugal gives by far the lowest level of regional aid to manufacturing, followed by Spain and Denmark. (If the regional aid that Portugal grants in Madeira by way of tax exemptions to the island's service industry were included, its level of aid per eligible capita would increase from € 3,4 to € 80.)

96. Whilst not all aid granted in assisted regions is jointly financed with Community funds, to appreciate the full weight of regional aid, a regional aid multiplier should be applied in order to account for the contribution made by Community funds to

those schemes that are jointly financed. In many assisted regions that benefit from the derogation foreseen in Article 88§3a, Community funding for certain schemes may be as much as three times as high as the respective national State aid. In assisted regions that benefit from the derogation foreseen in Article 88§3c, Community funding may add a further 30 to 50% to respective national State aid.

Table 16 Regional aid per eligible capita in Euro and regional aid as a percentage of total GDP

	Regional aid per eligible capita in Euro		Eligible population in Millions		Regional aid as a percentage of total GDP	
	1995-1997	1997-1999	1996	1998	1995-1997	1997-1999
Austria	45,4	59,4	2,83	2,83	0,07	0,09
Belgium	68,4	61,9	3,55	3,57	0,11	0,10
Denmark	14,5	13,6	1,05	1,06	0,01	0,01
Germany	297,8	208,9	31,17	31,26	0,50	0,34
Greece	63,7	47,7	10,47	10,51	0,68	0,45
Spain	9,8	11,3	29,82	29,9	0,06	0,06
Finland	36,9	31,7	2,13	2,14	0,08	0,06
France	58,1	78,9	24,7	24,9	0,12	0,15
Ireland	51,8	43,5	3,62	3,69	0,31	0,21
Italy	266,9	148,1	28,04	28,15	0,79	0,39
Luxembourg	188,5	155,6	0,18	0,18	0,23	0,17
Netherlands	34,7	28,7	2,68	2,71	0,03	0,02
Portugal	2,7	3,4	9,92	9,96	0,03	0,03
Sweden	122,9	103,8	1,63	1,64	0,10	0,08
United Kingdom	41,7	37,9	22,42	22,57	0,089	0,07
EU 15	121,1	87,4	174,22	175,05	0,30	0,20

97. During the period under review, the process of reorganising the economy of the new German Bundesländer continued. The reunification of Germany is of particular importance for Community State aid policy. In 1997-1999, an average annual volume of € 6,9 billion was granted in aid to manufacturing in the new Bundesländer. This, although on a high level, is a considerable further decline in comparison with 1995-1997, when over € 10 billion was granted. In addition, this reduction is accompanied by a stabilisation in aid to the old Bundesländer, which now stands at € 2.9 billion during 1995-1997 and 1997-1999. The breakdown into

the different aid instruments used in the new Bundesländer is given in Table A4 in Annex II.

98. With the exception of some specific aspects of the rescue and restructuring guidelines,²⁵ in the period 1997-1999 normal State aid rules applied to the new German Bundesländer. Guarantees averaging €1,084 billion per year and loans averaging €5,978 billion per year were given by Bundesanstalt für vereinigungsbedingte Sonderaufgaben (BvS). Based on its previous experience, the Commission is of the opinion that 20% of both amounts can be regarded as aid, which is included in the Survey. During the same period, grants were used for expenditure amounting to an annual average of €767 million, so that the total amount of aid granted by BvS, the former Treuhandanstalt, equals a yearly average of €2.2 billion.
99. By virtue of the Article 299 EC Treaty, outlying regions of the Union enjoy a special status that reflects their structural social and economic situation that is compounded by their remoteness. The respective aid intensities in these regions may be higher than elsewhere and operating aid, which is not progressively reduced and limited in time, is allowed when it compensates for additional transport costs. The status of these outlying areas was further reinforced after the Treaty of Amsterdam and the new Article 299§2²⁶ entered into force. These regions now benefit automatically from the derogation foreseen under Article 87§3(c) of the Treaty. Secondly in the outermost regions qualifying for exemption under Article 87§3(a) and (c) of the Treaty, operating aid, which is not both progressively reduced and limited in time, may be granted not only for additional transport costs, but also in order to offset other additional costs arising in the pursuit of economic activity from the factors identified in Article 299§2. It is the task of Member States to determine the amount of the additional costs and prove they are linked to the factors identified in Article 299§2.
100. A preliminary overview of the level of aid that is granted directly by or, that is specifically aimed at the outermost regions of the Union is presented in Table 17 below. In Table 18, the level of aid in each of the regions is expressed as a percentage of the respective region's GDP.

²⁵ Community guidelines on State aid for rescuing and restructuring firms in difficulty, OJ C 368 of 23.12.1994 and Community guidelines on State aid for rescuing and restructuring firms in difficulty, OJ C 288 of 09.10.1999.

²⁶ Article 229§2 (ex Article 227)

The provisions of this Treaty shall apply to the French overseas departments, the Azores, Madeira and the Canary Islands. However, taking account of the structural social and economic situation of the French overseas departments, the Azores, Madeira and the Canary Islands, which is compounded by their remoteness, insularity, small size, difficult topography and climate, economic dependence on a few products, the permanence and combination of which severely restrain their development, the Council, acting by a qualified majority on a proposal from the Commission and after consulting the European Parliament, shall adopt specific measures aimed, in particular, at laying down the conditions of application of the present Treaty to those regions, including common policies. The Council shall, when adopting the relevant measures referred to in the second subparagraph, take into account areas such as customs and trade policies, fiscal policy, free zones, agriculture and fisheries policies, conditions for supply of raw materials and essential consumer goods, State aids and conditions of access to structural funds and to horizontal Community programmes. The Council shall adopt the measures referred to in the second subparagraph taking into account the special characteristics and constraints of the outermost regions without undermining the integrity and the coherence of the community legal order, including the internal market and common policies.

Table 17 Absolute levels of State aid granted directly by or specifically aimed at the outermost regions of the Union

€ Million

	1995	1996	1997	1998	1999
Total	660,45	1.145,05	1.845,46	1.585,65	1.057,73
<i>of which Canarias</i>	<i>51,93</i>	<i>13,84</i>	<i>21,05</i>	<i>52,52</i>	<i>36,11</i>
<i>DOM'S</i>	<i>427,64</i>	<i>506,46</i>	<i>649,70</i>	<i>847,07</i>	<i>534,54</i>
<i>Madeira</i>	<i>175,48</i>	<i>615,62</i>	<i>1.165,88</i>	<i>680,17</i>	<i>486,67</i>
<i>Acores</i>	<i>5,40</i>	<i>9,13</i>	<i>8,84</i>	<i>5,89</i>	<i>0,41</i>

Table 18 State aid granted directly by or specifically aimed at the outermost regions of the Union expressed as a percentage of the respective regions' GDP

Percent GDP

	1995	1996	1997	1998	1999
Total	0.018	0.029	0.046	0.037	n/a
<i>of which Canarias</i>	<i>0.003</i>	<i>0.001</i>	<i>0.001</i>	<i>0.003</i>	n/a
<i>DOM'S</i>	<i>0.024</i>	<i>0.028</i>	<i>0.035</i>	<i>0.044</i>	n/a
<i>Madeira</i>	<i>10</i>	<i>34</i>	<i>62</i>	<i>34</i>	n/a
<i>Açores</i>	<i>0.004</i>	<i>0.006</i>	<i>0.006</i>	<i>0.004</i>	n/a

2.3.5. Trends and Patterns of State aid in Member States

101. The trends and patterns of aid that is granted to the manufacturing sector in each Member State is as follows:

- In Austria, the average annual amounts of aid during the two three-year periods under review are fairly steady. This steady medium term trend is the result of a gradual increase in annual aid levels until 1997 that was followed by similar reductions in annual levels until 1999. When comparing the two three year periods, there was a significant decrease in aid to rescue and restructuring aid. Together aid for R&D, environment and SMEs accounted for the largest share of aid to manufacturing. Aid for particular sectors has remained stable and its share of aid to manufacturing is low whilst the share of regional aid, particularly in article 87(3)a regions, increased with respect to the first reporting period.
- In Belgium, the medium term downward trend in levels of aid that is seen when comparing the two reporting periods is due to a single sectorial scheme that, accounting for some 23% of all Belgian aid to manufacturing, was

abolished in 1996. However since 1997 the absolute amount of manufacturing aid has slowly crept upwards again as resources directed towards R & D and SMEs have increased. A constant element of manufacturing aid policy in Belgium that complements action under R&D and SME schemes, is support given by way of other horizontal schemes that encourage the reconversion of industry and improvement of its technical base. These schemes now represent approximately 20% of all Belgian manufacturing aid. Regional aid to article 87(3)c regions is relatively constant. The shares of horizontal and regional aid have risen at the expense of aid to particular manufacturing sectors.

- In Denmark, the average annual amounts of aid during the two three-year periods under review show a very slight increase. However this medium term trend is the result of a gradual annual increase until 1997 that was subsequently followed by slightly smaller annual reductions until 1999. Horizontal aid in Denmark accounted for the largest share of aid to manufacturing with gradually increasing resources being directed towards the main beneficiaries, R&D, environment and energy saving. These increases are due to the increasing level of support afforded to energy saving and environmental protection, mainly in the form of exemptions from energy/CO₂ taxes. When comparing the two periods, the most significant decrease was seen in aid for shipbuilding. Regional aid in Denmark is the lowest in the Community.
- In Germany the average annual amounts of aid during the two three-year periods under review reflect the continued reduction of aid in the new German Bundesländer. At the same time the share of horizontal aid is gradually increasing as the shares of sectorial and overall regional aid drop. However these changes hide the more subtle variations in the grant of aid. In absolute terms aid supporting most horizontal objectives except R&D and rescue and restructuring has now dropped each year since 1995. Regional aid remains the most important objective in Germany. However whilst aid granted in the article 87(3)a regions continues to decline rapidly, it now appears that aid granted in article 87(3)c regions is no longer decreasing.
- In Greece, most aid is classified as regional aid, which has decreased not only when the two reporting periods are compared, but also almost every year since 1995.
- In Spain, when comparing the two reporting periods, the level of overall manufacturing aid has diminished as a result of a considerable decrease in aid granted to the steel sector and a drop in shipbuilding aid. However aid for shipbuilding remains the most important element of State aid in Spain and in spite of an approximately 20% decrease in absolute terms between the previous and current reporting periods, it still represents 25% of all manufacturing aid. The share of horizontal aid, particularly for R&D, SMEs and energy saving, increased in the current reporting period as well as regional aid.
- In Finland, a comparison of the average annual amounts of aid during the two three-year periods under review shows a slight increase. This apparent medium term trend is the result of an increase in annual aid levels until 1997 that was followed by smaller reductions in annual levels until 1999. Horizontal aid, especially that benefiting R&D, SMEs and energy saving, continues to account for a large share of manufacturing aid. The share of regional aid has decreased

slightly. Even though the share of sectorial aid appears to have increased, with shipbuilding benefiting the most, aid to shipbuilding in Finland has, on an annual basis, dropped very sharply since 1997 when it was recorded for the first time.

- In France, the underlying trend in the grant of aid is similar to Finland. A comparison of the average annual amounts of aid during the two three-year periods under review shows a ten percent increase. This apparent medium term trend is the result of an increase in annual aid levels until a peak was reached in 1997, followed by a gradual reduction in annual levels until 1999. The grant of large amounts of rescue and restructuring aid compounded with a sharp increase in regional aid caused this peak. When comparing the two reporting periods the share of regional aid and aid directed to particular sectors has increased, whilst the share of horizontal aid has decreased.
- In Ireland, whilst a comparison of the average annual amounts of aid during the two three-year periods under review shows a substantial increase, this is entirely due to the inclusion of data on Irish Corporation Tax (ICT) since 1998. During the period under review ICT accounted for approximately 56% of all aid to manufacturing. When ICT and the remaining aid to manufacturing are considered separately, it can be seen that both of these components are gradually decreasing. The most significant reduction since 1996 is in regional aid that has almost halved. Sectorial aid has also dropped considerably.
- In Italy, the long-term downward trend has continued and in fact accelerated during the current period under review. Given decreases in all areas and particularly drastic reductions in rescue and restructuring and in major regional aid programmes, the shares of horizontal, sectorial and regional aid have remained relatively stable. Even if regional aid increases in 2000 as current estimates indicate, the current downward trend in aid to manufacturing that has lasted since the period 1990-1992, should not be interrupted.
- In Luxembourg, the contribution of horizontal aid has increased from the first to the second reporting period. In contrast at the end of the current reporting period there was a significant reduction in regional aid. In spite of this reduction, regional aid still accounts for almost two thirds of aid to manufacturing.
- In the Netherlands, a comparison of the average annual amounts of aid during the two three-year periods under review shows a slight decrease reflecting a gradual reduction in the amount of aid to manufacturing since 1996. Horizontal aid, especially that benefiting R&D, environmental protection and energy saving, continues to account for a large and increasing share of manufacturing aid. The share of aid for particular manufacturing sectors has decreased from 9% to 3% given a large reduction in aid to shipbuilding. The share of regional aid has also decreased slightly.
- In Portugal, levels of aid to manufacturing have kept within a relatively narrow band for a number of years demonstrating a stable State aid policy characterised by small long-term variations in trends and patterns. Given the relatively low levels of aid, it is only sporadic grants of sectorial aid that increase aid levels over the €200 million mark. Most recently in 1999, an

increase in resources directed towards the textile sector led to the slight increase in the current reporting period. Complementing horizontal aid measures such as R&D, SME and energy saving is a single horizontal scheme that accounts for approximately 30% of all manufacturing aid. The share of horizontal aid in Portugal has risen slightly and in the period 1997-1999 accounts for almost two-thirds of all manufacturing aid whilst aid for particular sectors dropped in the same period to 18%.

- In Sweden²⁷, a gradual increase in aid levels can be seen when comparing the two reporting periods. This increase reflects the two principle trends since 1995: the strong increase in environmental aid that has only partly been offset by small but continual reductions in regional aid. This is the only Member State where there is no sectorial aid so as the share of regional aid drops, the share of horizontal aid increases. The only components of this latter category are, R & D, environmental protection, SME and energy saving.
- In the United Kingdom, the gradual decrease in aid levels that can be seen when comparing the two reporting periods reflects the downward trend in manufacturing aid since a peak was reached in 1996. Given the across-the-board reductions in levels of aid, the shares of aid granted for horizontal, sectorial and regional objectives have remained very stable. SME, R&D and Regional aid still account for the largest proportion with over a quarter of the latter being spent in Northern Ireland.

102. The above analysis only considers patterns and trends in national State aid expenditure. A part of this expenditure is co-financed by Community funding that also benefits the manufacturing industry in the EU. Figures on Community funding are provided separately in Annex III.

²⁷

The change of basis for the fiscal year in Sweden as from 1997 made it necessary to find a practical solution for the presentation of the figures for the years 1995 and 1996. Figures for these two years have therefore been calculated from the 12-month average equivalent of the 18-month period for the prolonged fiscal year 1995/96 that ran from the 1st July 1995 until the 31st December 1996.

Table 19 State aid to the manufacturing sector in the Member States - breakdown according to sector and function 1995-1997

Percent

SECTOR/OBJECTIVE	AU	B	DK	D	GR	E	FIN	F	IRL	I	LUX	NL	P	S	UK	EU 15
Horizontal Objectives	70	47	85	24	0	26	71	59	19	23	29	76	62	45	39	32
Research and development	30	14	23	9	0	7	35	30	7	3	7	21	8	20	14	11
Environment	10	1	27	1	0	1	2	1	0	0	3	12	0	6	0	2
Small and Medium-sized enterprises	15	13	6	11	0	12	20	7	1	8	19	4	2	12	18	10
Commerce	0	3	6	0	0	0	12	5	2	0	1	4	0	0	7	1
Energy saving	1	0	22	2	0	1	3	1	0	1	0	31	5	7	1	2
Rescue and restructuring	14	1	0	0	0	3	0	15	0	10	0	0	1	0	0	5
Other objectives	0	15	0	0	0	1	0	0	9	1	0	4	47	0	0	1
Particular Sectors	3	23	13	6	1	60	9	6	9	5	2	9	23	0	1	9
Shipbuilding	0	0	13	4	0	26	6	1	0	3	0	9	6	0	1	5
Other sectors	3	23	0	1	1	33	2	5	9	2	1	0	17	0	0	4
Regional Objectives	27	29	2	71	99	14	20	35	71	72	69	16	15	55	60	59
Regions -Article 87(3)a	7	0	0	65	99	4	0	13	71	71	0	0	15	0	17	49
Regions -Article 87(3)c	20	29	2	6	0	10	20	22	0	1	69	16	0	55	43	10
TOTAL	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Table 20 State aid to the manufacturing sector in the Member States- breakdown according to sector and function 1997-1999

Percent

SECTOR/OBJECTIVE	AU	B	DK	D	GR	E	FIN	F	IRL	I	LUX	NL	P	S	UK	EU 15
Horizontal Objectives	62	66	92	29	4	38	74	48	65	22	37	83	65	59	39	37
Research and development	33	19	25	13	0	14	37	25	3	5	10	26	6	21	9	14
Environment	11	1	37	1	0	1	1	1	0	0	5	14	0	22	0	2
Small and Medium-sized enterprises	14	23	2	13	3	16	16	6	1	12	22	4	12	9	22	12
Commerce	0	1	5	0	1	0	10	3	1	0	1	4	0	0	7	1
Energy saving	1	0	22	2	0	2	9	1	1	0	0	29	5	7	2	2
Rescue and restructuring	3	1	0	0	0	4	0	13	0	4	0	0	3	0	0	3
Other objectives	0	21	0	0	0	2	0	0	60	1	0	6	39	0	0	2
Particular Sectors	3	0	6	5	3	40	10	10	1	5	0	3	18	0	1	7
Shipbuilding	0	0	6	3	1	28	8	6	0	3	0	3	6	0	0	5
Other sectors	3	0	0	2	1	13	2	4	1	2	0	0	12	0	0	2
Regional Objectives	35	34	2	67	93	22	16	42	34	73	63	14	17	41	61	56
Regions -Article 87(3)a	6	0	0	59	93	6	0	15	34	71	0	0	17	0	17	42
Regions -Article 87(3)c	29	34	2	8	0	16	16	27	0	3	63	14	0	41	44	14
TOTAL	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

2.4. Types of aid instrument

103. Table 21 presents the distribution, as a percentage of total manufacturing aid, of the various types of aid instrument that were used by Member States during the current reporting period.

Table 21 State aid to the manufacturing sector in the Member States - breakdown according to type of aid instrument 1997-1999

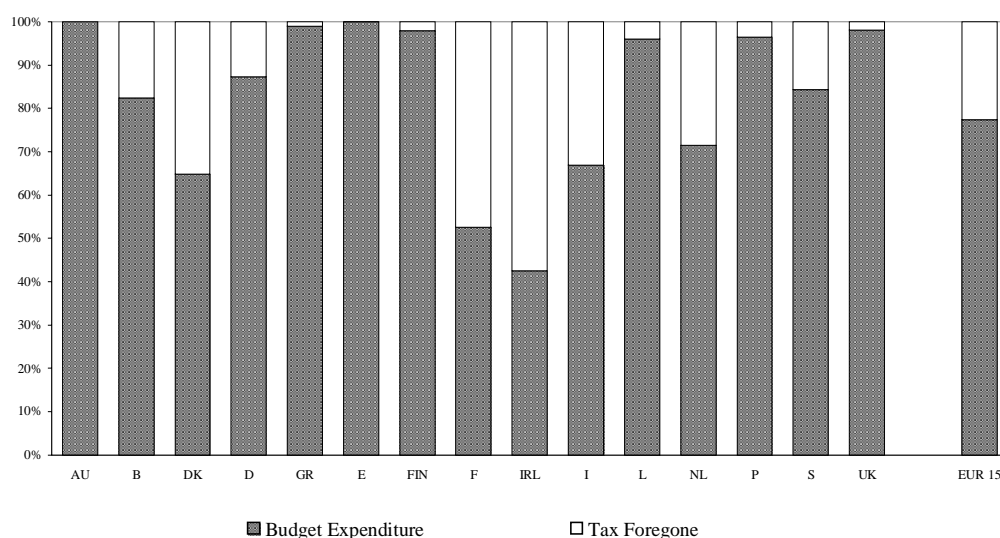
Percent

	TYPE OF AID						TOTAL
	Group A		Group B	Group C		Group D	
	Grants	Tax exemptions	Equity participation	Soft loans	Tax deferrals	Guarantees	
Austria	77	0	0	18	0	5	100
Belgium	72	17	5	4	1	1	100
Denmark	56	35	0	7	0	2	100
Germany	60	11	0	21	1	5	100
Greece	97	1	0	2	0	0	100
Spain	91	0	2	7	0	0	100
Finland	88	2	1	8	0	0	100
France	30	47	13	8	0	2	100
Ireland	30	58	8	0	0	5	100
Italy	64	33	1	3	0	0	100
Luxembourg	94	4	0	2	0	0	100
Netherlands	64	20	0	5	8	2	100
Portugal	85	4	2	9	0	0	100
Sweden	70	16	2	12	0	0	100
United Kingdom	97	1	0	1	1	0	100
EU 15	61	22	3	11	1	3	100

104. The overall situation in the period 1997-1999 is very similar compared with that presented in the Eighth Survey for the period 1996-1998. Grants, interest rate subsidies and tax exemptions, which are classified as group A forms of intervention, are still by far the most frequently used form of aid in the Community. Within this group and with the exception of France and Ireland, grants are more often employed than tax exemptions.

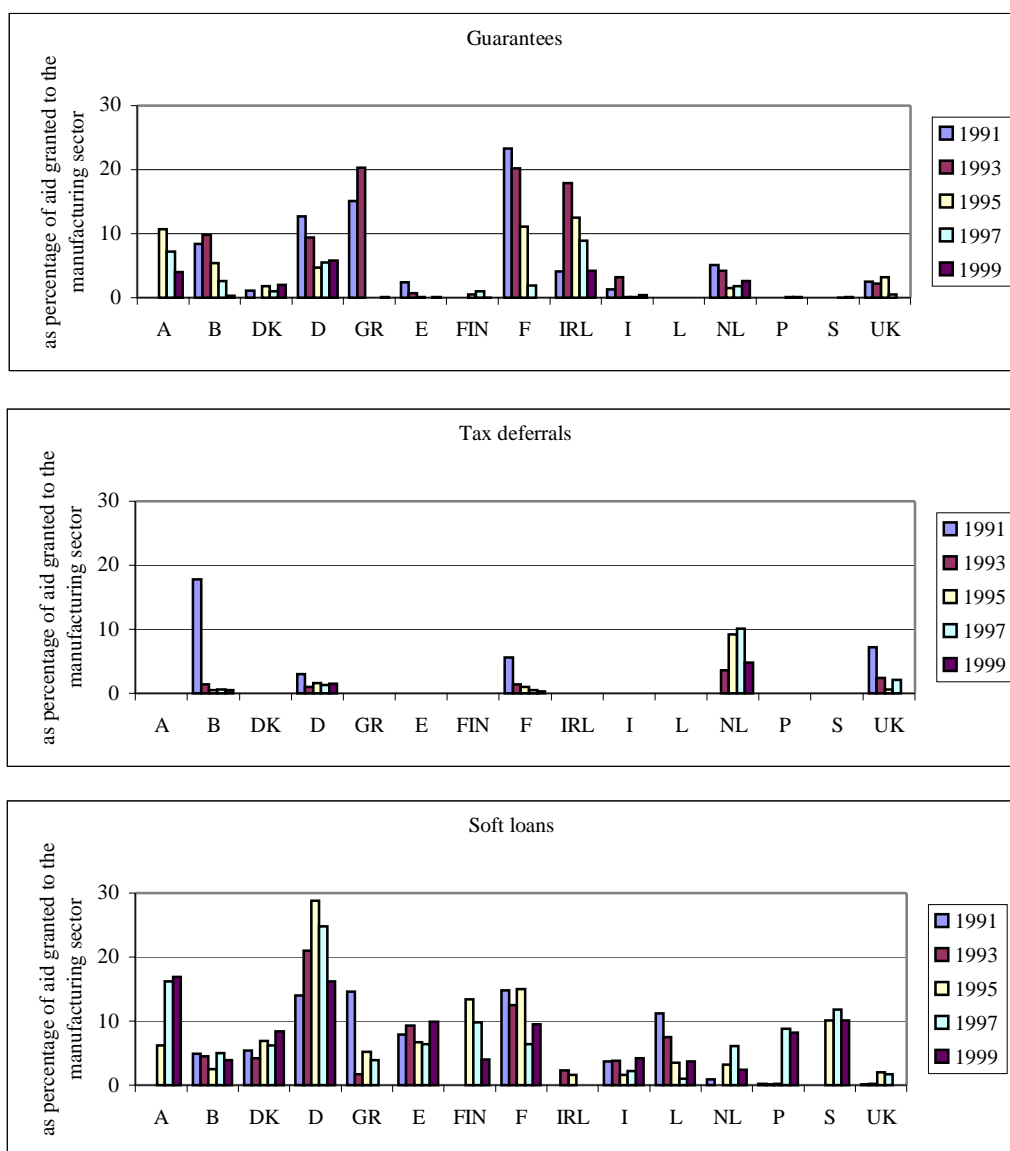
105. Aid in the form of State equity participation, classified under group B, represents only 3% of all aid to the manufacturing sector granted in the European Union. However, in one Member State, France, equity participation is relatively important.
106. Aid classified in group C encompasses loans at reduced interest rates and tax deferrals. Tax deferrals, mainly accelerated depreciation and the constitution of tax-free reserves, is the form that is least used in the Community, with the exception of the Netherlands, where it accounts for 8% of all manufacturing aid. Soft loans are an important instrument in Austria, Germany, Portugal and Sweden.
107. The share of guarantees in overall levels of aid, group D, continues to be relatively limited in all Member States.

Figure 8 State aid to the manufacturing sector in the Member States - distribution by budgetary expenditure and tax foregone 1997-1999



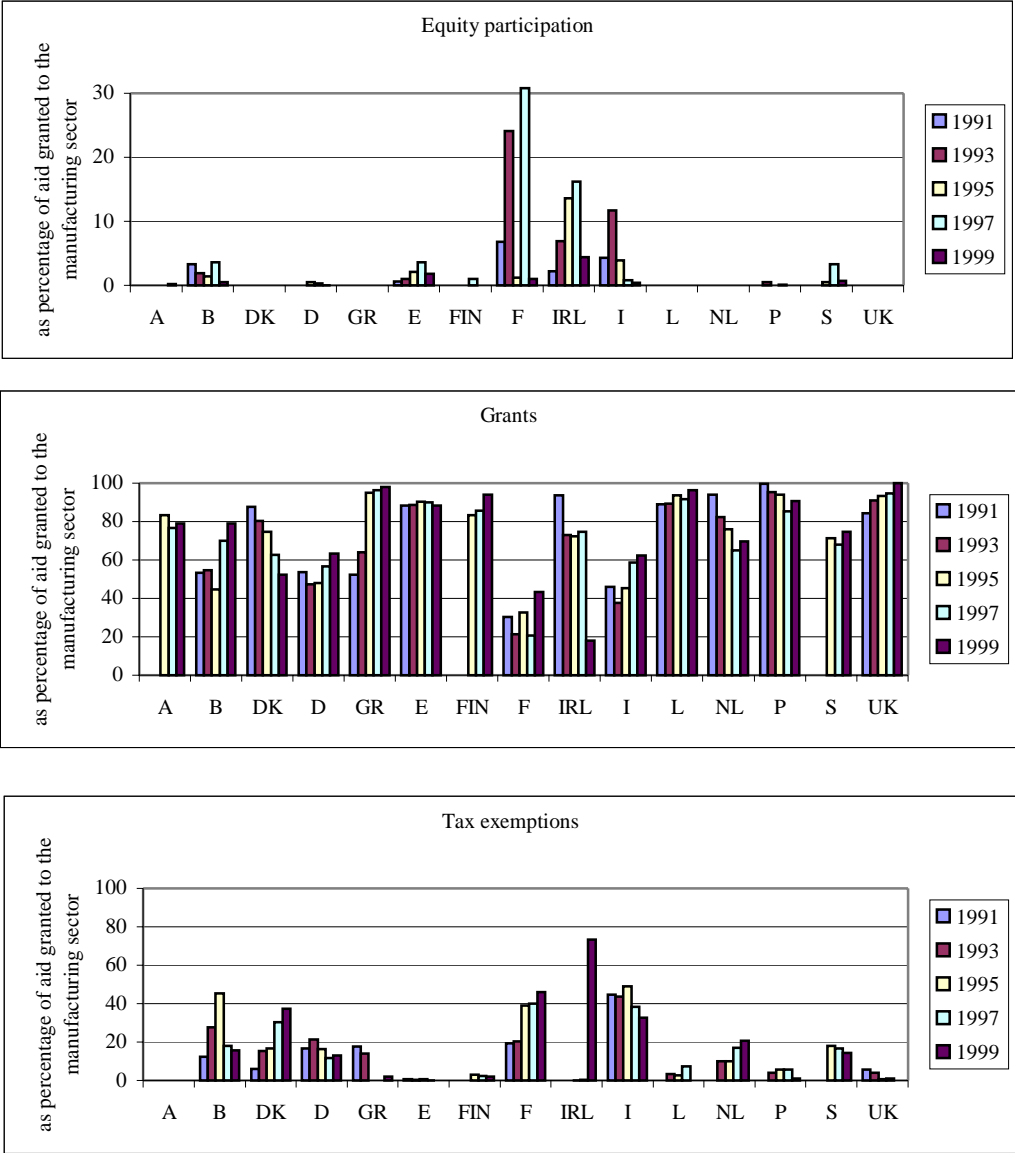
108. Figure 8 gives a breakdown of aid to the manufacturing sector according to the mode of financing. Budgetary expenditure, which is composed of grants, interest rate subsidies, equity participation, soft loans and guarantees, is the preferred way of financing aid in the European Union. This holds particularly for Greece, Spain, Finland, Luxembourg, and the UK where all or virtually all aid is financed through the budget. In contrast, tax foregone, i.e. tax exemptions and tax deferrals, is used to the largest extent in Denmark, France and Ireland.
109. The evolution of patterns in the use of the various aid instruments does not become evident for most Member States until a relatively long time span is considered. Comparison between the two reporting periods covered by this Survey is not sufficient. Therefore in order to identify the gradually changing distribution of aid instruments the period from 1990 to 1999 is considered below and presented graphically in Figure 9.

Figure 9 State aid to manufacturing — percentage share by aid instrument 1991-1999



110. As regards guarantees their use has decreased in all Member States and now account for no more than 3% of aid to manufacturing compared with 8% during the period 1990-1992. Tax deferrals were never used to a great extent and they have represented only 1% of EU manufacturing aid since 1990-1992. The only Member State that has recently made avail of this instrument is the Netherlands. During the 1990's soft loans were used throughout the EU. The level of equity participation remained low throughout the EU during the 1990's. The only country where levels of equity participation have consistently stayed above the EU average, is France. During certain periods levels in Ireland and Italy were also above the EU average.

Figure 9 continued, State aid to manufacturing – percentage share by aid instrument 1991-1999



111. Changes in the patterns of aid instruments are also found when considering grants and tax exemptions. At the EU level, there has been a decrease in the share of tax exemptions from 33 to 22% that has almost been matched by the rise in the share of grants from 51 to 61%. However of note are the relatively important changes in patterns that are found in some Member States. Belgium and Greece have increased the share of grants at a faster rate than the EU as a whole, whilst Denmark, Ireland and the Netherlands have in contrast with the overall EU trend, decreased the share of grants. Given the relative stability in the use of other aid instruments in these countries, the decreasing share of grants is matched by an increasing share of tax exemptions. It is only in France where there appears to be an increase in the use of both grants and tax exemptions.
112. The reasons for these variations are due to important changes in policy in some Member States, the implementation of which requires the use of certain aid instruments. Increases in tax exemptions in Denmark and the Netherlands are due to

the growing importance of CO2 emission tax schemes. In France the increase in the share of tax exemptions over the past decade is due to their importance in the implementation of R&D and Regional support programmes. However in Ireland the apparent sharp increase in the use of tax exemptions does not reflect a change in policy, only the inclusion of data on the ICT scheme since 1998. In regard to Germany, the drop in the use of tax exemptions is due to the gradual discontinuing of tax exemptions for investment purposes in the new German Bundesländer. Budgetary expenditure therefore increased its relative share as overall aid amounts dropped in Germany. On the EU level, the use of tax exemptions for schemes supporting SME's decreased sharply between 1990 and 1995.

2.5. State aid given on an ad-hoc basis

113. The foregoing analysis of State aid data attempts to identify the medium and long-term trends in the EU Member States and is based upon State aid granted by way of schemes that promote horizontal, sectorial or regional objectives and State aid that is granted ad-hoc, i.e. outside of such schemes. Since an analysis of aid that is granted by the aid awarding authorities outside of pre-established schemes sheds a light on other necessities of national State aid policy, an analysis of ad-hoc aid is presented below. For completeness, reference is also made to ad-hoc aid in the air transport, financial and other service sectors.
114. For the purposes of this analysis ad-hoc aid is split into four sub-categories. The relatively high proportion that was granted for the purpose of restructuring in the new German Bundesländer, ad-hoc aid that was granted in most other Member States for the purpose of restructuring manufacturing capacity and, ad-hoc aid that is granted to restructure various service industries. The fourth sub-category is ad-hoc aid granted for horizontal objectives such as Research and Development and Environmental protection.
115. Table 22 shows that the peak in ad-hoc aid to the new German Bundesländer was reached in 1994 and since then has dropped considerably. A similar trend is found in ad-hoc aid that was granted in other Member States to certain sections of their respective manufacturing industries. In so far as ad-hoc aid to services is concerned the trend in aid used for the restructuring of certain companies in the air transport sector also followed historical cycle similar to that followed in manufacturing. Only ad-hoc to financial services is lagging behind the above mentioned cycles and this may be explained by the relatively recent liberalisation of this sector. The fourth sub-category, ad-hoc aid granted for Research and Development and Environmental protection, shows a gradual increase between 1992 and 1996 at which stage it levelled off in absolute Euro terms. This use of ad-hoc aid to finance horizontal objectives may be a result of administrative practice in some Member States rather than reflecting changes in their respective State aid policies.
116. Historically the bulk of ad-hoc aid was granted for the purpose of the enormous restructuring programme that was carried out in the new German Bundesländer and for the rescuing or restructuring of companies and large industrial conglomerates in other Member States. These activities continue, albeit at a very much lower level and with the exception of further restructuring in the shipbuilding sector, decreases should continue to be seen in the near future. Ad-hoc aid granted to the financial services sector for rescue and restructuring reached its peak in 1998 and dropped

sharply thereafter. A relatively small amount of ad-hoc aid was granted in the media sector in 1997 and 1998.

117. A growing proportion of ad-hoc aid is not granted for rescue and restructuring. The share of ad-hoc aid that is granted for the horizontal objectives R&D and Environmental protection is gradually increasing and reached approximately one third of all manufacturing ad-hoc aid outside of that granted in the new German Bundesländer in 1999. This type of ad-hoc aid also accounts for 100% of all ad-hoc granted in the Netherlands and reflects the administrative policy in this country of not always setting up schemes as a mechanism to support horizontal objectives. For example aid granted to Eureka projects is not covered by any scheme in the Netherlands. And in contrast with some other Member States, the Netherlands clearly does not have a policy to rescue and restructure ailing firms. Aid targeted in this country towards horizontal objectives is granted to firms to encourage their R&D efforts and continually reinforce their competitive position.
118. Data presented in the Seventh and Eighth Surveys suggested that the level of ad-hoc aid, which had been granted to the EU's manufacturing sector, passed its peak in 1993/94. Current data confirm this trend. As shown in Table 22, ad-hoc aid decreased from 11% of manufacturing aid in 1994 to 1.7% in 1999. If the above-mentioned aid to the new German Bundesländer is added, the drop is slightly greater, falling from 37% in 1994 to 4.7% in 1999. Total ad-hoc aid has decreased in the same period from € 18 billion to € 1.9 billion.

Table 22 State aid on an-hoc basis awarded in the manufacturing (including Treuhand), and services sectors in the Community 1993-1999

	1993		1994		1995		1996		1997		1998		1999	
	€ million	% of total mfr *aid	€ million	% of total mfr aid	€ million	% of total mfr aid	€ million	% of total mfr aid	€ million	% of total mfr aid	€ million	% of total mfr aid	€ million	% of total mfr aid
Ad-hoc aid to manufacturing	4829	11	4569	11	3438	9	3178	9	3433	10	1400	5	362	1.7
<i>of which ad-hoc aid for R&D/Environ</i>	45		94		144		186		185		115		120	
Treuhand aid**	8682	20	10789	26	6550	17	4742	14	3554	11	2346	9	637	3
Total aid to manufacturing	43747		40851		38749		35039		33537		27559		21592	
Ad-hoc aid to financial services	806		514		1002		4877		3246		5150		939	
Ad-hoc aid to air transport	113		2447		2390		1404		1238		42			
Ad-hoc aid to other services					9		9		250		99			
Total ad-hoc aid for mfr/services	14430		18319		13389		14210		11721		9037		1939	

* mfr: manufacturing.

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

119. Table 23 below compares the annual averages of ad-hoc aid during the periods 1995-1997 and 1997-1999. Data are presented for the manufacturing sector, including aid for restructuring in the new German Bundesländer and certain service sectors. Ad hoc aid for manufacturing has dropped from € 8.3 billion in the previous period to under €4 billion in the current reporting period. On the level of Member States, small increases are seen in Belgium, Greece and Finland due to single ad-hoc cases in each country in 1998. The increase seen in France is due to a single case in shipbuilding and, in the Netherlands, there has been an increase in R&D spending. Decreases are seen in all other Member States.
120. With the exception of Greece, Finland and the Netherlands, where levels of ad-hoc aid for manufacturing are either very low or explained by support given to R&D, levels of ad-hoc aid are for the first time decreasing in the majority of Member States. This is true not only when comparing the two reporting periods, but also considering 1999 when levels of ad-hoc aid dropped to historic lows in almost all Member States.
121. Over the two reporting periods overall EU ad-hoc aid for services has also dropped albeit less dramatically than in manufacturing. On the level of Member States, increases are only seen in Austria. When considering the 1999 levels of ad-hoc aid to services, levels dropped in all Member States with respect to 1998.

122. As regards the aid instruments that are used when ad-hoc aid is awarded in the manufacturing sector, grants make up approximately half of all such aid. Soft loans and equity participation/capital injection account for 31% and 16% respectively, whilst the use of guarantees appears to be low at about 6%. In the service sector the bulk of aid is granted by way of capital injections.
123. Whilst the impact of ad-hoc aid on overall manufacturing aid is diminishing, when comparing Table 23 with Table 7, the effect of ad-hoc aid on aid to manufacturing can still be seen. Of the overall € 8 billion decrease seen in Table 7, over half is due to the € 4 billion-plus reduction in ad-hoc aid. In 1999, the last year of the current reporting period ad-hoc aid accounted for just 4,7% of manufacturing aid in the EU.

Table 23 State aid on an-hoc basis awarded in the manufacturing (including Treuhand), and services sectors in the Member States - annual averages 1995-1997 and 1997-1999

	Manufacturing In € Million		Services In € Million	
	1995-1997	1997-1999	1995-1997	1997-1999
Austria	49	10	2	4
Belgium	8	8		
Denmark				
Germany	5421	2396	270	
<i>of which Treuhand</i>	<i>4949</i>	<i>2179</i>		
Greece	<0.5	8	418	144
Spain	1079	483		
Finland	0	1		
France	575	667	3230	2845
Ireland	18	0	24	0
Italy	1071	246	624	590
Luxembourg				
Netherlands	47	75		
Portugal	31	17	240	72
Sweden				
United Kingdom				
Total	8299	3911	4808	3655

PART III – AID TO AGRICULTURE

124. In sectors such as agriculture where a highly developed Community policy is in operation, the limits for granting State aid are, to a greater extent, determined by this common policy. Thus, although Articles 87-89 EC Treaty apply in principle to agriculture as to other sectors of the economy, Article 36 specifies that the extent to which these articles apply to agriculture should be decided by the Council. Hence, the Council has limited Member States' freedom to grant State aid in certain areas of policy:

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

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

- (ii) Support for improving farm structure (Council Regulation (EEC) No 950/97).

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

125. Table 24 presents average annual budget outlays including direct payments, reduction of input costs and general services at Community level.

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

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

Table 24 State aid to Agriculture in the Member States in percent of GDP, annual averages 1995-1997 and 1997-1999²⁸

	In percent of GDP		In million Euro	
	1995-1997	1997-1999	1995-1997	1997-1999
Austria	0,67	0,53	1.216	993
Belgium	0,12	0,11	247	247
Denmark	0,18	0,15	262	239
Germany	0,12	0,09	2.223	1.664
Greece	0,16	0,14	162	157
Spain	0,25	0,22	1.198	1.173
Finland	1,71	1,28	1.780	1.468
France	0,28	0,24	3.488	3.063
Ireland	0,16	0,21	101	166
Italy	0,15	0,15	1.509	1.630
Luxembourg	0,22	0,19	32	32
Netherlands	0,28	0,33	913	1.167
Portugal	0,22	0,30	208	301
Sweden	0,14	0,16	275	334
United Kingdom	0,13	0,11	1.597	1.349
EU 15	0,22	0,18	15.210	13.981

²⁸ Data taken from "Agricultural Policies in OECD Countries. Monitoring and evaluation 1999 and, 2000" (OECD 1999 & 2000) and expressed in 1998 constant € values.

PART IV – AID TO FISHERIES

127. In the fisheries sector, the grant of national aid closely follows the development of and the limits imposed by the Common Fisheries Policy (CFP), thereby contributing to the realisation of common objectives. Any conclusion to be drawn from the quantification of national aid, therefore not only to take account of its impact on competition, but also of its impact on attaining the common aim to establish the conditions necessary for ensuring the viability and future of the fisheries sector.
128. The fisheries market is, therefore, organised to stabilise prices and unify the Community market. The rules of fishing provide for the best possible use of available stocks and their optimum conservation, whilst ensuring relative stability of access for fishermen. In addition to these measures, durable links have been established at international level with a view to maintaining or developing access to stocks outside Community waters. Moreover, the incorporation of the structural aspect of fisheries within the framework of the Structural Funds seeks to ensure the structural adaptation necessary to attain the objectives of the CFP. This requires that action in the sector comply with the objective of establishing a balance between stocks and their exploitation. State aid is only justified, therefore, if it is in accordance with the objectives of this policy.
129. State aid rules in this sector result from the development of the CFP. The criteria and arrangements regarding Community structural assistance in the fisheries and aquaculture sector, and the processing and marketing of its products have been laid down lastly in Council Regulation 2792/99.²⁹ In parallel with the development of the CFP, guidelines for the examination of State aid to fisheries have been developed. It is within this framework established by these guidelines that the Commission administers the derogation to the principle of incompatibility of State aid with the common market (Article 87(1) EC Treaty), provided for in Article 87(2) and (3) of the Treaty and in its implementing instruments. Given the current review of the Community's Structural Funds, including the Financial Instrument for Fisheries Guidance (FIFG), the guidelines have been renewed³⁰.
130. These rules relate to all measures entailing a financial advantage, in any form whatsoever, funded directly or indirectly from the budget of public authorities (national, regional, provincial, departmental or local). State aid may be granted only if it is consistent with the objectives of the CFP. Aid may not be protective in its effect: it must serve to promote the rationalisation and efficiency of the production and marketing of fishery products, in a way which encourages and accelerates the adaptation of the industry to the new situation it faces.
131. In more practical terms, aid must provide incentives for development and adaptation, that cannot be undertaken under normal market circumstances because of insufficient flexibility in the sector and the limited financial capacity of those employed therein. It must yield lasting improvements so that the industry can continue to develop solely on the basis of market earnings. Its duration must, therefore, be limited to the time needed to achieve the desired improvements and adaptations.

²⁹ OJ L 337 of 30.12.1999 page 10

³⁰ OJ C 19 of 20.01.2001 page 7.

Consequently, the following principles apply:

- State aid must not impede the application of the rules of the Common Fisheries Policy. In particular, aid to the export of or to trade in fishery products within the Community is incompatible with the common market.
- Whenever relevant regulations allow, in particular as regards structural policy, Member States may grant State aid, provided such aid complies with the objectives of the common rules so as not to jeopardise or risk distorting the full effect of these rules; this is why it must, where relevant, be included in the various programming instruments provided for under Community rules.
- State aid which is granted without imposing any obligation on the part of recipients, and which is intended to improve the situation of undertakings and increase their business liquidity, or is calculated on the quantity produced or marketed, product prices, units produced or the means of production, and which has the effect of reducing the recipient's production costs or improving the recipient's income is, as operating aid, incompatible with the common market. The Commission examines such aid on a case-by-case basis where it is directly linked to a restructuring plan considered to be compatible with the common market.

132. Table 25 provides an overview of the average levels of aid granted by Member States to this sector during the two periods 1995-1997 and 1997-1999. Table 25 also presents the same figures as a percentage of value added calculated on the basis of quantities landed and average prices, whilst Table 26 shows Community intervention in favour of the Community's fishing fleet, the commercialisation and first-stage processing of the products.

Table 25 State aid to fisheries in the Member States in percent of value added in this sector, calculated on the basis of quantities landed and average prices- annual averages 1995-1997 and 1997-1999 in constant prices (1998)

	In percent of value added*		In million Euro	
	1995-1997	1997-1999	1995-1997	1997-1999
Austria	-	-	-	-
Belgium	1,8	5,4	1,5	4,7
Denmark	2,3	2,0	9,9	9,3
Germany	9,0	12,3	14,5	19,2
Greece	1,8	7,4	6,2	20,9
Spain	2,3	3,0	46,6	57,6
Finland	12,1	8,9	3,0	1,8
France	3,9	2,6	32,7	24,6
Ireland	7,0	6,8	13,3	13,4
Italy	8,1	9,8	94,5	81,0
Luxembourg	-	-	-	-
Netherlands	1,5	1,5	5,7	5,0
Portugal	0,9	0,7	2,5	2,1
Sweden	7,9	7,9	8,5	8,9
United Kingdom	3,5	4,0	33,2	33,5
EU 15	4,1	4,3	271,9	281,8

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

Table 26 Community interventions in the fisheries sector in the framework of the common organisation of the market and structural policy 1995-1999

€ Million

	1995	1996	1997	1998	1999
Guarantee	42,0	35,6	34,3	21,2	21,3
Guidance	518,2	498,8	401,2	502,7	746,3

PART V – AID TO COAL MINING

133. During the two periods covered by this Survey, aid to the coal industry, insofar as ECSC coal products were concerned, was regulated by Commission Decision 3632/93/ECSC adopted under Article 95 ECSC Treaty. This decision will expire on 23 July 2002, the date of expiry of the ECSC Treaty.
134. Under the terms of this Decision, inherited liabilities are an intrinsic part of the authorisation process and appear in the text of various Commission Decision authorising aid. Social welfare schemes do not normally appear in decisions. Therefore inherited liabilities are included in the Commission's annual reports on coal aid, whereas social aid is not included.
135. Decision 3632/93/ECSC on State aid to the coal industry also tightened the definition of aid within this sector to cover:
- any direct or indirect measure or support by public authorities linked to production, marketing and external trade which, even if it is not a burden on public budgets, gives an economic advantage to coal undertakings by reducing the costs which they would normally have to bear;
 - the allocation, for the direct or indirect benefit of the coal industry, of the charges rendered compulsory as a result of State intervention;
 - aid elements contained in financing measures taken by Member States in respect of coal undertakings, which are not regarded as risk capital, provided to a company under standard market-economy practice.
136. To increase transparency, Member States were also required, by 31st December 1996 at the latest, to enter aid in their “national, regional or local budgets or to channel it through strictly equivalent mechanisms”. Moreover, all aid received by coal undertakings has to be shown together with their profit and loss accounts “as separate item of revenue, distinct from turnover”.
137. Finally, operating aid was defined as “the difference between production costs and the selling price freely agreed between the contracting parties in the light of the conditions prevailing on the world market”. Decision 3632/93/ECSC also stipulates that “arrangements existing at 31 December 1993, under which aid was granted in conformity with the provisions of Decision 2064/86/ECSC and which are linked to agreements between producers and consumers, exempted under Article 85(3) of the EC Treaty and/or authorised under Article 65 ECSC of the Treaty, must be modified by 31 December 1996” to bring them in to line with the provisions of the new Decision 3632/93/ECSC. For Germany and Spain this has resulted in an increase in the aid amounts from the public budget as their coal reference price systems have been abolished.
138. The Commission Decision enables aid to be given for further restructuring, modernisation and rationalisation to take place in the coal industry with a view to increasing competitiveness. However, most coal production in the Community remains, and will continue to remain uncompetitive vis-à-vis imports from third countries, despite some increase in productivity and a major reduction in the numbers of employees. Given that the world market in coal is stable with abundant supplies

from a wide variety of sources and that, even in the long-term and with an increased demand for coal, the risk of a persistent interruption of supply is minimal, further restructuring and closures in the Community coal sector are inevitable.

139. Table 27 presents figures on aid to coal mining not destined to current production. Aid granted for this purpose fell from an annual average of € 2.220 million per year during the first period to an annual average of € 2.016 million during the second period. This drop is entirely due to decreases in the UK, the only Member State where coal production costs are close to international market prices.
140. Table 27 also presents figures on aid that is destined to current production. These figures are expressed in Euro per person employed in the coal sector and as the share of the total aid to the sector. The trend in aid to current production per person employed increased in Germany, Spain and France from € 43.537 in the previous period to € 47.887 in the current reporting period. Aid to current production has not been given in the UK since 1994. In spite of continuing gradual reductions in the absolute levels of this type of aid in Germany and Spain, the increasing trend in aid per person employed is due to the proportionately smaller number of coal workers. In France where the number of coal miners also dropped, aid to current production increased by more than twofold. Nevertheless, indigenous coal production in France is being reduced and it is expected to cease by 2005. In Germany, due to the decrease in aid to current production, absolute aid levels continue to decrease in conformity with the 1997 “Kohlekompromiss”.
141. In the case of Spain, a coal reference price system was in operation for a number of years which kept domestic prices net of subsidies considerably above world market prices. Although having an effect equivalent to an aid, the usual indicators that are shown in Table 27 cannot reflect this situation. However, the abolition of this reference price system is one of the explanations for the apparent recent increase in aid to Spanish production.
142. For coal, the observed aid amounts are high. While competition is essentially with imported coal, the possible distortive impact of these aids cannot be ignored as the Community market becomes increasingly integrated and competitive. The declared will of the Community to open up the energy market renders a strict aid control policy by the Commission in this sector more and more important.
143. The Commission is fully aware that, in the absence of substantial financial assistance, the coal industries of France, Germany and Spain would be forced to close almost immediately. However, the Commission is also aware that, while financial assistance is necessary to mitigate the social and regional consequences of the restructuring of the sector, it has in general not helped to secure the medium-term prospects for the industry. Whilst in the past, security of supply and diversity of sources have been ensured, as noted in a Commission report.³¹ “state aid given to coal production in the EU has not been capable of providing an answer in economic terms to the structural crisis facing the European coal industry. In practice, aid has often only provided a relatively slight improvement in production costs in the light of coal prices on the world market. This is largely due to the progressive deterioration

³¹ Report from the Commission on the Application of Community Rules for State Aid to the Coal Industry in 1996 and 1997. COM (1999) 303 final of 9 September 1999.

in production conditions brought about by increasingly difficult geological conditions and often the lack of structural change in the coal-producing firms resulting from the absence of competitive pressure.”

144. As emphasised in the latest annual report from the Commission on the application of Community rules for State aid in the Coal industry,³² these aid mechanisms have not managed to provide an answer in economic terms to the structural crisis facing the European coal industry. The improvements made to production costs have not been sufficient in the light of the coal prices operated on the world market. Indeed, the production costs in non-EU member countries have also been reduced through the introduction of more advanced technology in geological conditions which are clearly more favourable than those encountered by European producers. The competitive imbalance has not been compensated; on the contrary, it has even increased. In the absence of any practical prospect of a return to a stable and profitable European coal industry, the idea has gained ground that State aid ought to be considered as support to areas and social groups that are lagging behind, rather than a strategy for economic development.
145. This growing awareness, in a context in which public expenditure is being cut, has provoked a critical examination of the future of policies implemented by the Member States, particularly regarding their high cost. In other words, while the social and regional function of these aid programmes has been recognised, their cost-effectiveness has been progressively questioned. Modern theories about State intervention in the economy now favour other instruments which are less burdensome and which, above all, offer better prospects, at least in the medium term, for the development of the social groups concerned. Indefinitely supporting an industry in irreversible decline is a choice, which is being increasingly questioned, both within governments and by the public. What is more, the effect on the environment of aid to the coal industry is also being increasingly questioned, particularly on account of the obligation to reduce the emissions of greenhouse gases in order to comply with the Kyoto Protocol.
146. The governments concerned have decided to limit, both in quantity and in time, their public aid, according to different timetables and procedures. The process may be regarded as finished in the case of Belgium and Portugal, coming to a close in France and is rapidly changing in the United Kingdom, where efforts to achieve competitiveness with imported coal are being pursued. Even Spain and Germany, which have adopted a more gradual approach, have put forward more rigorous plans for restructuring.

³² Report from the Commission on the Application of Community Rules for State Aid to the Coal Industry in 1998 and 1999. COM (2000) 380 final/2 of 20 November 2000.

Table 27 State aid to coal mining 1995-1997 and 1997-1999 in constant prices (1998)

	Yearly average of aid not destined to current production (in million Euro)		Yearly average of aid destined to current production			
	1995-1997	1997-1999	1995-1997		1997-1999	
			€ per employee	% of total aid	€ per employee	% of total aid
Germany	207,9	434,5	58.453	96%	61.939	91%
Spain	298,3	367,4	29.799	72%	34.994	66%
France	604,8	610,1	12.806	22%	34.899	38%
Portugal	0,6					
United Kingdom	1.108,5	603,9				
Total	2.220,2	2.016,0	43.537	73%	47.887	73%

PART VI – AID TO THE TRANSPORT SECTOR

147. The Commission has to deal with three areas of common (or integrated) policy under the EU Treaty, one of which is transport. This was recognised by a specific possibility for the acceptance of sectorial State aid within the context of the common transport policy, which considers that State aid is a policy instrument assisting in the pursuit of its objectives.
148. Although the transport sector is not exempted from the general provision on State aid, the Treaty contains special rules for this sector (Articles 73 and 76). In addition, to reinforce the Internal market and economic and social cohesion, Article 154 EC Treaty provides for Community support, in the context of open and competitive markets, of trans-European networks.
149. A key part of the Union's strategy is to open up access to transport markets in taking into account the particular characteristics of each transport mode. Community air, ship and road haulage operators now have complete freedom to provide services. Cabotage is already free on inland waterways and road haulage and, since January 1999, ferry operators are enjoying steadily increasing rights. The opportunities for rail operators are more limited, although the Commission is seeking to extend these.
150. Open and competitive markets do, however, not preclude public intervention, in particular when it is deemed to be in the general interest or is aimed to achieve objectives of the Common Transport Policy. As public intervention, or more particularly State aid, can be abused to protect enterprises from market forces, and undermine the goal of better, cheaper services that the liberalisation of transport markets is meant to promote, strict control is called for over such aid. It is, on the other hand, also necessary to ensure that such control does not inadvertently frustrate the objectives of the Common Transport Policy.
151. The Commission's State aid control in the transport sector is more complex than in some other sectors. The complexity arises from the need to take in to account not only the general State aid requirements of the Treaty, but also the Treaty articles dealing specifically with transport. In doing this, the Commission takes into consideration the degree of liberalisation achieved by the different transport modes, the growth in the number of competitors who can be adversely affected by unfair State aid, the strategic and economic importance of the market concerned and, last but not least, the enterprises' need for clarity and legal certainty.
152. To strengthen its control, the Commission adopted strict guidelines³³ in 1994 on State aid to the air transport sector that reinforce, in particular, the one-time-last-time principle for restructuring aid to companies in financial difficulty. Further improvements to State aid control are being prepared. Following approval of revised State aid guidelines in the maritime sector, the Commission is now considering how to revise the secondary Community law relating to State aid in the land transport

³³ Application of Articles 87 and 89 of the EC Treaty and Article 61 of the EEA Agreement to State aids in the aviation sector (OJ C 350 of 10.12.1994, page 5).

sector (Regulation (EEC) 1107/70³⁴ and Regulation (EEC) 1191/90³⁵) to make these clearer and more systematic.

153. The situation in each of the very different European transport modes is presented below. A summary of the decreasing level of State aid in this sector since 1995, the bulk of which is given to railways as compensation for public service obligations, is given in Table 29.

6.1. Railways

154. In 1996, the Commission adopted a white paper on a strategy for revitalising the Community's railways, which also deals with financing of the railways and sets out, in general terms, the approach the Commission will follow when analysing aid in this sector. It has to be noted that the amounts railway companies receive have so far barely been assessed under State aid principles. This fact is due to the low level of liberalisation and the high amount of public service compensation, which is exempted from notification in land transport. The Commission's aim is gradually to arrive at a system where the only public financing of railways will be in the form of financing for infrastructure or compensation for public service obligations, or where it is part of an overall restructuring plan aimed at restoring the financial viability of railway companies. For the other issues, increased transparency is the foremost objective. Table 28 shows aid and other compensation to railways as a percentage of value added in this sector.
155. Aid levels expressed as a percentage of value added have dropped in twelve Member States. Note that as 1999 figures for value added were not available, estimates were used and comparisons between Member States should therefore be made with caution. In all Member States, the railway sector has been confronted with far-reaching restructuring which, to a large extent, also changed the financing methods. The Commission has a positive attitude towards public and private investments in infrastructure in order to develop the trans-European transport network. To this end, the Commission approved public support measures related to the realisation of the Paris-Brussels-Cologne-Amsterdam-London high-speed rail line, one of 14 projects recognised as having priority in the development of the trans-European networks.

³⁴ COM(2000)5

³⁵ COM(2000)7

Table 28 State aid to railways in the Member States in percent of value added in inland transport services 1995-1997 and 1997-1999

	1995-1997		1997-1999	
	In percent of value added	of which Regulation 1191/69	In percent of value added	of which Regulation 1191/69
Austria	13,9	13,7	13,2	12,9
Belgium	48,5	7,8	45,9	7,2
Denmark	9,4	1,4	9,2	5,3
Germany	42,07	16,22	36,39	15,83
Greece	17,4		21,6	
Spain	17,2	2,9	14,3	2,7
Finland	1,4	1,2	1,1	1,0
France	25,4	5,8	23,9	5,8
Ireland	19,5	12,9	16,7	10,3
Italy**	19,3	2,3	16,7	2,1
Luxembourg***	18,5	13,8	43,8	21,5
Netherlands	17,6	2,0	19,1	3,0
Portugal	3,7	2,7	2,5	1,4
Sweden	27,7	1,2	21,6	1,5
United Kingdom	11,2	10,3	9,7	9,4
EU 15	27,3	9,1	25,1	8,8

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

** Figures from Italy have not been received for 1997, 1998 and 1999. They were estimated to equal those of 1996.

*** A large proportion of aid is granted for pensions.

6.2. Air transport sector

Previously enjoying protection, this sector has gone through a process of gradual liberalisation, achieved since April 1997, when the last restrictions on cabotage traffic were removed. In order to adapt within this new context, many airline companies have set major restructuring programmes. Aid, mostly ad-hoc, that was granted to the air transport sector peaked in 1994 and has since dropped back. The average yearly amount for 1995-1997 was € 1,677 million and for the latest reporting period, 1997-1999, the average is € 427 million. No aid was granted in 1999. These

figures confirm the transient nature of support to airlines, as stated in previous Surveys.

6.3. Maritime transport

156. Total annual aid authorised by the Commission under the previous guidelines, during the period under review, was € 1014 million. From time to time over the period under examination, the Commission has been confronted with untypical large-scale cases which have resulted in a significant increase in the total aid figure for the year in question. One example of such a case is the French rescue and restructuring aid for the company CGM (€ 514 million) in 1995.
157. In mid-1997, a new State aid discipline was introduced for maritime transport.³⁶ These guidelines continue to recognise, as did those of 1989, that EU shipping policy operates in a global arena characterised by competition from low cost flags of convenience and fiscal jurisdictions. However, the new guidelines establish a more restrictive line on aid that interferes with normal business decision-making in shipping companies, in particular with regard to investment in vessels. Another key element relates to State financing of losses attributable to the fulfilment of public service obligations, especially on thinly served routes. Here, the Commission seeks to ensure fair access of all EU shipping companies to such State assisted business in accordance with, in particular, the terms of Council Regulation 3577/92 on maritime cabotage rights. In the field of seaports, the Commission continues to examine public financing undertakings providing port services.

6.4. Inland waterways

158. During the period 1996-1999, the inland waterways sector could exploit a regulation (Council Regulation 2255/96) that allowed, under certain conditions, aid if it concerns investment in infrastructure of inland waterway terminals or in fixed or mobile equipment for trans-shipment from and to waterways. To this end, the Commission approved, for example, an aid for a firm in Luxembourg for the acquisition of two cranes for the handling of containers for inland water transport.
159. Most aid is aimed at the restructuring of the inland waterways sector in the context of its progressive liberalisation that started in the year 2000. Thus, it supports measures that accompany the process of structural reorganisation of this sector (reduction of overcapacity by a Community-wide co-ordinated scrapping of vessels, technical modernisation of the fleet, encouragement of trade associations, vocational training, support for retirement, promotion or waterways, etc.).
160. Concentrated in six Member States (Austria, Belgium, France, Germany, the Netherlands and Luxembourg), levels of aid in this sector are extremely low, averaging some € 20 million per year during the period 1997-1999 having decreased from an average of € 32 million per year during the period 1997-1999.

6.5. Combined transport

161. Article 3(1)(e) of Council Regulation 1107/70, allowed, until 31 December 1997, State aid for combined transport equipment and infrastructures. Council Regulation

³⁶ Community guidelines on State aid to maritime transport (OJ C 205 of 05.07.1997, page 5).

(EC) 543/97 exempted Member States, from 1 January 1996 to 31 December 1997, from notifying State aid to this sector. Since 1 January 1998, the general State aid rules of the Treaty apply for aid to combined transport. This applies both to the notification obligation and the substantive assessment of aid.

162. During the period covered by the Survey, notifications were received from Austria, Italy, the Netherlands and the United Kingdom relating to aid for combined transport and trans-shipment equipment and to aid for construction of terminals. Whilst the level of aid appears to be relatively low in this sector, the actual amount given for combined transport may be slightly higher as the notification obligation only applied from 1998.
163. Furthermore, some Member States give aid to promote combined transport under Regulation 1191/69 (i.e. notification of aid measures is not required.). For instance, it is estimated that Austria paid the Austrian Railways, ÖBB, from 1995 to 1998 circa € 80 million per year for its services rendered in the field of combined transport. Other Member States considered that State support for the construction of privately operated combined transport terminals were public measures in the field of publicly accessible infrastructure funding and, thus, did not represent State aid which had to be notified. For example, Germany provided a budget as of 1998 amounting to € 20 million in that year, for the construction of privately owned and run combined transport terminals.

6.6. Road transport

164. Since 1990, when the opening up of the national road transport market (cabotage) began, the Commission increased its monitoring of aid that could unfairly benefit particular operators. Competition in this sector has noticeably increased and the strict line followed by the Commission has found expression in a number of negative or partially negative decisions, where the Commission strictly applied the principle that operating aid is, in general, incompatible with the Treaty. By way of example, the Commission adopted negative decisions concerning two schemes introducing tax credits for professional road hauliers. Until 1999, aid expenditure, as indeed the overall number of cases, remains comparatively low and no particular trends can be identified from the data at hand. The increase in 1999 is due entirely to a single case in Italy.

Table 29 State aid to the transport sector in the Community - annual values 1995-1999

€ Million

	1995	1996	1997	1998	1999
Railways	35.752	33.868	31.333	32.018	31.264
<i>of which Regulation 1191/69</i>	10.898	10.564	11.047	11.181	10.963
Airline Services	2390	1404	1238	42	0
Maritime Transport	414	300	300	-	-
Inland Waterways	23	46	28	26	7
Road/Combined Transport	4,3	4,5	1,6	4,7	73

PART VII – AID TO OTHER SERVICE SECTORS

7.1 Aid to the Financial Services Sector

165. The 1990's were characterised by a profound modification in the European banking sector. Following the adoption of European banking directives, the legislative and regulatory framework of national banking systems underwent important changes. The institutional separation between the establishments and the operational constraints progressively fell away, the markets opened up, technological advances offered new commercial opportunities and competitive pressures increased throughout Europe. The necessity for many banks and the banking sector to restructure became more urgent because of the economic crisis in the early 1990's. The delay in adapting to the new banking environment, notably by public banks, led to dramatic consequences. Some banks in certain Member States, as in France and Italy, went through deep crises, which are partly reflected in the figures below. Banks in other European countries went through similar crises, but prior to their acceding to the Union.
166. A constant increasing trend was observed from 1993 to 1998. Aid was granted to the financial services sector by way of specific schemes or for rescue and restructuring in France, Germany, Ireland, Italy and Portugal. Its level has risen from an annual average of € 3.257 million in 1995-1997 to € 3.367 million during the current reporting period. However it should be noted that these three-year averages hide the increase in aid levels that reached a peak in 1998 and the dramatic year-on-year drop between 1998 and 1999. The level of aid granted to this sector increased during the 1990's until reaching a peak of nearly €5.500 million in 1998. In 1999 the level dropped to €1.125 million. The grant of aid will continue to be recorded in the future for some Member States as a consequence of the chosen aid mechanism, which spreads the overall budgetary impact of the public support over a large number of years. On the other hand, in 2000 the Commission dealt with no cases in this sector and it now appears that the major restructuring operations that were undertaken in France and Italy are reaching completion.
167. A large, albeit gradually decreasing, fraction of aid to this sector is almost entirely destined for major restructuring in France and Italy and is contingent upon, *inter alia*, reductions in the market shares of the companies concerned. Moreover, the restructuring of the companies concerned is often a precursor to their subsequent privatisation.
168. Whilst in comparison with other sectors, the overall levels of aid are not massive, the importance of aid in this sector is due to the fact that the bulk of the aid is ad-hoc aid granted to a small number of companies. For this reason government support to this sector must be kept under constant watch and all current restructuring operations will continue to be closely monitored. This is particularly important where capital injections or equivalent forms of aid have a direct impact on the beneficiaries' operations, and may distort competition far beyond what would be expected if only the nominal value of the aid were taken in to consideration. Given the solvency requirements that are imposed by European banking regulations, credit institutions' capacity for growth is limited. Until such time that banks can either attract new capital or increase their own capital by way of increased profits, their room for manoeuvre is limited by the Community solvency ratio.

169. As a result capital injections or equivalent forms of aid have a direct impact on the beneficiaries' operations and may distort competition far beyond what would be expected if only the nominal value of the aid were taken into consideration. Moreover in particular in continental Europe, banks and other financial intermediaries tend to be highly interconnected via equity participation with other sectors of the economy. State aid granted to banks might therefore not only distort competition in the financial service sector but also generate distortive spillover effects into other economic sectors.

Table 30 State aid to the financial services sector in the Community - annual values 1995-1999

€ Million

	1995	1996	1997	1998	1999
France	1002	3678	3214	4193	800
Germany	143	144	143	142	0
Ireland	36	35	137	151	168
Italy	0	1199	32	957	139
Portugal	2	3	1	7	18
Total	1183	5059	3528	5450	1125

7.2 Aid to Tourism, Media and Culture

170. Member States provide support to the tourism, media and culture sectors by way of SME and regional aid schemes. Support to these sectors is also provided by way of specific programmes that are targeted exclusively to one of these sectors. The Commission has generally approved these specific programmes under either the SME or regional guidelines. Figures on the aid levels of these specific programmes are given below in Table 31.
171. Italy maintains a large number of specific programmes that support tourism and which account for about 58% of the total expenditure reported below. Twelve other Member States each maintain specific programmes that account for less than 1% to 13.5% of the expenditure.
172. Some Member States also maintain specific programmes that provide support either to the media or to culture, all of which have also been approved either under the SME or regional frameworks or under general State aid rules. The relatively high figures for France are due to support given to culture, whereas the United Kingdom data reflect aid given for television.
173. Whilst grants account for 95% of all aid given by way of specific tourism schemes, with soft loans making up almost all of the remainder, the use of grants and tax exemptions account for 81% and 4.7% of all aid given by way of specific media and culture schemes. A further 13% of the aid is granted by way of capital injections.

Table 31 State aid to tourism, media and culture in the Member States by way of specific programmes 1995-1997 and 1997-1999

€ Million

	Tourism		Media and Culture	
	1995-1997	1997-1999	1995-1997	1997-1999
Austria	31,7	35,4		
Belgium	8,1	7,3	4,5	5,0
Denmark	9,4	7,4	15,2	18,8
Germany	19,5	59,0	8	3,7
Greece	0,01	0,02		2,4
Spain	32,2	21,2	21,4	24,3
Finland			7,2	13,8
France		8,5	234,4	309,7
Ireland	0,8	0,4	4,2	12,3
Italy	204,1	253,0	105,5	62,8
Luxembourg				2,0
Netherlands			21,9	31,4
Portugal	42,4	33,2	18,2	8,6
Sweden			77,5	95,1
United Kingdom	12,3	10,3	241,2	247,5
EU 15	361	436	759	837

PART VIII – AID FOR EMPLOYMENT AND TRAINING

174. Incentive schemes exist in all Member States to stimulate or facilitate employment and training. Insofar as such schemes are generally available and, therefore, are not specific to any one sector, and in fact genuinely constitute part of a general system of employment measures, they are not considered as State aid. In contrast, schemes that are not generally available are more likely to be considered by the Commission as containing elements of State aid.
175. In order to clarify the distinction between measures involving State aid and general measures, the Commission adopted guidelines on employment and a framework on training aid in 1995³⁷ and 1998³⁸ respectively. State aid measures for employment notified since 1995 have, therefore, been assessed on the basis of the former and, from the year 2000 onwards, State aid for training is assessed on the basis of the latter framework.
176. Data pertaining to schemes that specifically target employment and training and that contain State aid are presented in Table 32 below. It has to be pointed out that the figures for the beginning of the period 1995-1997 are incomplete for some countries, overall totals are therefore, indicative only. In future this situation will improve. In so far as the current reporting period is concerned relatively high amounts of employment aid are granted in Germany, Spain and Italy and training aid in Denmark has increased. The United Kingdom accounts for more than 50% of all EU training aid.
177. The figures in Table 32 provide a first indication of the great diversity in using State aid as an instrument to support employment and to increase training. Whilst two Member States do not award State aid specifically for these objectives at all, twelve of the other Member States support employment and nine support training. Of course, it can be taken for granted that all Member States foster employment through general labour market measures and training through general measures.
178. Employment aid is provided by way of grants and tax exemptions accounting for 80% and almost 20% of all such aid, whilst grants account for almost 99% of training aid.

³⁷ Guidelines on aid to employment OJ C 334 of 12.12.1995.

³⁸ Framework on training aid OJ C 343 of 11.11.1998.

Table 32 State aid for Employment and Training in the Member States by way of specific programmes 1995-1997 and 1997-1999

€ Million

	Employment		Training	
	1995-1997	1997-1999	1995-1997	1997-1999
Austria	26,0	18,5		
Belgium	99,4	101,4	9,0	29,6
Denmark	73,4	92,0	61,9	145,3
Germany	77,5	148,4	68,5	38,3
Greece				
Spain	98,7	119,1	421,4	599,4
Finland	60,9	45,3		
France	38,3	6,0	46,9	0,03
Ireland	53,4	85,8	25,9	21,4
Italy	40,5	219,5		
Luxembourg				
Netherlands	0,8	0,03		
Portugal	88,5	34,5	74,5	71,0
Sweden	142,7	10,7	50,3	19,4
United Kingdom			963,7	1255,2
EU 15	800	881	1722	2180

PART IX – A VIEW OF THE YEAR 2000

179. During the year 2000, the European Commission took ten decisions on ad hoc cases that were registered in the same year. Of these ten cases, three were considered as not constituting State aid. The total amount of aid granted by way of the remaining seven cases amounts to approximately €50 million. The Member States granting this ad hoc aid in 2000 are listed in the following Table 33.

Table 33 Ad hoc cases by Member State in 2000

Member State	Number of cases	Amount (Mio €)
Belgium	1	0,7
Germany	2	13,9
Spain	1	9,3
France	1	11,6
Italy	1	0,6
The Netherlands	1	13,6
Total	7	49.7

180. Table 34 below shows the sectorial distribution of these ad hoc cases. The manufacturing industry has 1 case for €11.6 million, while the shipbuilding sector, with only 2 cases, has received more than € 26 million.

Table 34 Ad Hoc cases by sector in 2000

Sector	Number of cases	Amount (Mio €)
Energy distribution	1	9,3
Industrial machinery	1	1,1
Manufacturing industry	1	11,6
Shipbuilding	2	26,4
Steel	2	1,3
Total	7	49.7

181. An analysis of this ad hoc aid according to objective is given below.

Table 35 Ad hoc cases by objective in 2000

Objective	Number of cases	Amount (Mio €)	%
Aid for R&D	1	0,7	1,5%
Development aid (shipbuilding)	1	12,8	25,7%
Environmental aid	1	0,6	1,2%
Regional aid	2	20,9	42,1%
Restructuring aid	1	1,1	2,3%
Sectorial aid	1	13,6	27,3%
Total	7	49,7	100%

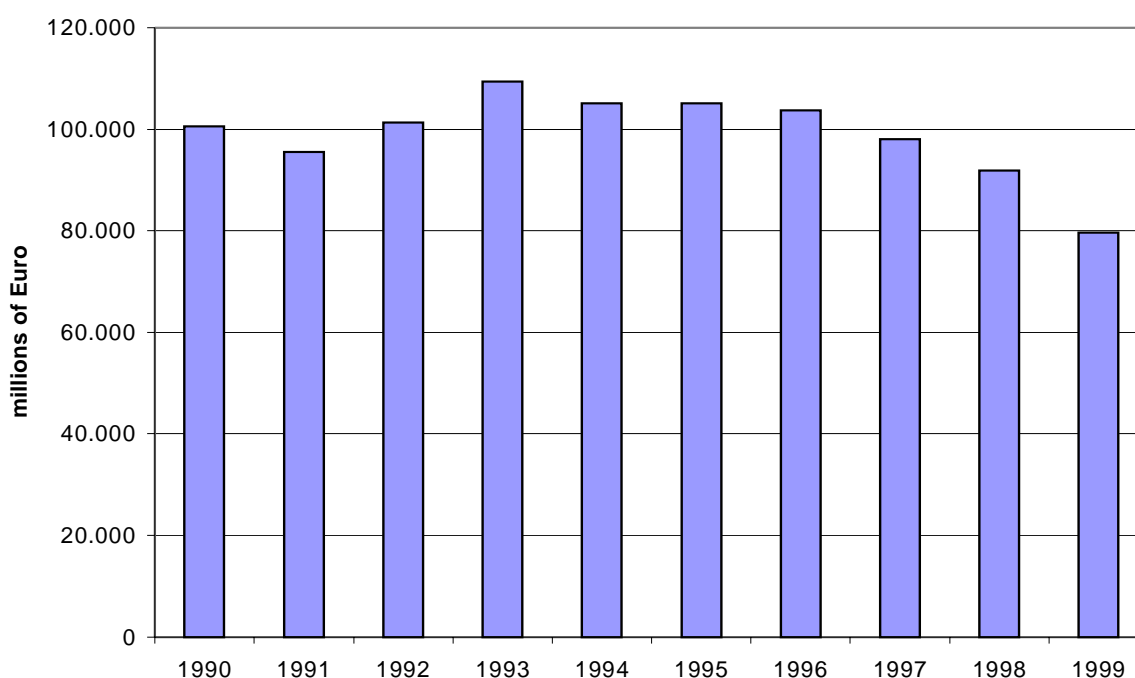
182. It will be noted that the total pertaining to new cases approved in 2000 is considerably less than the total amount of ad-hoc aid that was granted in 1999 (see Table 22). Nevertheless the final total for 2000 will be a little higher as residual amounts for ad-hoc aid approved prior to this year will be included.

PART X – RETROSPECTIVE

10.1 Overview

183. Over most of the past 10 years overall levels of State aid have remained within a relatively narrow band around €100 billion and it is only in 1999 that levels finally dropped below €80 billion. This chapter will provide a brief analysis of the principal changes in trends and patterns throughout the EU over this period and identify the most important changes that have taken place in each Member State that have led to this decrease. Firstly the graph below gives an overview of the changing levels in State aid granted since 1990.

Figure 10 Overall State aid in the European Union 1990-1999³⁹



184. Figure 11 below shows the shares of overall State aid that is directed towards the main sectors, Agriculture and Fisheries, Manufacturing, Rail Transport and other aided sectors. The share of manufacturing decreased in the latter half of the 1990's particularly as aid levels in Germany and Italy dropped. On the other hand, the share of aid granted to railways increased between 1990 and 1999.

185. Figure 12 gives a breakdown of the objectives targeted when aid is granted to the manufacturing sector. The importance of horizontal objectives has recently grown whilst the share of aid given to particular manufacturing sectors has gradually decreased. A peak in the share of regional aid was reached in the mid-1990s.

³⁹ Data for Austria, Finland and Sweden have been included since 1995 when these three countries joined the European Union. If these data were discounted from the totals, the EUR-12 downward trend would be greater.

Figure 11 The shares of overall State aid directed towards Agriculture and Fisheries, Manufacturing, Rail Transport, Coal and other aided sectors 1990-1999

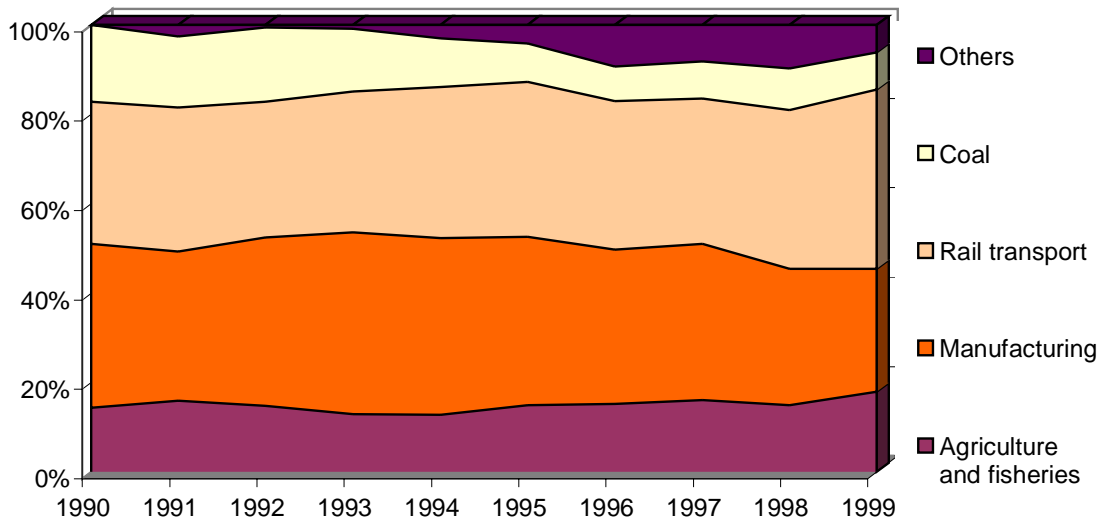
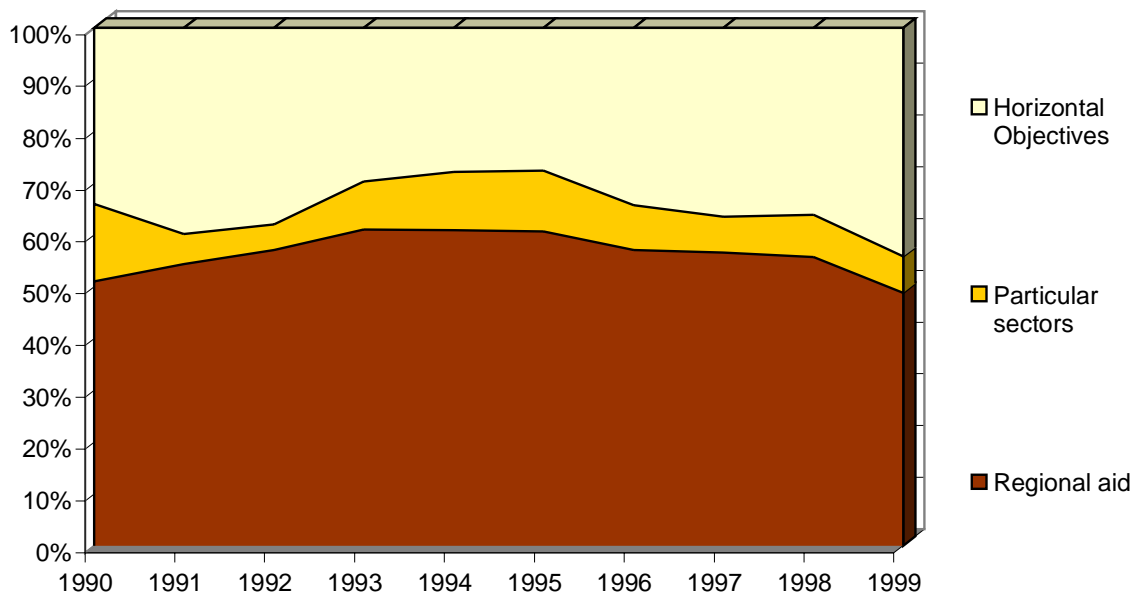


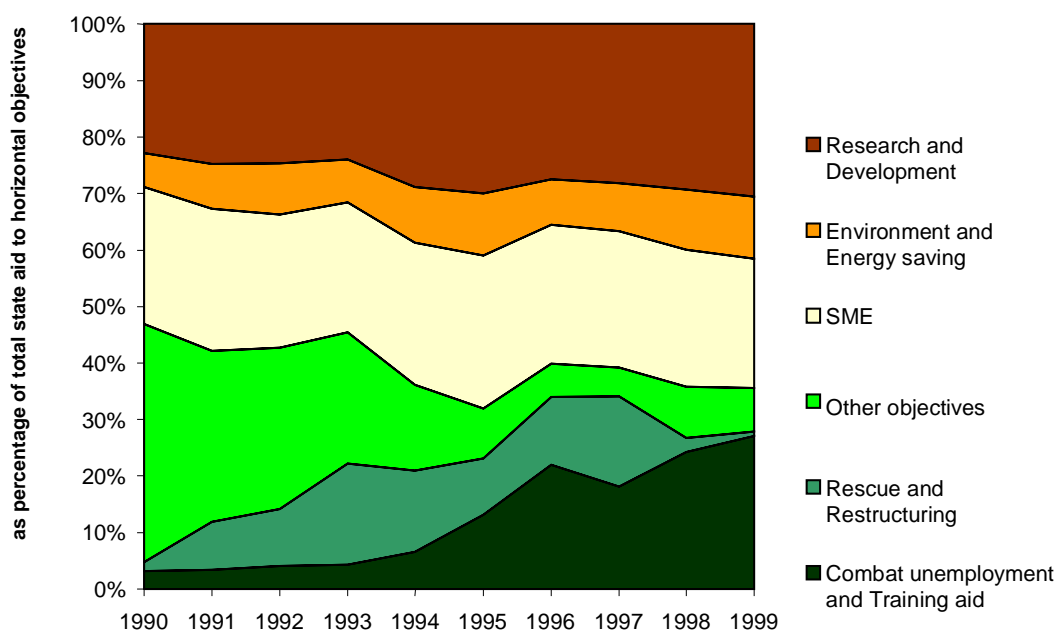
Figure 12 Share of Aid for Horizontal objectives, particular sectors and regional development granted to the manufacturing sector 1990-1999



186. Aid to the manufacturing sector and granted in the form of horizontal objectives can support various activities. A breakdown of horizontal aid granted to manufacturing and aid to combat employment and support training is given below in Figure 13. The largest variation is aid granted for rescue and restructuring where very recently a

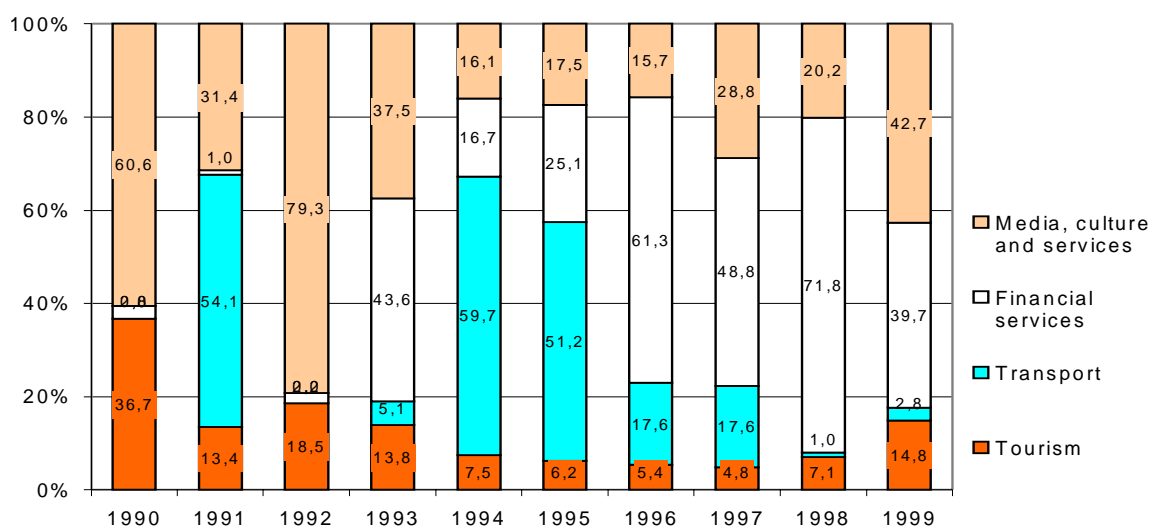
steep decrease has been observed. On the contrary aid, for R&D, environmental protection and energy saving and SME's has increased.

Figure 13 Share of horizontal aid objectives as a proportion of all horizontal aid



187. The contribution of services to the European Union's economy has gradually increased since 1990. The air transport and financial sectors have moreover been subject to important liberalisation processes. Whilst absolute levels of aid specifically directed towards services (excluding rail transport) are not as large as those granted to manufacturing aid, Figure 14 shows the changing patterns in aid that is granted to service sectors.

Figure 14 State aid to services, other than rail transport, in the EU



10.2 Country analysis

10.2.1 Austria

Since acceding to the Union in 1995 with Finland and Sweden, overall levels of aid in Austria have dropped by approximately 20% with the largest absolute decrease being seen in agriculture. Amounts of aid granted to manufacturing have also gradually decreased since 1997. Since 1995 regional aid has increased by over 50% and aid granted to service sectors including railways has remained fairly stable. In terms of shares of total aid, aid to agriculture has fallen whereas the shares of the other above-mentioned areas have all enjoyed small increases.

10.2.2 Belgium

During the last ten years Belgium has witnessed the disappearance of the coal and shipbuilding industries, a significant reduction of the steel industry and restructuring of the air transport sector. During the same period the overall level of aid has decreased by one third. In terms of aid amounts, support to agriculture gradually fell until 1999 when there was an increase to almost 1993 levels. Aid to manufacturing also fell until 1997 and then rose slightly. However its level in 1999 was still some 44% down on 1990. Levels in 1999 of horizontal aid are slightly up on 1990 levels given the significant increase in aid directed towards R&D. In contrast, aid supporting rescue and restructuring is falling quickly. Aid to assist regional development was reduced in the early 1990s, whilst aid for railways, which in 1999 accounts for approximately two thirds of all Belgian aid, has increased. Agriculture's share of overall aid has remained relatively constant at around 9%, whilst the share of aid for manufacturing has dropped slightly from approximately 25% to 22%. The share of marginal amounts of aid, targeted specifically towards services, has also dropped.

10.2.3 Denmark

In absolute terms aid in Denmark has increased and in 1999 was some 50% higher than in 1990. However this overall increase hides important changes in the patterns of Danish aid. Aid for agriculture and fisheries has dropped considerably whilst aid for manufacturing has almost doubled. Aid to railways increased from 1990 until 1993 before dropping back to a relatively low level in 1998 only to increase again in 1999. Amounts of aid granted to the service sectors have gradually increased since 1990. The increase in manufacturing aid is due to the considerable resources devoted to environmental protection and energy saving, whilst regional aid increased slowly until 1995 when its level stabilised. There has also been a significant increase in aid for training and to combat unemployment. The shares of aid to agriculture and fisheries have dropped, whereas the small share of regional aid has remained stable. On the other hand, the share of aid to manufacturing has increased from less than 20% in 1990 to nearly one half in 1999. Of note is the total lack of rescue and restructuring aid and the long-term decline in the share of shipbuilding aid.

10.2.4 Germany

The history of State aid in Germany since 1990 was predicated by the enormous investment made in the new German Bundesländer. With the exception of horizontal aid, all other aid objectives peaked between 1992 and 1994. Agricultural aid was, in

1999, two thirds of its level in 1990. Aid to manufacturing peaked in 1994 and by 1999 had been reduced to 1990/1991 levels. Aid for railways increased from 1990 until 1994 and then decreased in 1999 to levels seen in 1992/1993. The only area where there has been a consistent long term decrease in aid is in coal mining. Whilst still accounting for about 20% of all German aid, absolute amounts of aid for coal mining have decreased each year since 1990. Aid for the support of service sectors peaked in 1995 mainly due to support given to the airline services sector. The shares of overall aid to agriculture and fisheries have decreased as well as the share of aid for coal mining. In contrast, between 1990 and 1999 the shares of aid granted to railways, manufacturing and services have increased.

10.2.5 Greece

With the exception of aid for railways and fisheries, it appears that the overall amounts of aid granted for most sectors and objectives in Greece have declined over the whole period. The share of aid to agriculture, fisheries and manufacturing has decreased significantly, whilst the share of aid to the rail transport sector has increased and in 1999 represented 47% of overall national aid. Restructuring of this country's shipbuilding and steel industry took place in the first and second half of the decade respectively.

10.2.6 Spain

Over ten years aid expenditure in Spain has shown a very slight decrease. Data on absolute aid amounts granted to agriculture show a decrease of about one quarter whilst aid to manufacturing has decreased by nearly 10%. The most important single component of manufacturing aid since 1990, has been aid to the shipbuilding industry. Significant variations have been observed in the railway and coal mining sectors where decreases of approximately 40 and 26% respectively have been seen. Temporary, albeit considerable, support was also afforded to restructuring of the steel industry. Aid specifically targeted towards the service industries has been kept at a low level. When considering the share of aid taken by different objectives, the shares granted to agriculture, manufacturing, coal and railways have slowly been reduced, whilst the shares of aid to services, training and employment have increased.

10.2.7 Finland

The level of aid in Finland has dropped by approximately 33% since 1995 with the largest decrease being in agriculture and fisheries. Amounts of aid granted to manufacturing in 1999 are almost identical with the 1995 figure. Between these two years, aid to shipbuilding rose and then dropped sharply. In terms of shares of total aid, aid to agriculture and fisheries have fallen slightly whereas the shares of aid to manufacturing and services have enjoyed small increases.

10.2.8 France

During the 1990s a significant restructuring process was carried out in parts of the manufacturing and services sector. Accompanying restructuring in manufacturing were reductions in capacity particularly in the shipbuilding and steel sectors. Coal mining has also been cut back. A peak in the overall level of national State aid in the 1990s was reached only in 1997, nevertheless given the subsequent drastic reduction

in rescue and restructuring aid, a historical low level of aid was reached in 1999. Over the whole period aid fell in absolute terms by a little over ten percent in the agricultural sector, whilst aid to fisheries was almost halved. Aid for the railway sector also gradually decreased. The largest variations in the amounts of aid granted during this period were seen in manufacturing with a peak being seen in 1997. Manufacturing rescue and restructuring aid rose from a very low base in 1990 to reach a relatively high level in 1993 and 1997 before falling back in 1999 to pre-1993 values. Regional aid has gradually increased and in 1999 was over twice the absolute level in 1990. Aid to the service sectors has also varied drastically particularly as a result of rescue and restructuring aid being granted to financial and airline services. During these 10 years the relative share of agriculture and fisheries aid has increased slightly, whilst that of manufacturing has remained stable. Aid to railways has accounted for the largest and indeed growing share of overall aid. The share of aid to other service sectors has also increased.

10.2.9 Ireland

The overall amount of aid granted in Ireland was fairly constant until 1997 and only increased for short periods of time when restructuring aid was granted to the airline services and steel sectors. In 1997 taxes foregone in the financial services sector began to increase and in 1998 Irish Corporation Tax was considered in this country's aid figures for the first time. In 1999 there was a sharp increase in aid for agriculture. The respective shares of aid for agricultural, fisheries and services have recently increased, whilst the shares of aid for manufacturing and railways have decreased. The share of regional aid reached a peak in 1996 before dropping to its current low level.

10.2.10 Italy

The overall amounts of aid in Italy have followed a downward trend since 1990 in most of the major sectors and objectives in spite of the process of restructuring the shipbuilding, steel and other manufacturing sectors that took place throughout the decade. In contrast, aid for R&D and environmental protection has gradually increased over ten years, whilst aid for SMEs and energy saving has slowly diminished. Regional aid declined five-fold over the same period. Absolute amounts of aid to the service sector have also gradually declined over ten years; a sharp and temporary increase was only seen during a short period when the airline and financial sectors received aid. As a result of the uneven rates of change in aid levels, patterns of aid have varied and the share of aid for agriculture and fisheries has increased. The share of aid for railways has also increased and in 1999 accounted for almost one half of all Italian national aid. The share of manufacturing aid has decreased from over a half of all aid in 1990, to less than a third in 1999.

10.2.11 Luxembourg

Overall amounts of aid in Luxembourg dropped between 1990 and 1995 with the largest absolute decreases being seen in agriculture, railways and manufacturing. Whilst amounts of aid granted in 1999 to agriculture and manufacturing remain well below 1990 levels, the overall level of aid has increased due to significant increases in aid to the railway sector since 1995. In fact the major component of aid in Luxembourg has always been aid to railways that in 1999 accounted for over 70% of

overall aid. The share of aid to agriculture has remained stable, whereas the share of manufacturing aid has decreased.

10.2.12 The Netherlands

Overall levels of national aid have risen by nearly 50% during the decade due to the increases in amounts of aid granted to agriculture and fisheries and railways, which in 1999 accounted for a little over 50% of total aid. In contrast aid to manufacturing has diminished with the largest decrease since 1990 being seen in regional aid. The shares occupied by the main sectors have followed the same trends.

10.2.13 Portugal

Temporary peaks in the absolute level of Portuguese aid were seen in 1990, 1994 and 1997 when the shipbuilding, steel and airline service sectors were being restructured and the coal industry closed. The grant of aid outside of these restructuring programmes has generally decreased and the overall 1999 level of aid is some 25% down on 1990. Almost all sectors and objectives have contributed to this long-term decrease. The share of aid to agriculture, fisheries and railways has remained constant whilst that of manufacturing has dropped quite considerably. In contrast the share of aid to service sectors has increased with a single regional aid scheme benefiting the island of Madeira and accounting for some 38% of national aid in 1999.

10.2.14 Sweden

The level of aid in Sweden has dropped by approximately 20% since 1995 with the largest absolute decrease being observed in aid to railways. There has been a gradual increase in the amounts of aid granted to agriculture and fisheries. An increase has also been observed in aid to manufacturing since 1995, in spite of the decrease in regional aid. The most important variation has been seen in support for environmental protection and lately, energy saving. Aid granted to service sectors other than railways has increased since 1995. In terms of shares of total aid, the proportion of aid granted to agriculture and fisheries and manufacturing has increased whereas the share directed towards service sectors has decreased. Nevertheless the share of total aid granted to railways remains high at 47% in 1999.

10.2.15 The United Kingdom

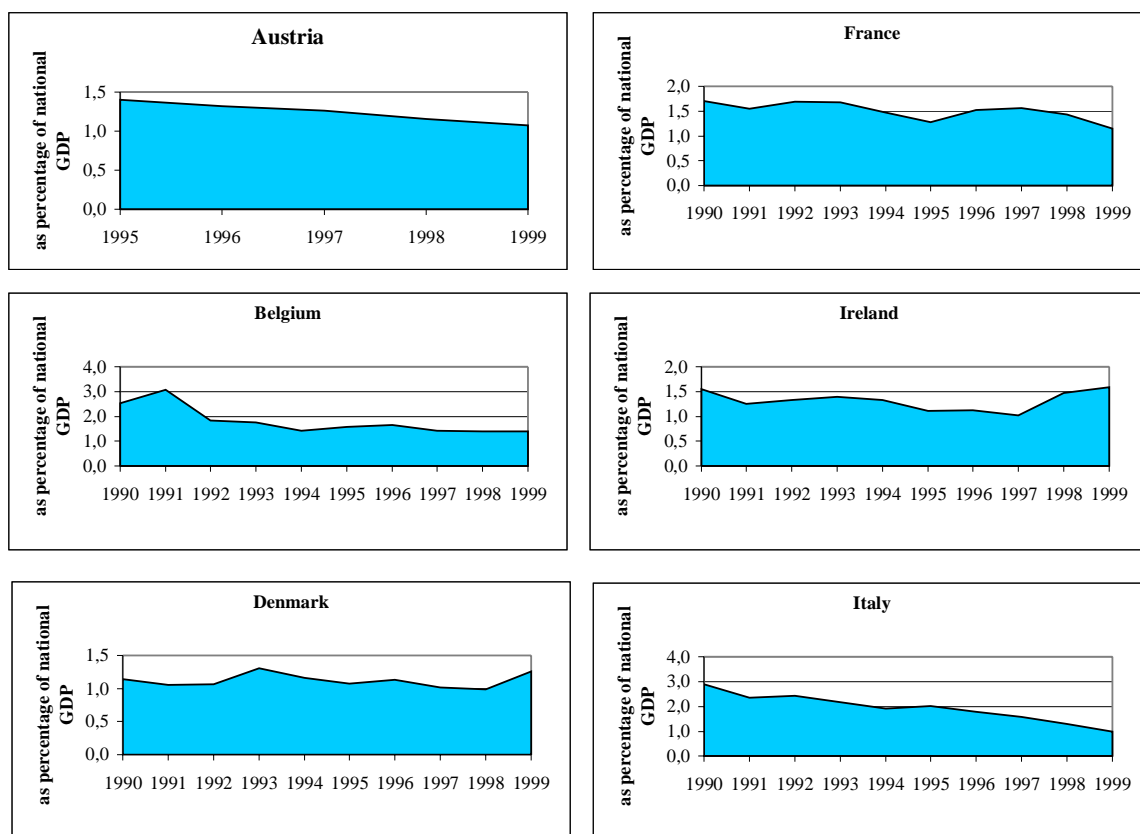
The overall level of aid in 1999 is slightly below that of 1990. During this ten-year period aid to agriculture has remained fairly stable with temporary increases being seen in 1996 and 1997 due to the BSE crisis. Aid to fisheries has gradually increased whilst the level of manufacturing aid in 1999 is more than half of that in 1990. Aid to the railways peaked in 1996 and in spite of a subsequent decrease is, in 1999, above the 1990 level. Over the ten-year period aid aimed specifically at various services has dropped slightly. The share of agricultural and fisheries aid has remained relatively constant, whilst that of manufacturing has dropped sharply. In 1999, the railway sector accounted for about 47% of all national aid, a significant increase on its 1990 share.

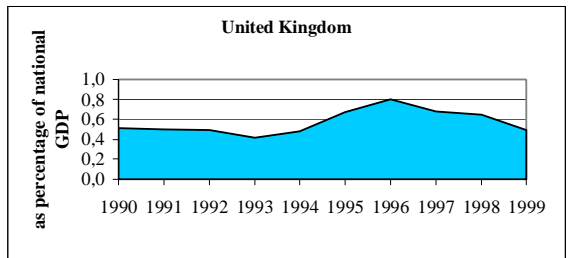
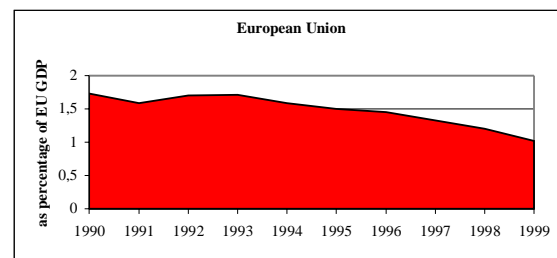
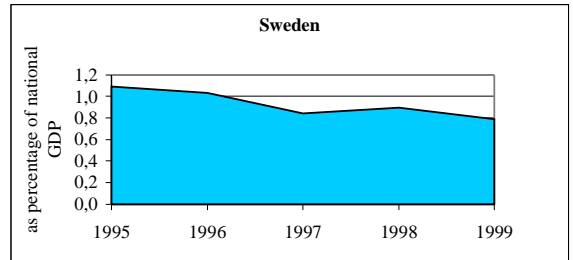
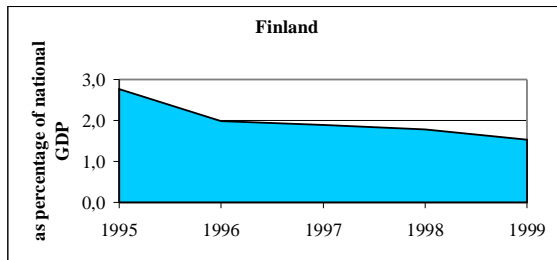
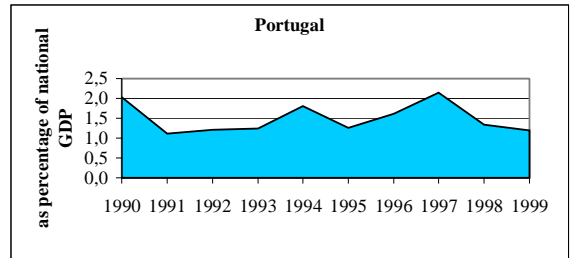
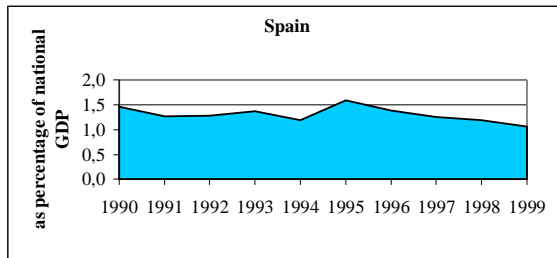
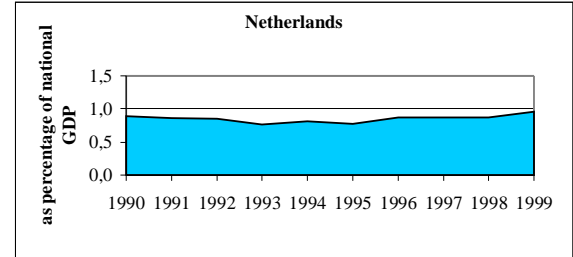
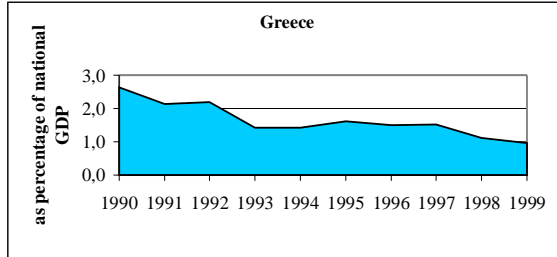
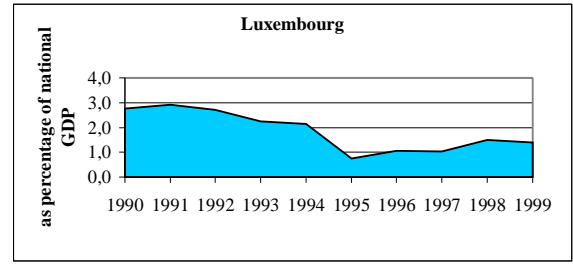
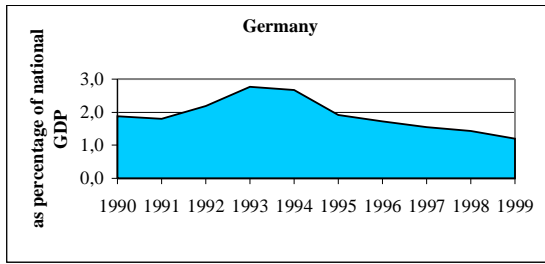
10.2.16 The European Union

Variations in the trends and patterns of aid granted by each of the above Member States have reflected the changing needs of their economies over the last decade. When considered together, the variations at the EU level are considerably less dramatic. During the ten years when aid levels dropped from €100 billion to under €80 billion, the share of aid to agriculture has increased from just over 10% to approximately 20%. An increase has also been observed in the share of aid for the railway sector. Manufacturing aid that accounted for nearly 50% of all aid in 1990 has declined to less than 30% in 1999. The share of aid directed specifically towards the service sector has also dropped.

188. To complete this analysis, the national State aid of each Member State and the EU is presented as a percentage of the respective GDP in Figure 15. The ratio of aid to GDP for the EU as a whole has gradually decreased and a clear downward trend is also seen in 12 Member States.

Figure 15 Total National and EU State aid as percentage of National GDP and EU GDP





Part XI - SERVICES - CHANGING PATTERNS IN STATE AID

189. The European Union is a service-driven economy. The commercial service sector accounts for a large proportion of total GDP and this proportion is even larger when social and public services are included. Therefore before commenting upon the importance of State aid for services, it is necessary to obtain a greater understanding of the trends and patterns in the grant of aid to these sectors. In order to do this, data presented in this and recent Surveys have already focused on various non-manufacturing sectors such as tourism, media, and culture. Moreover in 2000, Member States were asked to begin an assessment of the fraction of aid that is granted by way of major schemes and that is directed towards services. The preliminary results of the information recently provided by three Member States are given below.
190. The provisional analysis carried out in Ireland indicated that the share of aid granted to services by way of certain horizontal and regional aid schemes in 1999 was relatively low. The share of aid granted to services by way of R&D, SME, Regional and training aid schemes was approximately 10.6% of manufacturing aid.
191. In Finland the analysis of all SME schemes and, regional schemes that accounted for 83% of all regional aid, showed that in 1999 the share of aid directed towards the service sector was 4% and 4.8% respectively of total aid to manufacturing.
192. In Sweden the initial analysis concentrated on a limited number of SME and regional schemes. In all cases it appeared that during 1998 and 1999 the split between aid granted to the manufacturing sector and services was approximately 70/30%. Thus aid to services would represent approximately 11% of total aid to manufacturing. It is too early to say with any degree of certitude that this ratio can be extrapolated to all regional and SME schemes. Further analysis will be necessary to show whether the service sector in Sweden relies to a lesser extent upon State aid than the manufacturing sector.

ANNEXES

ANNEX I

TECHNICAL ANNEX

The purpose of this annex is to provide background information on the methodologies and sources of data that were used in order to produce this Survey on State aid, notably with regard to:

1. Scope of the Study - Fields excluded
2. Categories, forms and objectives of aid
3. Sources of data and methods of assessing the aid element
4. Specific issues
 - Research and Development (R&D)

1. SCOPE OF THE STUDY - FIELDS EXCLUDED

193. This Technical Annex explains the methodological background and the statistical techniques used. It updates the technical annex in the preceding Survey.

The Survey focuses on State aid to enterprises falling within the scope of Article 87 EC Treaty and Article 95 ECSC Treaty. Accordingly, general measures are not included in the figures.

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

194.1. Aid whose recipients are not enterprises

- Aid to households
- Aid to the handicapped
- Aid for infrastructure
- Aid for educational institutes, hospitals, public housing
- Aid for public vocational training centres
- Aid given directly to developing countries

194.2. General measures and other measures

- Differences between the various tax systems and general social security systems in Member States (depreciation, social security deficit, etc.)
- Quotas, public procurement, market restrictions, technical standards
- Tax schemes that account for the specific nature of some economic activities (co-operatives, owner enterprises, self-employed, etc.)⁴⁰
- General reduction in VAT (for example, foodstuffs in the United Kingdom)

194.3. Aid granted by supranational and multinational organisations

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

194.4. Individual types of aid

- Defence
- Public Works

⁴⁰ However, a lower-than-the-standard rate of corporation tax for small businesses constitutes an aid and has been included

2. CATEGORIES, FORMS AND OBJECTIVES OF AID

195. Categories of aid

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

196. Group A (A1 + A2)

196.1. The first category (A) comprises aid that is transferred in full to the recipient. In other words, the aid element is equal to the capital value of 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).

196.2. List of aid instruments coming under categories A1 and A2

- Grants
- Interest subsidies received directly by the recipient
- Tax credits and other tax measures, where the benefit is not dependent on having a tax liability (i.e. if the tax credit exceeds the tax due, the excess amount is repaid)
- Tax allowances, exemptions, and rate relieves where the benefit is dependent on having a tax liability
- Reduction in social security contributions
- Grant equivalents e.g. sale or rental of public land or property at prices below market value

197. Group B1

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

197.2. List of aid instruments coming under category B1

- Equity participation in whatever form (including debt conversion)

198. Group C (C1 + C2)

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

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

- Soft loans whether from public or private sources. (Interest rate subsidies are categorised under A1)
- Participatory loans from public or private sources
- Advances repayable in the event of success
- Deferred tax provisions (reserves, free or accelerated depreciation, etc.)

199. Group D1

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

199.2. List of aid instruments coming under category D1

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

200. Objectives of aid

The aid schemes have been broken down according to their sector or objective:

1. Agriculture and Fisheries
 - 1.1. Agriculture
 - 1.2. Fisheries
2. Manufacturing/Services
 - 2.1. Horizontal objectives
 - Research and Development
 - Environment
 - Small and Medium-sized Enterprises
 - Commerce
 - Energy saving
 - Rescue and restructuring
 - Employment Aid
 - Training Aid
 - Other objectives
 - 2.2. Particular sectors
 - Steel
 - Shipbuilding
 - Other Manufacturing Sectors
 - Coal mining
 - Transport (Rail, Airlines, Inland Waterways, Maritime, Road and combined)
 - Financial services
 - Tourism, Media, Culture
3. Regional aid
 - 3.1. Regions under 87(3)a
 - 3.2. Regions under 87(3)c

201. List of regions within the meaning of Article 87 (3) (a) valid until 31/12/1999⁴¹

<u>Member State</u>	<u>Regions</u>
Greece	all regions
Ireland	all regions
Portugal	all regions
Austria	Burgenland
Germany	Berlin (Eastern Part)
	Brandenburg
	Mecklenburg-Vorpommern
	Sachsen
	Sachsen-Anhalt
	Thüringen
Spain	Galicia
	Asturias
	Cantabria
	Castilla-Leon
	Castilla-La Mancha
	Extremadura
	Comunidad Valenciana
	Andalucia
	Murcia
	Ceuta y Melilla
	Canarias
France	Guadeloupe
	Martinique
	Guyane
	Reunion
Italy	Campania
	Sicilia
	Sardegna
	Puglia
	Basilicata
	Calabria
United Kingdom	Northern Ireland

⁴¹ OJ EC no. C 212 of 12.08.1998, pages 2 to 10 and subsequent changes.

3. SOURCES OF DATA AND METHODS OF ASSESSING THE AID ELEMENT

202. As a general rule, the figures have been expressed in terms of actual expenditure (or actual revenue foregone in the case of tax expenditure).⁴² Where this was not possible, budget appropriations or the amounts that were provided for in planning programmes were used after consultation with the Member States concerned. Where figures were not available, figures from previous years have, unless otherwise stated, been used as estimates.

202.1. All the figures have been compiled in current national currency and have been converted into constant 1998 euro.

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

- gross domestic product (GDP) at market price
- implicit deflator of GDP
- general government total expenditure
- gross value added at market price for manufactured products, and inland transport services
- occupied population total employment
- employment by branch for manufactured products and coal

The gross value added for fisheries has been calculated on the basis of the quantities landed and average prices.

A small number of statistics that were unavailable have been completed with statistics from the AMECO database managed by the Commission's Directorate General for Economic and Financial Affairs, DG ECFIN.

202.2. The Commission's departments have provided figures for their respective sectors in accordance with the following.

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

⁴² It has to be stressed that the yearly expenditures (commitments) are not necessarily identical to the yearly budgetary appropriations for an aid scheme.

For fisheries, data were submitted in accordance with the procedure emanating from the resolution of the Representatives of the Governments of the Member States, during the 306th Session of the council on the 2 October 1974. At the time of writing 1999 data were available from Belgium, Denmark, Greece, Spain, Finland, Italy, Portugal, Sweden and the U.K.

For coal, the figures are those submitted by the Member States in accordance with Commission Decision Nos. 528/76/ECSC and 3632/93/ECSC and summarised in the Commission's Annual Communication to the Council on aids in this sector. These figures are broken down into aid for current production and, aid not relating to current production (i.e. special social security measures for miners and aid to cover inherited liabilities).

For rail transport, the figures are those submitted by the Member States. For the vast majority, the amounts are not subject to prior notification. In addition, but show, separately, are the aids given for railways within the framework of Council Regulation 1191/69 as amended by regulation 1893/91 for the maintenance of public service obligations.

202.3. Manufacturing

In the case of aid to the manufacturing sector, the figures have almost exclusively all been submitted by Member States according to the standardised annual reporting procedure. This procedure was set out in the Commission letter of 22.04.1994 to the Member States and up-dated by the Commission letter of 02.08.1995 to the Member States. Data are also checked against Commission Decisions, national publications on the award of aid, national accounts, draft budgets and other available sources.

202.4. Steel and Shipbuilding

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

202.5. Methods of assessing the aid element

202.5.1. Group A - where A1A represents grants and interest rate subsidies; A2A, relief from taxes and social charges, etc.

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

202.5.2. Group B - equity (including debt conversion).

In line with established Commission policy, such interventions constitute aid when a private investor operating under normal market conditions would not have undertaken such an investment. See Commission communication "Application of Articles 87 and 88 of the EEC Treaty and of Article 5 of Commission Directive 80/723/EEC to public undertakings in the manufacturing sector", OJ No C 307 of 13.11.1993, p3. This method is based on calculating the benefit of the intervention to the recipient.

202.5.3. Group C - where C1 represents soft loans and C2, tax deferrals.

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

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

202.5.4. Group D - guarantees.

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

4. SPECIFIC ISSUES

203. Research and Development (R&D)

203.1. R&D procurement contracts

Research and development procurement contracts have not been found to comprise State aid. Furthermore, sources of information do not permit research and development contracts intended specifically for military purposes to be isolated and the impact on the market of such contracts to be evaluated⁴³.

203.2. Public Research

No figures are given for any aid element contained in the intramural funding of government or public research establishments or research carried out by institutes of higher education. Public financing of R&D activities by public non-profit-making higher education or research establishments is normally not covered by article 87 (1) of the EC Treaty⁴⁴.

203.3. Nuclear energy

The Commission is not aware of any non-notified aid that has been granted to the Nuclear power industry. However Member States may provide support to the nuclear energy sector through the intermediary of their public undertakings or through the intermediary of R&D financing (mainly in the form of R&D procurement contracts and public research). Only some of this financing is included in the figures for R&D. Therefore the figures on nuclear energy contained in R&D figures may well be underestimated. The aid situation in the energy sector is under review particularly in the context of its liberalisation and concomitant stranded costs.

⁴³ See point 2.5. of the Community framework for Research and Development Aid, OJ C 45 of 17.02.1996.

⁴⁴ See point 2.4. of the Community framework for Research and Development Aid.

ANNEX II

STATISTICAL ANNEX

Table A1	State aid to the manufacturing sector. Annual amounts of aid 1995-1999 in current prices and national currencies.
Table A2	State aid to the manufacturing sector. Annual amounts of aid 1995-1999 in current prices and euro.
Table A3	State aid to the manufacturing sector. Annual amounts of aid 1995-1999 in constant prices and euro.
Table A4	State aid to the new German Länder. Annual averages 1995-1999 in constant prices and euro.
Tables A5/1-15	Total State aid - annual average 1997-1999 by Member State in constant price and euro.
Table A5/16	Total State aid - annual average 1997-1999 in the EU in constant prices and euro.
Tables A6/1-15	Total annual State aid 1995-1999 by Member State in constant prices and euro.
Tables A6/16	Total annual State aid 1995-1999 in the EU in constant prices and euro.

Table A1**State aid to manufacturing in current prices 1995 - 1999****million national currency (billion for Italy)**

	1995	1996	1997	1998	1999
Austria	5.897,70	6.239,38	7.133,21	6.524,99	6.228,36
Belgium	35.345,54	37.237,72	25.060,30	25.980,21	28.904,77
Denmark	4.151,53	4.637,40	5.106,25	4.764,14	4.883,38
Germany	28.148,72	25.625,54	22.266,78	20.579,44	14.972,33
Greece	198.820,31	177.941,13	220.192,55	166.004,79	139.109,82
Spain	403.032,23	312.905,10	291.802,59	290.911,46	192.719,01
Finland	2.287,91	1.905,08	2.587,32	2.536,17	2.421,92
France	20.125,28	23.732,84	36.547,15	28.091,04	27.230,05
Ireland	152,29	227,45	185,72	514,54	428,79
Italy	21.723,13	18.505,13	16.411,56	10.033,44	6.414,98
Luxembourg	1.829,79	1.815,47	1.958,08	2.016,65	1.506,47
Netherlands	1.192,85	1.349,48	1.280,25	1.262,67	1.251,53
Portugal	30.320,66	32.102,34	41.051,99	37.051,86	37.300,18
Sweden	3.090,03	3.131,47	3.279,96	3.921,89	3.963,12
United Kingdom	901,38	1.028,77	1.053,18	935,09	858,71
EUR 15	36.141,13	34.178,67	33.079,01	27.559,14	22.027,35

Table A2**State aid to manufacturing in current prices 1995 - 1999****million euro**

	1995	1996	1997	1998	1999
Austria	447,39	464,43	516,00	470,97	452,63
Belgium	916,83	947,56	618,27	639,58	716,53
Denmark	566,53	630,14	682,32	635,28	656,76
Germany	15.022,67	13.419,74	11.335,27	10.451,03	7.655,23
Greece	656,20	582,37	711,78	501,93	427,03
Spain	2.472,59	1.946,56	1.759,04	1.740,07	1.158,26
Finland	400,79	326,87	439,97	423,93	407,34
France	3.084,31	3.655,14	5.526,90	4.255,31	4.151,19
Ireland	186,74	286,66	248,46	654,43	544,45
Italy	10.197,98	9.446,41	8.506,49	5.162,16	3.313,06
Luxembourg	47,46	46,20	48,31	49,65	37,34
Netherlands	568,32	630,68	579,09	568,85	567,92
Portugal	154,61	163,99	206,72	183,70	186,05
Sweden	331,13	367,77	379,13	439,87	449,97
United Kingdom	1.087,58	1.264,16	1.521,26	1.382,38	1.303,57
EUR 15	36.141,13	34.178,67	33.079,01	27.559,14	22.027,35

Table A3**State aid to manufacturing in constant prices 1995 - 1999****million euro**

	1995	1996	1997	1998	1999
Austria	440,80	460,44	518,07	470,97	445,64
Belgium	906,16	943,72	626,68	639,58	705,08
Denmark	588,47	641,43	694,95	635,28	633,77
Germany	14.726,71	13.269,97	11.436,70	10.451,03	7.536,95
Greece	725,17	604,41	700,07	501,93	408,82
Spain	2.608,63	1.956,42	1.784,99	1.740,07	1.120,43
Finland	401,52	335,10	445,95	423,93	402,23
France	3.161,13	3.674,50	5.586,91	4.255,31	4.109,43
Ireland	218,90	319,48	249,86	654,43	525,51
Italy	12.372,34	10.010,96	8.667,62	5.162,16	3.252,30
Luxembourg	48,05	46,87	48,92	49,65	36,27
Netherlands	565,56	632,42	588,18	568,85	554,72
Portugal	166,41	170,63	211,78	183,70	179,53
Sweden	360,30	360,02	372,53	439,87	442,16
United Kingdom	1.458,87	1.612,48	1.604,14	1.382,38	1.238,80
EUR 15	38.749,02	35.038,85	33.537,35	27.559,14	21.591,62

Table A4**German state aid to the new Länder - yearly average 1997 - 1999**

	million ECU	in per cent	in per cent of total aid
Grants	4.024,61	58,36	41,03
Tax exemptions	766,65	11,12	7,82
Equity participations	12,34	0,18	0,13
Soft loans	1.702,78	24,69	17,36
Tax deferrals	0,00	0,00	0,00
Guarantees	389,23	5,64	3,97
TOTAL	6.895,60	100,00	70,30

During the years of 1997 - 1999 aid totalling a yearly average of €6.896 million was granted to the new Länder. This volume represents 70% of all German aid to the manufacturing sector that has continued to decrease since 1993 and includes the yearly average of €2.179 million "Treuhand" aid.

AUSTRIA										
Table A5/1										
Total state aid - Annual averages 1997 - 1999										€ million
SECTOR / OBJECTIVE	FORMS OF AID						TOTAL AID		MANUFACTURING	
	A1A	A2A	B1A	C1A	C2A	D1A	TOTAL	in %	TOTAL	in %
11 Agriculture	992,70	0,00	0,00	0,00	0,00	0,00	992,70	45,53		
12 Fisheries	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
2 Manufacturing / Services	965,96	0,00	0,00	31,81	0,00	21,61	1.019,38	46,75	309,94	64,81
of which:										
21 Horizontal Objectives	269,94	0,00	0,00	25,07	0,00	21,41	316,42	14,51	297,96	62,31
of which:										
- Research and Development	143,93	0,00	0,00	15,12	0,00	0,13	159,17	7,30	159,17	33,28
- Environment	53,19	0,00	0,00	0,04	0,00	0,00	53,23	2,44	53,23	11,13
- SME	45,52	0,00	0,00	8,40	0,00	13,58	67,50	3,10	67,50	14,12
- Commerce	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
- Energy saving	2,61	0,00	0,00	0,00	0,00	0,00	2,61	0,12	2,61	0,55
- Rescue and Restructuring	7,32	0,00	0,00	0,42	0,00	7,71	15,45	0,71	15,45	3,23
- Employment aid	17,37	0,00	0,00	1,09	0,00	0,00	18,45	0,85		
- Training aid	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Other Objectives	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
22 Particular Sectors	696,02	0,00	0,00	6,74	0,00	0,20	702,96	32,24	11,97	2,50
of which:										
- Steel	3,48	0,00	0,00	0,00	0,00	0,00	3,48	0,16	3,48	0,73
- Shipbuilding	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
- Other manufacturing sectors	8,49	0,00	0,00	0,00	0,00	0,00	8,49	0,39	8,49	1,78
- Coal - aid to current production	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Coal - other aid	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Transport	655,64	0,00	0,00	0,00	0,00	0,00	655,64	30,07		
of which - Regulation 1191/69	636,35	0,00	0,00	0,00	0,00	0,00	636,35	29,19		
- Airline services	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Tourism	28,41	0,00	0,00	6,74	0,00	0,20	35,35	1,62		
- Financial services	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Media and culture	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	-	-
3 Regional aid	102,83	0,00	0,38	63,28	0,00	1,80	168,29	7,72	168,29	35,19
of which:										
31 Regions under 87(3)c	77,96	0,00	0,00	58,40	0,00	1,39	137,76	6,32	137,76	28,81
31 Regions under 87(3)a	24,87	0,00	0,38	4,88	0,00	0,41	30,53	1,40	30,53	6,38
TOTAL	2.061,49	0,00	0,38	95,09	0,00	23,40	2.180,36	100,00	478,22	100,00
in %	94,55	0,00	0,02	4,36	0,00	1,07	0,00	0,00	0,00	0,00
of which:										
TOTAL MANUFACTURING	367,38	0,00	0,38	87,26	0,00	23,21	478,22	0,00	478,22	0,00
in %	76,82	0,00	0,08	18,25	0,00	4,85	0,00	0,00	0,00	0,00

BELGIUM										
Table A5/2										
Total state aid - Annual averages 1997 - 1999										
€ million										
SECTOR / OBJECTIVE	FORMS OF AID						TOTAL AID		MANUFACTURING	
	A1A	A2A	B1A	C1A	C2A	D1A	TOTAL	in %	TOTAL	in %
11 Agriculture	246,68	0,00	0,00	0,00	0,00	0,00	246,68	7,83		
12 Fisheries	4,68	0,00	0,00	0,00	0,00	0,00	4,68	0,15		
2 Manufacturing / Services	2.502,34	112,07	32,31	28,79	0,00	4,11	2.679,62	85,02	436,25	66,39
of which:										
21 Horizontal Objectives	388,73	112,07	32,31	28,79	0,00	4,11	566,01	17,96	435,07	66,21
of which:										
- Research and Development	96,54	0,82	0,00	27,75	0,00	0,00	125,11	3,97	125,11	19,04
- Environment	5,48	0,00	0,00	0,00	0,00	0,00	5,48	0,17	5,48	0,83
- SME	146,44	0,16	0,00	0,50	0,00	2,59	149,69	4,75	149,69	22,78
- Commerce	2,81	0,00	0,00	0,48	0,00	1,52	4,81	0,15	4,81	0,73
- Energy saving	0,49	0,00	0,00	0,00	0,00	0,00	0,49	0,02	0,49	0,07
- Rescue and Restructuring	5,36	0,00	2,92	0,06	0,00	0,00	8,33	0,26	8,33	1,27
- Employment aid	101,40	0,00	0,00	0,00	0,00	0,00	101,40	3,22		
- Training aid	29,55	0,00	0,00	0,00	0,00	0,00	29,55	0,94		
- Other Objectives	0,67	111,09	29,39	0,00	0,00	0,00	141,16	4,48	141,16	21,48
22 Particular Sectors	2.113,61	0,00	0,00	0,00	0,00	0,00	2.113,61	67,06	1,18	0,18
of which:										
- Steel	0,72	0,00	0,00	0,00	0,00	0,00	0,72	0,02	0,72	0,11
- Shipbuilding	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
- Other manufacturing sectors	0,46	0,00	0,00	0,00	0,00	0,00	0,46	0,01	0,46	0,07
- Coal - aid to current production	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Coal - other aid	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Transport	2.100,11	0,00	0,00	0,00	0,00	0,00	2.100,11	66,63		
of which - Regulation 1191/69	329,99	0,00	0,00	0,00	0,00	0,00	329,99	10,47		
- Airline services	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Tourism	7,31	0,00	0,00	0,00	0,00	0,00	7,31	0,23		
- Financial services	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Media and culture	5,02	0,00	0,00	0,00	0,00	0,00	5,02	0,16	-	-
3 Regional aid	213,13	0,00	0,00	0,21	3,84	3,69	220,87	7,01	220,87	33,61
of which:										
31 Regions under 87(3)c	213,13	0,00	0,00	0,21	3,84	3,69	220,87	7,01	220,87	33,61
31 Regions under 87(3)a	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
TOTAL	2.966,83	112,07	32,31	29,00	3,84	7,80	3.151,84	100,00	657,11	100,00
of which:										
TOTAL MANUFACTURING	472,10	112,07	32,31	29,00	3,84	7,80	657,11	0,00	657,11	0,00
TOTAL INDUSTRY	71,84	17,06	4,92	4,41	0,58	1,19	0,00	0,00	0,00	0,00

DENMARK										
Table A5/3										
Total state aid - Annual averages 1997 - 1999										€ million
SECTOR / OBJECTIVE	FORMS OF AID						TOTAL AID		MANUFACTURING	
	A1A	A2A	B1A	C1A	C2A	D1A	TOTAL	in %	TOTAL	in %
11 Agriculture	239,27	0,00	0,00	0,00	0,00	0,00	239,27	14,24		
12 Fisheries	9,28	0,00	0,00	0,00	0,00	0,00	9,28	0,55		
2 Manufacturing / Services	1.129,02	230,27	0,00	46,20	0,00	12,18	1.417,68	84,35	640,28	97,80
of which:										
21 Horizontal Objectives	549,51	230,27	0,00	46,20	0,00	12,18	838,17	49,87	600,89	91,79
of which:										
- Research and Development	111,66	0,45	0,00	37,52	0,00	12,18	161,82	9,63	161,82	24,72
- Environment	13,51	229,82	0,00	0,00	0,00	0,00	243,33	14,48	243,33	37,17
- SME	12,98	0,00	0,00	0,22	0,00	0,00	13,20	0,79	13,20	2,02
- Commerce	27,47	0,00	0,00	8,46	0,00	0,00	35,93	2,14	35,93	5,49
- Energy saving	146,61	0,00	0,00	0,00	0,00	0,00	146,61	8,72	146,61	22,39
- Rescue and Restructuring	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
- Employment aid	92,02	0,00	0,00	0,00	0,00	0,00	92,02	5,48		
- Training aid	145,26	0,00	0,00	0,00	0,00	0,00	145,26	8,64		
- Other Objectives	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
22 Particular Sectors	579,51	0,00	0,00	0,00	0,00	0,00	579,51	34,48	39,39	6,02
of which:										
- Steel	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
- Shipbuilding	36,77	0,00	0,00	0,00	0,00	0,00	36,77	2,19	36,77	5,62
- Other manufacturing sectors	2,62	0,00	0,00	0,00	0,00	0,00	2,62	0,16	2,62	0,40
- Coal - aid to current production	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Coal - other aid	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Transport	513,99	0,00	0,00	0,00	0,00	0,00	513,99	30,58		
of which - Regulation 1191/69	295,45	0,00	0,00	0,00	0,00	0,00	295,45	17,58		
- Airline services	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Tourism	7,36	0,00	0,00	0,00	0,00	0,00	7,36	0,44		
- Financial services	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Media and culture	18,78	0,00	0,00	0,00	0,00	0,00	18,78	1,12	-	-
3 Regional aid	14,39	0,00	0,00	0,00	0,00	0,00	14,39	0,86	14,39	2,20
of which:										
31 Regions under 87(3)c	14,39	0,00	0,00	0,00	0,00	0,00	14,39	0,86	14,39	2,20
31 Regions under 87(3)a	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
TOTAL	1.391,96	230,27	0,00	46,20	0,00	12,18	1.680,62	100,00	654,67	100,00
in %	82,82	13,70	0,00	2,75	0,00	0,72	0,00	0,00	0,00	0,00
of which:										
TOTAL MANUFACTURING	366,01	230,27	0,00	46,20	0,00	12,18	654,67	0,00	654,67	0,00
in %	55,91	35,17	0,00	7,06	0,00	1,86	0,00	0,00	0,00	0,00

GERMANY										
Table A5/4										
Total state aid - Annual averages 1997 - 1999										
€ million										
SECTOR / OBJECTIVE	FORMS OF AID						TOTAL AID		MANUFACTURING	
	A1A	A2A	B1A	C1A	C2A	D1A	TOTAL	in %	TOTAL	in %
11 Agriculture	1.663,83	0,00	0,00	0,00	0,00	0,00	1.663,83	6,23		
12 Fisheries	19,16	0,00	0,00	0,00	0,00	0,00	19,16	0,07		
2 Manufacturing / Services	16.990,74	354,31	104,30	835,17	69,78	146,17	18.500,46	69,25	3.276,03	33,40
of which:										
21 Horizontal Objectives	1.745,85	204,33	9,25	832,10	69,78	145,08	3.006,39	11,25	2.819,70	28,75
of which:										
- Research and Development	1.183,14	0,00	0,00	49,59	0,00	2,19	1.234,91	4,62	1.234,91	12,59
- Environment	74,22	0,00	0,00	54,30	0,00	0,00	128,51	0,48	128,51	1,31
- SME	189,29	203,31	9,25	669,52	69,78	126,67	1.267,83	4,75	1.267,83	12,93
- Commerce	4,62	0,00	0,00	0,00	0,00	0,00	4,62	0,02	4,62	0,05
- Energy saving	104,52	1,02	0,00	45,33	0,00	0,00	150,87	0,56	150,87	1,54
- Rescue and Restructuring	15,50	0,00	0,00	1,23	0,00	0,49	17,22	0,06	17,22	0,18
- Employment aid	148,38	0,00	0,00	0,00	0,00	0,00	148,38	0,56		
- Training aid	26,19	0,00	0,00	12,12	0,00	0,00	38,31	0,14		
- Other Objectives	0,00	0,00	0,00	0,01	0,00	15,73	15,74	0,06	15,74	0,16
22 Particular Sectors	15.244,88	149,98	95,05	3,07	0,00	1,09	15.494,08	58,00	456,33	4,65
of which:										
- Steel	0,64	0,00	0,00	0,00	0,00	0,07	0,71	0,00	0,71	0,01
- Shipbuilding	302,70	0,00	0,00	0,00	0,00	0,00	302,70	1,13	302,70	3,09
- Other manufacturing sectors	2,94	149,98	0,00	0,00	0,00	0,00	152,92	0,57	152,92	1,56
- Coal - aid to current production	4.465,84	0,00	0,00	0,00	0,00	0,00	4.465,84	16,72		
- Coal - other aid	434,54	0,00	0,00	0,00	0,00	0,00	434,54	1,63		
- Transport	9.979,60	0,00	0,00	0,00	0,00	0,00	9.979,60	37,35		
of which - Regulation 1191/69	4.337,91	0,00	0,00	0,00	0,00	0,00	4.337,91	16,24		
- Airline services	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Tourism	56,26	0,00	0,00	2,76	0,00	0,00	59,02	0,22		
- Financial services	0,00	0,00	95,05	0,00	0,00	0,00	95,05	0,36		
- Media and culture	2,36	0,00	0,00	0,31	0,00	1,02	3,69	0,01	-	-
3 Regional aid	4.037,83	767,16	4,72	1.281,46	55,98	385,06	6.532,20	24,45	6.532,20	66,60
of which:										
31 Regions under 87(3)c	609,84	0,51	0,00	34,60	55,98	79,18	780,10	2,92	780,10	7,95
31 Regions under 87(3)a	3.427,99	766,65	4,72	1.246,87	0,00	305,88	5.752,10	21,53	5.752,10	58,65
TOTAL	22.711,56	1.121,47	109,01	2.116,63	125,76	531,23	26.715,66	100,00	9.808,23	100,00
in %	85,01	4,20	0,41	7,92	0,47	1,99	0,00	0,00	0,00	0,00
of which:										
TOTAL MANUFACTURING	5.915,39	1.121,47	13,97	2.101,44	125,76	530,21	9.808,23	0,00	9.808,23	0,00
in %	60,31	11,43	0,14	21,43	1,28	5,41	0,00	0,00	0,00	0,00

GREECE										
Table A5/5										
Total state aid - Annual averages 1997 - 1999										
€ million										
SECTOR / OBJECTIVE	FORMS OF AID						TOTAL AID		MANUFACTURING	
	A1A	A2A	B1A	C1A	C2A	D1A	TOTAL	in %	TOTAL	in %
11 Agriculture	156,97	0,00	0,00	0,00	0,00	0,00	156,97	12,03		
12 Fisheries	20,88	0,00	0,00	0,00	0,00	0,00	20,88	1,60		
2 Manufacturing / Services	473,22	5,59	144,20	2,91	0,00	0,24	626,17	47,98	36,03	6,71
of which:										
21 Horizontal Objectives	15,47	5,59	0,00	0,00	0,00	0,24	21,31	1,63	21,31	3,97
of which:										
- Research and Development	0,20	0,00	0,00	0,00	0,00	0,00	0,20	0,01	0,20	0,04
- Environment	0,81	0,00	0,00	0,00	0,00	0,00	0,81	0,06	0,81	0,15
- SME	13,46	0,00	0,00	0,00	0,00	0,00	13,46	1,03	13,46	2,51
- Commerce	0,64	5,59	0,00	0,00	0,00	0,00	6,24	0,48	6,24	1,16
- Energy saving	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
- Rescue and Restructuring	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
- Employment aid	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Training aid	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Other Objectives	0,37	0,00	0,00	0,00	0,00	0,24	0,61	0,05	0,61	0,11
22 Particular Sectors	457,75	0,00	144,20	2,91	0,00	0,00	604,85	46,35	14,72	2,74
of which:										
- Steel	6,67	0,00	0,00	0,54	0,00	0,00	7,20	0,55	7,20	1,34
- Shipbuilding	7,51	0,00	0,00	0,00	0,00	0,00	7,51	0,58	7,51	1,40
- Other manufacturing sectors	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
- Coal - aid to current production	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Coal - other aid	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Transport	443,51	0,00	144,20	0,00	0,00	0,00	587,71	45,04		
of which - Regulation 1191/69	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Airline services	0,00	0,00	144,20	0,00	0,00	0,00	144,20	11,05		
- Tourism	0,02	0,00	0,00	0,00	0,00	0,00	0,02	0,00		
- Financial services	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Media and culture	0,03	0,00	0,00	2,37	0,00	0,00	2,41	0,18	-	-
3 Regional aid	492,30	0,00	0,00	8,61	0,00	0,00	500,91	38,39	500,91	93,29
of which:										
31 Regions under 87(3)c	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
31 Regions under 87(3)a	492,30	0,00	0,00	8,61	0,00	0,00	500,91	38,39	500,91	93,29
TOTAL	1.143,36	5,59	144,20	11,52	0,00	0,24	1.304,92	100,00	536,94	100,00
in %	87,62	0,43	11,05	0,88	0,00	0,02	0,00	0,00	0,00	0,00
of which:										
TOTAL MANUFACTURING	521,96	5,59	0,00	9,15	0,00	0,24	536,94	0,00	536,94	0,00
in %	97,21	1,04	0,00	1,70	0,00	0,05	0,00	0,00	0,00	0,00

SPAIN										
Table A5/6										
Total state aid - Annual averages 1997 - 1999										
										€ million
SECTOR / OBJECTIVE	FORMS OF AID						TOTAL AID		MANUFACTURING	
	A1A	A2A	B1A	C1A	C2A	D1A	TOTAL	in %	TOTAL	in %
11 Agriculture	1.172,58	0,00	0,00	0,00	0,00	0,00	1.172,58	19,27		
12 Fisheries	57,55	0,00	0,00	0,00	0,00	0,00	57,55	0,95		
2 Manufacturing / Services	4.403,08	0,55	22,14	92,55	0,00	0,59	4.518,90	74,25	1.211,07	78,21
of which:										
21 Horizontal Objectives	1.193,55	0,55	18,47	92,41	0,00	0,59	1.305,57	21,45	587,05	37,91
of which:										
- Research and Development	177,75	0,00	0,00	39,70	0,00	0,00	217,45	3,57	217,45	14,04
- Environment	16,72	0,00	0,00	0,00	0,00	0,00	16,72	0,27	16,72	1,08
- SME	184,33	0,00	4,33	51,84	0,00	0,17	240,67	3,95	240,67	15,54
- Commerce	1,41	0,00	0,00	0,00	0,00	0,00	1,41	0,02	1,41	0,09
- Energy saving	24,96	0,00	0,00	0,00	0,00	0,00	24,96	0,41	24,96	1,61
- Rescue and Restructuring	41,24	0,55	14,14	0,87	0,00	0,41	57,22	0,94	57,22	3,69
- Employment aid	119,14	0,00	0,00	0,00	0,00	0,00	119,14	1,96		
- Training aid	599,37	0,00	0,00	0,00	0,00	0,00	599,37	9,85		
- Other Objectives	28,61	0,00	0,00	0,00	0,00	0,00	28,61	0,47	28,61	1,85
22 Particular Sectors	3.209,53	0,00	3,67	0,14	0,00	0,00	3.213,34	52,79	624,02	40,30
of which:										
- Steel	40,39	0,00	3,67	0,00	0,00	0,00	44,06	0,72	44,06	2,85
- Shipbuilding	430,51	0,00	0,00	0,00	0,00	0,00	430,51	7,07	430,51	27,80
- Other manufacturing sectors	149,45	0,00	0,00	0,00	0,00	0,00	149,45	2,46	149,45	9,65
- Coal - aid to current production	725,78	0,00	0,00	0,00	0,00	0,00	725,78	11,92		
- Coal - other aid	367,44	0,00	0,00	0,00	0,00	0,00	367,44	6,04		
- Transport	1.450,67	0,00	0,00	0,00	0,00	0,00	1.450,67	23,83		
of which - Regulation 1191/69	274,28	0,00	0,00	0,00	0,00	0,00	274,28	4,51		
- Airline services	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Tourism	21,02	0,00	0,00	0,14	0,00	0,00	21,17	0,35		
- Financial services	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Media and culture	24,26	0,00	0,00	0,00	0,00	0,00	24,26	0,40	-	-
3 Regional aid	311,93	0,00	11,05	14,44	0,00	0,00	337,43	5,54	337,43	21,79
of which:										
31 Regions under 87(3)c	228,14	0,00	6,43	14,44	0,00	0,00	249,01	4,09	249,01	16,08
31 Regions under 87(3)a	83,79	0,00	4,62	0,00	0,00	0,00	88,41	1,45	88,41	5,71
TOTAL	5.945,13	0,55	33,19	107,00	0,00	0,59	6.086,46	100,00	1.548,50	100,00
in %	97,68	0,01	0,55	1,76	0,00	0,01	0,00	0,00	0,00	0,00
of which:										
TOTAL MANUFACTURING	1.407,31	0,55	33,19	106,86	0,00	0,59	1.548,50	0,00	1.548,50	0,00
in %	90,88	0,04	2,14	6,90	0,00	0,04	0,00	0,00	0,00	0,00

FINLAND										
Table A5/7										
Total state aid - Annual averages 1997 - 1999										
€ million										
SECTOR / OBJECTIVE	FORMS OF AID						TOTAL AID		MANUFACTURING	
	A1A	A2A	B1A	C1A	C2A	D1A	TOTAL	in %	TOTAL	in %
11 Agriculture	1.468,04	0,00	0,00	0,00	0,00	0,00	1.468,04	73,62		
12 Fisheries	1,77	0,00	0,00	0,00	0,00	0,00	1,77	0,09		
2 Manufacturing / Services	415,77	1,13	3,18	34,52	0,00	1,71	456,31	22,88	356,13	83,99
of which:										
21 Horizontal Objectives	319,89	0,00	3,18	34,52	0,00	1,71	359,29	18,02	314,02	74,05
of which:										
- Research and Development	150,43	0,00	3,18	4,65	0,00	0,00	158,27	7,94	158,27	37,32
- Environment	5,51	0,00	0,00	0,00	0,00	0,00	5,51	0,28	5,51	1,30
- SME	39,37	0,00	0,00	29,86	0,00	0,00	69,23	3,47	69,23	16,33
- Commerce	39,11	0,00	0,00	0,00	0,00	1,71	40,82	2,05	40,82	9,63
- Energy saving	40,20	0,00	0,00	0,00	0,00	0,00	40,20	2,02	40,20	9,48
- Rescue and Restructuring	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
- Employment aid	45,27	0,00	0,00	0,00	0,00	0,00	45,27	2,27		
- Training aid	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Other Objectives	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
22 Particular Sectors	95,89	1,13	0,00	0,00	0,00	0,00	97,02	4,87	42,11	9,93
of which:										
- Steel	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
- Shipbuilding	34,95	0,00	0,00	0,00	0,00	0,00	34,95	1,75	34,95	8,24
- Other manufacturing sectors	6,03	1,13	0,00	0,00	0,00	0,00	7,16	0,36	7,16	1,69
- Coal - aid to current production	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Coal - other aid	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Transport	41,14	0,00	0,00	0,00	0,00	0,00	41,14	2,06		
of which - Regulation 1191/69	38,73	0,00	0,00	0,00	0,00	0,00	38,73	1,94		
- Airline services	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Tourism	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Financial services	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Media and culture	13,76	0,00	0,00	0,00	0,00	0,00	13,76	0,69	-	-
3 Regional aid	58,60	7,71	0,00	1,49	0,00	0,11	67,91	3,41	67,91	16,01
of which:										
31 Regions under 87(3)c	58,60	7,71	0,00	1,49	0,00	0,11	67,91	3,41	67,91	16,01
31 Regions under 87(3)a	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
TOTAL	1.944,19	8,84	3,18	36,00	0,00	1,82	1.994,03	100,00	424,03	100,00
in %	97,50	0,44	0,16	1,81	0,00	0,09	0,00	0,00	0,00	0,00
of which:										
TOTAL MANUFACTURING	374,19	8,84	3,18	36,00	0,00	1,82	424,03	0,00	424,03	0,00
in %	88,25	2,08	0,75	8,49	0,00	0,43	0,00	0,00	0,00	0,00

FRANCE										
Table A5/8										
Total state aid - Annual averages 1997 - 1999										
€ million										
SECTOR / OBJECTIVE	FORMS OF AID						TOTAL AID		MANUFACTURING	
	A1A	A2A	B1A	C1A	C2A	D1A	TOTAL	in %	TOTAL	in %
11 Agriculture	3.063,21	0,00	0,00	0,00	0,00	0,00	3.063,21	17,18		
12 Fisheries	24,60	0,00	0,00	0,00	0,00	0,00	24,60	0,14		
2 Manufacturing / Services	8.405,09	453,41	3.424,65	366,55	21,73	103,63	12.775,07	71,65	2.684,74	57,73
of which:										
21 Horizontal Objectives	801,01	435,20	560,52	366,55	0,00	81,62	2.244,90	12,59	2.238,85	48,14
of which:										
- Research and Development	398,43	435,20	0,00	351,33	0,00	0,00	1.184,96	6,65	1.184,96	25,48
- Environment	30,35	0,00	0,00	0,00	0,00	0,00	30,35	0,17	30,35	0,65
- SME	253,08	0,00	0,00	15,22	0,00	0,00	268,29	1,50	268,29	5,77
- Commerce	45,27	0,00	0,00	0,00	0,00	81,62	126,89	0,71	126,89	2,73
- Energy saving	30,25	0,00	0,00	0,00	0,00	0,00	30,25	0,17	30,25	0,65
- Rescue and Restructuring	33,03	0,00	560,52	0,00	0,00	0,00	593,55	3,33	593,55	12,76
- Employment aid	6,02	0,00	0,00	0,00	0,00	0,00	6,02	0,03		
- Training aid	0,03	0,00	0,00	0,00	0,00	0,00	0,03	0,00		
- Other Objectives	4,55	0,00	0,00	0,00	0,00	0,00	4,55	0,03	4,55	0,10
22 Particular Sectors	7.604,08	18,21	2.864,13	0,00	21,73	22,01	10.530,17	59,06	445,89	9,59
of which:										
- Steel	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
- Shipbuilding	258,48	0,00	0,00	0,00	0,00	0,00	258,48	1,45	258,48	5,56
- Other manufacturing sectors	125,32	0,00	40,46	0,00	21,63	0,00	187,41	1,05	187,41	4,03
- Coal - aid to current production	369,86	0,00	0,00	0,00	0,00	0,00	369,86	2,07		
- Coal - other aid	610,12	0,00	0,00	0,00	0,00	0,00	610,12	3,42		
- Transport	6.050,59	0,00	0,00	0,00	0,00	0,00	6.050,59	33,94		
of which - Regulation 1191/69	1.467,86	0,00	0,00	0,00	0,00	0,00	1.467,86	8,23		
- Airline services	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Tourism	8,54	0,00	0,00	0,00	0,00	0,00	8,54	0,05		
- Financial services	0,00	0,00	2.714,14	0,00	0,00	21,36	2.735,50	15,34		
- Media and culture	181,17	18,21	109,53	0,00	0,10	0,66	309,67	1,74	-	-
3 Regional aid	219,79	1.746,03	0,00	0,00	0,00	0,00	1.965,81	11,03	1.965,81	42,27
of which:										
31 Regions under 87(3)c	181,70	1.096,94	0,00	0,00	0,00	0,00	1.278,65	7,17	1.278,65	27,49
31 Regions under 87(3)a	38,08	649,08	0,00	0,00	0,00	0,00	687,16	3,85	687,16	14,78
TOTAL	11.712,70	2.199,43	3.424,65	366,55	21,73	103,63	17.828,69	100,00	4.650,55	100,00
in %	65,70	12,34	19,21	2,06	0,12	0,58	0,00	0,00	0,00	0,00
of which:										
TOTAL MANUFACTURING	1.398,55	2.181,22	600,98	366,55	21,63	81,62	4.650,55	0,00	4.650,55	0,00
in %	30,07	46,90	12,92	7,88	0,47	1,76	0,00	0,00	0,00	0,00

IRELAND										
Table A5/9										
Total state aid - Annual averages 1997 - 1999										
										€ million
SECTOR / OBJECTIVE	FORMS OF AID						TOTAL AID		MANUFACTURING	
	A1A	A2A	B1A	C1A	C2A	D1A	TOTAL	in %	TOTAL	in %
11 Agriculture	166,05	0,00	0,00	0,00	0,00	0,00	166,05	15,60		
12 Fisheries	13,39	0,00	0,00	0,00	0,00	0,00	13,39	1,26		
2 Manufacturing / Services	266,00	426,87	4,36	5,01	0,00	22,12	724,36	68,04	315,79	66,26
of which:										
21 Horizontal Objectives	129,00	267,41	0,00	0,00	0,00	22,12	418,54	39,31	311,31	65,32
of which:										
- Research and Development	12,12	0,00	0,00	0,00	0,00	0,00	12,12	1,14	12,12	2,54
- Environment	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
- SME	4,15	0,00	0,00	0,00	0,00	0,00	4,15	0,39	4,15	0,87
- Commerce	3,49	0,16	0,00	0,00	0,00	0,19	3,84	0,36	3,84	0,81
- Energy saving	2,03	1,35	0,00	0,00	0,00	0,00	3,37	0,32	3,37	0,71
- Rescue and Restructuring	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
- Employment aid	85,84	0,00	0,00	0,00	0,00	0,00	85,84	8,06		
- Training aid	21,38	0,00	0,00	0,00	0,00	0,00	21,38	2,01		
- Other Objectives	0,00	265,90	0,00	0,00	0,00	21,93	287,83	27,04	287,83	60,39
22 Particular Sectors	136,99	159,46	4,36	5,01	0,00	0,00	305,82	28,73	4,48	0,94
of which:										
- Steel	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
- Shipbuilding	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
- Other manufacturing sectors	0,13	0,00	4,36	0,00	0,00	0,00	4,48	0,42	4,48	0,94
- Coal - aid to current production	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Coal - other aid	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Transport	136,47	0,00	0,00	0,00	0,00	0,00	136,47	12,82		
of which - Regulation 1191/69	84,55	0,00	0,00	0,00	0,00	0,00	84,55	7,94		
- Airline services	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Tourism	0,39	0,00	0,00	0,04	0,00	0,00	0,43	0,04		
- Financial services	0,00	152,16	0,00	0,00	0,00	0,00	152,16	14,29		
- Media and culture	0,00	7,30	0,00	4,97	0,00	0,00	12,28	1,15	-	-
3 Regional aid	122,13	6,69	31,98	0,00	0,00	0,00	160,81	15,10	160,81	33,74
of which:										
31 Regions under 87(3)c	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
31 Regions under 87(3)a	122,13	6,69	31,98	0,00	0,00	0,00	160,81	15,10	160,81	33,74
TOTAL	567,57	433,57	36,34	5,01	0,00	22,12	1.064,61	100,00	476,60	100,00
in %	53,31	40,73	3,41	0,47	0,00	2,08	0,00	0,00	0,00	0,00
of which:										
TOTAL MANUFACTURING	144,04	274,10	36,34	0,00	0,00	22,12	476,60	0,00	476,60	0,00
in %	30,22	57,51	7,62	0,00	0,00	4,64	0,00	0,00	0,00	0,00

ITALY										
Table A5/10										
Total state aid - Annual averages 1997 - 1999										
€ million										
SECTOR / OBJECTIVE	FORMS OF AID						TOTAL AID		MANUFACTURING	
	A1A	A2A	B1A	C1A	C2A	D1A	TOTAL	in %	TOTAL	in %
11 Agriculture	1.629,74	0,00	0,00	0,00	0,00	0,00	1.629,74	11,98		
12 Fisheries	81,02	0,00	0,00	0,00	0,00	0,00	81,02	0,60		
2 Manufacturing / Services	6.742,98	257,72	487,37	229,67	0,00	8,21	7.725,96	56,79	1.525,35	26,79
of which:										
21 Horizontal Objectives	1.091,15	254,80	30,64	94,12	0,00	8,21	1.478,93	10,87	1.259,45	22,12
of which:										
- Research and Development	172,86	69,94	0,00	34,70	0,00	0,00	277,50	2,04	277,50	4,87
- Environment	15,58	0,00	0,00	0,00	0,00	0,00	15,58	0,11	15,58	0,27
- SME	650,50	10,20	0,02	27,40	0,00	0,40	688,51	5,06	688,51	12,09
- Commerce	1,76	0,00	0,50	0,55	0,00	0,00	2,80	0,02	2,80	0,05
- Energy saving	26,99	0,00	0,00	0,00	0,00	0,00	26,99	0,20	26,99	0,47
- Rescue and Restructuring	147,71	0,00	30,12	31,48	0,00	7,82	217,12	1,60	217,12	3,81
- Employment aid	44,82	174,66	0,00	0,00	0,00	0,00	219,48	1,61		
- Training aid	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Other Objectives	30,95	0,00	0,00	0,00	0,00	0,00	30,95	0,23	30,95	0,54
22 Particular Sectors	5.651,83	2,92	456,74	135,55	0,00	0,00	6.247,03	45,92	265,90	4,67
of which:										
- Steel	72,33	0,00	0,00	0,00	0,00	0,00	72,33	0,53	72,33	1,27
- Shipbuilding	146,68	0,00	0,00	0,00	0,00	0,00	146,68	1,08	146,68	2,58
- Other manufacturing sectors	46,05	0,00	0,00	0,84	0,00	0,00	46,89	0,34	46,89	0,82
- Coal - aid to current production	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Coal - other aid	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Transport	5.075,43	0,00	213,90	0,00	0,00	0,00	5.289,33	38,88		
of which - Regulation 1191/69	638,55	0,00	0,00	0,00	0,00	0,00	638,55	4,69		
- Airline services	0,00	0,00	213,90	0,00	0,00	0,00	213,90	1,57		
- Tourism	251,31	0,18	0,00	1,54	0,00	0,00	253,03	1,86		
- Financial services	0,00	0,00	242,84	133,17	0,00	0,00	376,01	2,76		
- Media and culture	60,02	2,75	0,00	0,00	0,00	0,00	62,77	0,46	-	-
3 Regional aid	2.311,34	1.804,00	0,00	51,16	0,00	2,18	4.168,68	30,64	4.168,68	73,21
of which:										
31 Regions under 87(3)c	130,80	15,49	0,00	0,00	0,00	0,06	146,35	1,08	146,35	2,57
31 Regions under 87(3)a	2.180,54	1.788,51	0,00	51,16	0,00	2,11	4.022,33	29,56	4.022,33	70,64
TOTAL	10.765,09	2.061,72	487,37	280,83	0,00	10,39	13.605,41	100,00	5.694,03	100,00
in %	79,12	15,15	3,58	2,06	0,00	0,08	0,00	0,00	0,00	0,00
of which:										
TOTAL MANUFACTURING	3.622,73	1.884,14	30,64	146,12	0,00	10,39	5.694,03	0,00	5.694,03	0,00
in %	63,62	33,09	0,54	2,57	0,00	0,18	0,00	0,00	0,00	0,00

LUXEMBOURG										
Table A5/11										
Total state aid - Annual averages 1997 - 1999										
										€ million
SECTOR / OBJECTIVE	FORMS OF AID						TOTAL AID		MANUFACTURING	
	A1A	A2A	B1A	C1A	C2A	D1A	TOTAL	in %	TOTAL	in %
11 Agriculture	31,53	0,00	0,00	0,00	0,00	0,00	31,53	14,48		
12 Fisheries	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
2 Manufacturing / Services	157,09	0,00	0,00	0,92	0,00	0,00	158,01	72,59	16,80	37,37
of which:										
21 Horizontal Objectives	15,82	0,00	0,00	0,92	0,00	0,00	16,74	7,69	16,74	37,25
of which:										
- Research and Development	4,27	0,00	0,00	0,10	0,00	0,00	4,37	2,01	4,37	9,73
- Environment	2,03	0,00	0,00	0,00	0,00	0,00	2,03	0,93	2,03	4,51
- SME	9,24	0,00	0,00	0,82	0,00	0,00	10,06	4,62	10,06	22,38
- Commerce	0,29	0,00	0,00	0,00	0,00	0,00	0,29	0,13	0,29	0,64
- Energy saving	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
- Rescue and Restructuring	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
- Employment aid	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Training aid	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Other Objectives	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
22 Particular Sectors	141,27	0,00	0,00	0,00	0,00	0,00	141,27	64,90	0,05	0,12
of which:										
- Steel	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
- Shipbuilding	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
- Other manufacturing sectors	0,05	0,00	0,00	0,00	0,00	0,00	0,05	0,03	0,05	0,12
- Coal - aid to current production	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Coal - other aid	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Transport	139,19	0,00	0,00	0,00	0,00	0,00	139,19	63,94		
of which - Regulation 1191/69	68,73	0,00	0,00	0,00	0,00	0,00	68,73	31,57		
- Airline services	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Tourism	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Financial services	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Media and culture	2,03	0,00	0,00	0,00	0,00	0,00	2,03	0,93	-	-
3 Regional aid	26,38	1,76	0,00	0,00	0,00	0,00	28,15	12,93	28,15	62,63
of which:										
31 Regions under 87(3)c	26,38	1,76	0,00	0,00	0,00	0,00	28,15	12,93	28,15	62,63
31 Regions under 87(3)a	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
TOTAL	215,00	1,76	0,00	0,92	0,00	0,00	217,69	100,00	44,95	100,00
in %	98,77	0,81	0,00	0,42	0,00	0,00	0,00	0,00	0,00	0,00
of which:										
TOTAL MANUFACTURING	42,26	1,76	0,00	0,92	0,00	0,00	44,95	0,00	44,95	0,00
in %	94,02	3,92	0,00	2,05	0,00	0,00	0,00	0,00	0,00	0,00

NETHERLANDS										
Table A5/12										
Total state aid - Annual averages 1997 - 1999										
										€ million
SECTOR / OBJECTIVE	FORMS OF AID						TOTAL AID		MANUFACTURING	
	A1A	A2A	B1A	C1A	C2A	D1A	TOTAL	in %	TOTAL	in %
11 Agriculture	1.167,00	0,00	0,00	0,00	0,00	0,00	1.167,00	36,94		
12 Fisheries	5,01	0,00	0,00	0,00	0,00	0,00	5,01	0,16		
2 Manufacturing / Services	1.699,63	121,64	0,00	29,00	47,54	11,84	1.909,66	60,44	492,88	86,38
of which:										
21 Horizontal Objectives	269,70	114,99	0,00	29,00	47,54	11,84	473,08	14,97	473,05	82,91
of which:										
- Research and Development	142,28	0,00	0,00	4,96	0,00	0,00	147,25	4,66	147,25	25,81
- Environment	29,00	6,10	0,00	0,00	47,54	0,00	82,64	2,62	82,64	14,48
- SME	9,80	0,00	0,00	0,00	0,00	11,84	21,65	0,69	21,65	3,79
- Commerce	0,00	0,00	0,00	24,04	0,00	0,00	24,04	0,76	24,04	4,21
- Energy saving	55,63	108,89	0,00	0,00	0,00	0,00	164,52	5,21	164,52	28,83
- Rescue and Restructuring	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
- Employment aid	0,03	0,00	0,00	0,00	0,00	0,00	0,03	0,00		
- Training aid	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Other Objectives	32,96	0,00	0,00	0,00	0,00	0,00	32,96	1,04	32,96	5,78
22 Particular Sectors	1.429,93	6,65	0,00	0,00	0,00	0,00	1.436,58	45,47	19,83	3,47
of which:										
- Steel	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
- Shipbuilding	19,83	0,00	0,00	0,00	0,00	0,00	19,83	0,63	19,83	3,47
- Other manufacturing sectors	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
- Coal - aid to current production	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Coal - other aid	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Transport	1.385,35	0,00	0,00	0,00	0,00	0,00	1.385,35	43,85		
of which - Regulation 1191/69	213,87	0,00	0,00	0,00	0,00	0,00	213,87	6,77		
- Airline services	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Tourism	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Financial services	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Media and culture	24,75	6,65	0,00	0,00	0,00	0,00	31,40	0,99	-	-
3 Regional aid	77,70	0,00	0,00	0,00	0,00	0,00	77,70	2,46	77,70	13,62
of which:										
31 Regions under 87(3)c	77,70	0,00	0,00	0,00	0,00	0,00	77,70	2,46	77,70	13,62
31 Regions under 87(3)a	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
TOTAL	2.949,34	121,64	0,00	29,00	47,54	11,84	3.159,37	100,00	570,58	100,00
in %	93,35	3,85	0,00	0,92	1,50	0,37	0,00	0,00	0,00	0,00
of which:										
TOTAL MANUFACTURING	367,20	114,99	0,00	29,00	47,54	11,84	570,58	0,00	570,58	0,00
in %	64,36	20,15	0,00	5,08	8,33	2,08	0,00	0,00	0,00	0,00

PORTUGAL										
Table A5/13										
Total state aid - Annual averages 1997 - 1999										€ million
SECTOR / OBJECTIVE	FORMS OF AID						TOTAL AID		MANUFACTURING	
	A1A	A2A	B1A	C1A	C2A	D1A	TOTAL	in %	TOTAL	in %
11 Agriculture	301,07	0,00	0,00	0,00	0,00	0,00	301,07	19,62		
12 Fisheries	2,08	0,00	0,00	0,00	0,00	0,00	2,08	0,14		
2 Manufacturing / Services	323,33	786,08	73,29	15,27	0,00	0,10	1.198,06	78,07	158,25	82,56
of which:										
21 Horizontal Objectives	220,81	3,99	4,50	0,00	0,00	0,10	229,39	14,95	123,89	64,64
of which:										
- Research and Development	12,41	0,00	0,00	0,00	0,00	0,00	12,41	0,81	12,41	6,48
- Environment	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
- SME	22,60	0,00	0,00	0,00	0,00	0,00	22,60	1,47	22,60	11,79
- Commerce	0,50	0,00	0,00	0,00	0,00	0,00	0,50	0,03	0,50	0,26
- Energy saving	8,83	0,00	0,00	0,00	0,00	0,00	8,83	0,58	8,83	4,61
- Rescue and Restructuring	0,41	0,00	4,50	0,00	0,00	0,10	5,00	0,33	5,00	2,61
- Employment aid	34,45	0,00	0,00	0,00	0,00	0,00	34,45	2,24		
- Training aid	71,06	0,00	0,00	0,00	0,00	0,00	71,06	4,63		
- Other Objectives	70,55	3,99	0,00	0,00	0,00	0,00	74,53	4,86	74,53	38,89
22 Particular Sectors	102,52	782,10	68,78	15,27	0,00	0,00	968,67	63,12	34,36	17,93
of which:										
- Steel	1,08	0,00	0,00	0,00	0,00	0,00	1,08	0,07	1,08	0,57
- Shipbuilding	11,54	0,00	0,00	0,00	0,00	0,00	11,54	0,75	11,54	6,02
- Other manufacturing sectors	7,26	0,00	0,00	14,48	0,00	0,00	21,74	1,42	21,74	11,34
- Coal - aid to current production	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Coal - other aid	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Transport	45,50	0,00	68,78	0,00	0,00	0,00	114,28	7,45		
of which - Regulation 1191/69	25,76	0,00	0,00	0,00	0,00	0,00	25,76	1,68		
- Airline services	0,00	0,00	68,78	0,00	0,00	0,00	68,78	4,48		
- Tourism	32,36	0,00	0,00	0,79	0,00	0,00	33,16	2,16		
- Financial services	0,00	8,60	0,00	0,00	0,00	0,00	8,60	0,56		
- Media and culture	4,77	3,87	0,00	0,00	0,00	0,00	8,64	50,71		
3 Regional aid	28,00	772,33	0,00	2,52	0,00	0,19	803,05	2,18	33,42	17,44
of which:										
31 Regions under 87(3)c	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
31 Regions under 87(3)a	28,00	772,33	0,00	2,52	0,00	0,19	803,05	2,18	33,42	17,44
TOTAL	654,48	788,79	73,29	17,79	0,00	0,29	1.534,63	100,00	191,67	100,00
in %	42,65	51,40	4,78	1,16	0,00	0,02	0,00	0,00	0,00	0,00
of which:										
TOTAL MANUFACTURING	163,19	6,69	4,50	17,00	0,00	0,29	191,67	0,00	191,67	0,00
in %	85,14	3,49	2,35	8,87	0,00	0,15	0,00	0,00	0,00	0,00

SWEDEN										
Table A5/14										
Total state aid - Annual averages 1997 - 1999										
										€ million
SECTOR /OBJECTIVE	FORMS OF AID						TOTAL AID		MANUFACTURING	
	A1A	A2A	B1A	C1A	C2A	D1A	TOTAL	in %	TOTAL	in %
11 Agriculture	333,74	0,00	0,00	0,00	0,00	0,00	333,74	18,62		
12 Fisheries	8,87	0,00	0,00	0,00	0,00	0,00	8,87	0,49		
2 Manufacturing / Services	1.208,01	19,99	8,33	43,38	0,00	0,30	1.280,01	71,42	248,46	59,41
of which:										
21 Horizontal Objectives	206,79	19,99	8,33	43,14	0,00	0,28	278,53	15,54	248,46	59,41
of which:										
- Research and Development	61,30	0,00	8,21	19,35	0,00	0,28	89,14	4,97	89,14	21,32
- Environment	73,10	19,99	0,00	0,00	0,00	0,00	93,09	5,19	93,09	22,26
- SME	13,15	0,00	0,12	23,78	0,00	0,00	37,06	2,07	37,06	8,86
- Commerce	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
- Energy saving	29,16	0,00	0,00	0,01	0,00	0,00	29,17	1,63	29,17	6,98
- Rescue and Restructuring	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
- Employment aid	10,69	0,00	0,00	0,00	0,00	0,00	10,69	0,60		
- Training aid	19,38	0,00	0,00	0,00	0,00	0,00	19,38	1,08		
- Other Objectives	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
22 Particular Sectors	1.001,22	0,00	0,00	0,23	0,00	0,02	1.001,48	55,88	0,00	0,00
of which:										
- Steel	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
- Shipbuilding	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
- Other manufacturing sectors	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
- Coal - aid to current production	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Coal - other aid	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Transport	906,35	0,00	0,00	0,00	0,00	0,00	906,35	50,57		
of which - Regulation 1191/69	62,29	0,00	0,00	0,00	0,00	0,00	62,29	3,48		
- Airline services	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Tourism	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Financial services	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Media and culture	94,87	0,00	0,00	0,23	0,00	0,02	95,13	5,31	-	-
3 Regional aid	115,15	45,43	0,00	9,10	0,00	0,05	169,73	9,47	169,73	40,59
of which:										
31 Regions under 87(3)c	115,15	45,43	0,00	9,10	0,00	0,05	169,73	9,47	169,73	40,59
31 Regions under 87(3)a	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
TOTAL	1.665,77	65,42	8,33	52,48	0,00	0,35	1.792,35	100,00	418,19	100,00
in %	92,94	3,65	0,46	2,93	0,00	0,02	0,00	0,00	0,00	0,00
of which:										
TOTAL MANUFACTURING	291,87	65,42	8,33	52,25	0,00	0,33	418,19	0,00	418,19	0,00
in %	69,79	15,64	1,99	12,49	0,00	0,08	0,00	0,00	0,00	0,00

UNITED KINGDOM										
Table A5/15										
Total state aid - Annual averages 1997 - 1999										€ million
SECTOR / OBJECTIVE	FORMS OF AID						TOTAL AID		MANUFACTURING	
	A1A	A2A	B1A	C1A	C2A	D1A	TOTAL	in %	TOTAL	in %
11 Agriculture	1,348,70	0,00	0,00	0,00	0,00	0,00	1,348,70	17,82		
12 Fisheries	33,46	0,00	0,00	0,00	0,00	0,00	33,46	0,44		
2 Manufacturing / Services	5,310,57	0,00	0,00	17,42	0,00	2,65	5,330,64	70,43	552,61	39,24
of which:										
21 Horizontal Objectives	1,780,22	0,00	0,00	17,42	0,00	2,65	1,800,29	23,79	545,12	38,70
of which:										
- Research and Development	120,20	0,00	0,00	0,00	0,00	0,00	120,20	1,59	120,20	8,53
- Environment	6,93	0,00	0,00	0,00	0,00	0,00	6,93	0,09	6,93	0,49
- SME	283,27	0,00	0,00	17,42	0,00	2,59	303,29	4,01	303,29	21,53
- Commerce	92,08	0,00	0,00	0,00	0,00	0,05	92,13	1,22	92,13	6,54
- Energy saving	22,58	0,00	0,00	0,00	0,00	0,00	22,58	0,30	22,58	1,60
- Rescue and Restructuring	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
- Employment aid	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Training aid	1,255,17	0,00	0,00	0,00	0,00	0,00	1,255,17	16,58		
- Other Objectives	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
22 Particular Sectors	3,530,35	0,00	0,00	0,00	0,00	0,00	3,530,35	46,64	7,50	0,53
of which:										
- Steel	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
- Shipbuilding	5,16	0,00	0,00	0,00	0,00	0,00	5,16	0,07	5,16	0,37
- Other manufacturing sectors	2,33	0,00	0,00	0,00	0,00	0,00	2,33	0,03	2,33	0,17
- Coal - aid to current production	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Coal - other aid	603,91	0,00	0,00	0,00	0,00	0,00	603,91	7,98		
- Transport	2,661,21	0,00	0,00	0,00	0,00	0,00	2,661,21	35,16		
of which - Regulation 1191/69	2,573,21	0,00	0,00	0,00	0,00	0,00	2,573,21	34,00		
- Airline services	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Tourism	10,27	0,00	0,00	0,00	0,00	0,00	10,27	0,14		
- Financial services	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
- Media and culture	247,47	0,00	0,00	0,00	0,00	0,00	247,47	3,27	-	-
3 Regional aid	828,83	15,26	0,00	0,16	11,58	0,00	855,82	11,31	855,82	60,76
of which:										
31 Regions under 87(3)c	595,20	15,26	0,00	0,08	11,58	0,00	622,11	8,22	622,11	44,17
31 Regions under 87(3)a	233,64	0,00	0,00	0,08	0,00	0,00	233,71	3,09	233,71	16,59
TOTAL	7,521,57	15,26	0,00	17,58	11,58	2,65	7,568,62	100,00	1,408,44	100,00
in %	99,38	0,20	0,00	0,23	0,15	0,03	0,00	0,00	0,00	0,00
of which:										
TOTAL MANUFACTURING	1,361,38	15,26	0,00	17,58	11,58	2,65	1,408,44	0,00	1,408,44	0,00
in %	96,66	1,08	0,00	1,25	0,82	0,19	0,00	0,00	0,00	0,00

EUROPEAN UNION										
Table A5/16										
Total state aid - Annual averages 1997 - 1999										
€ million										
SECTOR / OBJECTIVE	FORMS OF AID						TOTAL AID		MANUFACTURING	
	A1A	A2A	B1A	C1A	C2A	D1A	TOTAL	en %	TOTAL	en %
11 Agriculture	13.981,10	0,00	0,00	0,00	0,00	0,00	13.981,10	15,55		
12 Fisheries	281,76	0,00	0,00	0,00	0,00	0,00	281,76	0,31		
2 Manufacturing / Services	50.992,84	2.769,65	4.304,12	1.779,17	139,06	335,46	60.320,30	67,11	12.260,60	44,48
of which:										
21 Horizontal Objectives	8.997,46	1.649,20	667,19	1.610,25	117,32	312,13	13.353,56	14,86	10.292,87	37,34
of which:										
- Research and Development	2.787,52	506,41	11,39	584,77	0,00	14,77	3.904,87	4,34	3.904,87	14,17
- Environment	326,41	255,91	0,00	54,34	47,54	0,00	684,20	0,76	684,20	2,48
- SME	1.877,18	213,67	13,72	845,00	69,78	157,84	3.177,20	3,53	3.177,20	11,53
- Commerce	219,45	5,76	0,50	33,52	0,00	85,09	344,32	0,38	344,32	1,25
- Energy saving	494,85	111,26	0,00	45,34	0,00	0,00	651,45	0,72	651,45	2,36
- Rescue and Restructuring	250,57	0,55	612,19	34,05	0,00	16,53	913,89	1,02	913,89	3,32
- Employment aid	705,43	174,66	0,00	1,09	0,00	0,00	881,17	0,98		
- Training aid	2.167,39	0,00	0,00	12,12	0,00	0,00	2.179,51	2,42		
- Other Objectives	168,66	380,98	29,39	0,01	0,00	37,90	616,94	0,69	616,94	2,24
22 Particular Sectors	41.995,38	1.120,44	3.636,93	168,93	21,73	23,33	46.966,74	52,25	1.967,72	7,14
of which:										
- Steel	125,31	0,00	3,67	0,54	0,00	0,07	129,59	0,14	129,59	0,47
- Shipbuilding	1.254,13	0,00	0,00	0,00	0,00	0,00	1.254,13	1,40	1.254,13	4,55
- Other manufacturing sectors	351,13	151,11	44,81	15,31	21,63	0,00	584,00	0,65	584,00	2,12
- Coal - aid to current production	5.561,48	0,00	0,00	0,00	0,00	0,00	5.561,48	6,19		
- Coal - other aid	2.016,01	0,00	0,00	0,00	0,00	0,00	2.016,01	2,24		
- Transport	31.584,75	0,00	426,88	0,00	0,00	0,00	32.011,63	35,61		
of which - Regulation 1191/69	11.047,51	0,00	0,00	0,00	0,00	0,00	11.047,51	12,29		
- Airline services	0,00	0,00	426,88	0,00	0,00	0,00	426,88	0,47		
- Tourism	423,27	0,18	0,00	12,02	0,00	0,20	435,66	0,48		
- Financial services	0,00	160,75	3.052,03	133,17	0,00	21,36	3.367,31	3,75		
- Media and culture	679,30	38,77	109,53	7,89	0,10	1,70	837,29	1,79		
3 Regional aid	8.960,34	5.166,36	48,13	1.432,44	71,39	393,07	16.071,74	17,02	15.302,11	55,52
of which:										
31 Regions under 87(3)c	2.328,99	1.183,10	6,43	118,33	71,39	84,48	3.792,72	4,22	3.792,72	13,76
31 Regions under 87(3)a	6.631,35	3.983,26	41,70	1.314,12	0,00	308,59	12.279,02	12,80	11.509,40	41,76
TOTAL	74.216,03	7.166,38	4.352,25	3.211,62	210,45	728,54	89.885,26	100,00	27.562,71	100,00
in %	82,57	7,97	4,84	3,57	0,23	0,81	0,00	0,00	0,00	0,00
of which:										
TOTAL MANUFACTURING	16.815,55	6.022,39	763,81	3.045,34	210,34	705,28	27.562,71	0,00	27.562,71	0,00
in %	61,01	21,85	2,77	11,05	0,76	2,56	0,00	0,00	0,00	0,00

AUSTRIA

Table A6/1
Total State aid 1995 - 1999

	€ million				
SECTOR / OBJECTIVE	1995	1996	1997	1998	1999
11 Agriculture	1.339,0	1.230,4	1.077,3	996,0	904,8
12 Fisheries	0,0	0,0	0,0	0,0	0,0
2 Manufacturing / Services	1.044,9	1.027,3	1.063,7	1.007,3	987,2
of which:					
21 Horizontal Objectives	357,6	343,1	373,3	290,2	285,7
of which:					
-Research and development	95,8	147,3	176,8	155,1	145,6
-Environment	44,2	47,2	49,7	55,2	54,9
-SME	62,3	63,1	87,6	62,2	52,7
-Commerce	0,0	0,0	0,0	0,0	0,0
-Energy saving	5,8	7,9	4,2	1,5	2,2
-Rescue and restructuring	121,5	58,1	24,7	12,4	9,2
-Employment aid	28,0	19,5	30,4	3,8	21,2
-Training aid	0,0	0,0	0,0	0,0	0,0
-Other objectives	0,0	0,0	0,0	0,0	0,0
22 Particular Sectors	687,3	684,2	690,4	717,1	701,4
of which:					
-Steel	3,5	3,5	3,5	3,5	3,4
-Shipbuilding	0,0	0,0	0,0	0,0	0,0
-Other manufacturing sectors	9,6	9,4	8,2	9,0	8,3
-Coal - aid to current production	0,0	0,0	0,0	0,0	0,0
-Coal - other aid	0,0	0,0	0,0	0,0	0,0
-Transport	637,2	640,8	650,8	661,9	654,2
of which -Regulation 1191/69	621,3	627,8	640,9	636,9	631,3
-Airline services	0,0	0,0	0,0	0,0	0,0
-Tourism	36,9	30,5	27,9	42,6	35,5
-Financial services	0,0	0,0	0,0	0,0	0,0
-Media and culture	0,0	0,0	0,0	0,0	0,0
3 Regional aid	98,1	124,0	163,5	172,0	169,4
of which:					
31 Regions under 87(3)c	54,7	92,9	133,8	141,1	138,4
32 Regions under 87(3)a	43,4	31,2	29,7	30,9	31,0
TOTAL	2.481,9	2.381,6	2.304,4	2.175,3	2.061,4
of which:					
Total manufacturing sector	440,8	460,4	518,1	471,0	445,6
% of total	17,8	19,3	22,5	21,7	21,6

BELGIUM

Table A6/2
Total state aid 1995 - 1999

€ million

SECTOR / OBJECTIVE	1995	1996	1997	1998	1999
11 Agriculture	238,2	245,0	257,5	211,0	271,6
12 Fisheries	1,3	1,3	1,8	6,1	6,1
2 Manufacturing / Services	2.787,2	2.960,4	2.633,7	2.685,9	2.719,3
of which:					
21 Horizontal Objectives	460,8	521,0	511,0	571,6	615,5
of which:					
-Research and development	109,3	120,7	128,6	98,6	148,1
-Environment	10,0	4,7	1,6	9,9	5,0
-SME	89,9	123,3	109,5	127,0	212,6
-Commerce	32,5	24,6	7,7	3,7	3,0
-Energy saving	0,7	0,1	0,7	0,7	0,1
-Rescue and restructuring	0,8	0,0	21,2	3,8	0,0
-Employment aid	82,4	110,0	105,7	100,5	97,9
-Training aid	8,7	8,6	9,5	46,2	33,0
-Other objectives	126,4	129,1	126,5	181,2	115,8
22 Particular Sectors	2.326,3	2.439,5	2.122,7	2.114,3	2.103,9
of which:					
-Steel	3,3	4,2	2,2	0,0	0,0
-Shipbuilding	0,0	0,0	0,0	0,0	0,0
-Other manufacturing sectors	292,3	278,8	0,0	0,7	0,7
-Coal - aid to current production	0,0	0,0	0,0	0,0	0,0
-Coal - other aid	0,0	0,0	0,0	0,0	0,0
-Transport	2.018,7	2.140,7	2.110,5	2.102,5	2.087,3
of which -Regulation 1191/69	354,4	327,5	330,4	329,1	330,5
-Airline services	0,0	0,0	0,0	0,0	0,0
-Tourism	6,6	8,6	9,2	6,7	6,0
-Financial services	0,0	0,0	0,0	0,0	0,0
-Media and culture	5,5	7,3	0,8	4,4	9,8
3 Regional aid	240,9	258,4	228,7	214,0	219,8
of which:					
31 Regions under 87(3)c	240,9	258,4	228,7	214,0	219,8
32 Regions under 87(3)a	0,0	0,0	0,0	0,0	0,0
TOTAL	3.267,6	3.465,2	3.121,7	3.117,1	3.216,8
of which:					
Total manufacturing sector	906,2	943,7	626,7	639,6	705,1
% of total	27,7	27,2	20,1	20,5	21,9

DENMARK

Table A6/3
Total state aid 1995 - 1999

€ million

SECTOR / OBJECTIVE	1995	1996	1997	1998	1999
11 Agriculture	284,6	252,4	249,5	228,0	240,3
12 Fisheries	7,3	10,6	11,6	8,2	8,0
2 Manufacturing / Services	1.227,9	1.380,9	1.254,2	1.285,3	1.713,6
of which:					
21 Horizontal Objectives	622,0	716,0	702,6	883,4	928,5
of which:					
-Research and development	141,1	144,3	163,3	165,5	156,6
-Environment	113,6	191,8	223,0	258,6	248,4
-SME	51,4	41,7	24,2	7,2	8,2
-Commerce	45,4	30,6	46,5	36,7	24,7
-Energy saving	150,4	129,0	138,4	139,7	161,7
-Rescue and restructuring	0,0	0,0	0,0	0,0	0,0
-Employment aid	119,9	97,9	2,4	127,8	145,8
-Training aid	0,2	80,7	104,8	147,8	183,2
-Other objectives	0,0	0,0	0,0	0,0	0,0
22 Particular Sectors	605,9	664,9	551,6	401,9	785,1
of which:					
-Steel	0,0	0,0	0,0	0,0	0,0
-Shipbuilding	69,1	89,8	82,9	8,9	18,6
-Other manufacturing sectors	0,4	0,8	1,3	3,7	2,8
-Coal - aid to current production	0,0	0,0	0,0	0,0	0,0
-Coal - other aid	0,0	0,0	0,0	0,0	0,0
-Transport	511,1	548,3	444,9	362,2	734,9
of which -Regulation 1191/69	0,0	0,0	227,4	198,3	460,6
-Airline services	0,0	0,0	0,0	0,0	0,0
-Tourism	9,4	13,0	5,6	10,1	6,3
-Financial services	0,0	0,0	0,0	0,0	0,0
-Media and culture	15,8	12,9	16,8	17,0	22,5
3 Regional aid	17,0	13,4	15,4	14,9	12,8
of which:					
31 Regions under 87(3)c	17,0	13,4	15,4	14,9	12,8
32 Regions under 87(3)a	0,0	0,0	0,0	0,0	0,0
TOTAL	1.536,8	1.657,4	1.530,7	1.536,4	1.974,8
of which:					
Total manufacturing sector	588,5	641,4	695,0	635,3	633,8
% of total	38,3	38,7	45,4	41,3	32,1

GERMANY

Table A6/4
Total state aid 1995 - 1999

	€ million				
SECTOR / OBJECTIVE	1995	1996	1997	1998	1999
11 Agriculture	2.622,3	2.220,9	1.827,2	1.589,0	1.575,3
12 Fisheries	17,0	15,2	11,3	23,2	23,0
2 Manufacturing / Services	22.531,8	20.228,3	19.359,4	18.783,9	17.358,1
of which:					
21 Horizontal Objectives	3.403,5	3.298,9	3.086,9	3.121,7	2.810,5
of which:					
-Research and development	1.177,8	1.299,7	1.206,0	1.259,5	1.239,2
-Environment	165,2	137,4	129,3	142,0	114,2
-SME	1.536,7	1.435,4	1.414,6	1.327,7	1.061,2
-Commerce	11,7	10,7	6,7	3,4	3,7
-Energy saving	319,1	172,9	152,5	152,1	148,0
-Rescue and restructuring	0,7	10,0	30,4	3,5	17,8
-Employment aid	54,7	99,9	78,0	184,6	182,6
-Training aid	92,9	64,7	47,9	31,7	35,3
-Other objectives	44,6	68,2	21,5	17,3	8,4
22 Particular Sectors	19.128,4	16.929,4	16.272,5	15.662,1	14.547,6
of which:					
-Steel	79,8	4,9	2,1	0,0	0,0
-Shipbuilding	902,1	381,3	429,7	286,3	192,0
-Other manufacturing sectors	140,5	140,2	152,4	152,3	154,1
-Coal - aid to current production	4.689,9	5.302,0	4.963,1	4.274,0	4.160,4
-Coal - other aid	104,6	103,5	415,7	513,4	374,5
-Transport	13.042,1	10.823,6	10.139,2	10.278,0	9.521,7
of which -Regulation 1191/69	4.296,2	4.253,0	4.229,2	4.470,3	4.314,2
-Airline services	810,9	0,0	0,0	0,0	0,0
-Tourism	19,5	21,6	17,5	14,8	144,8
-Financial services	143,2	144,4	143,4	141,8	0,0
-Media and culture	6,5	8,1	9,4	1,6	0,1
3 Regional aid	10.348,5	9.609,3	7.891,4	7.106,9	4.598,3
of which:					
31 Regions under 87(3)c	712,9	741,8	726,5	767,5	846,2
32 Regions under 87(3)a	9.635,5	8.867,6	7.164,8	6.339,4	3.752,1
TOTAL	35.519,6	32.073,8	29.089,3	27.503,0	23.554,6
of which:					
Total manufacturing sector	14.726,7	13.270,0	11.436,7	10.451,0	7.537,0
% of total	41,5	41,4	39,3	38,0	32,0

GREECE

Table A6/5
Total state aid 1995 - 1999

€ million

SECTOR / OBJECTIVE	1995	1996	1997	1998	1999
11 Agriculture	148,1	173,3	164,3	164,0	142,6
12 Fisheries	0,9	0,8	16,8	23,2	22,6
2 Manufacturing / Services	749,1	749,1	750,2	575,9	552,4
of which:					
21 Horizontal Objectives	3,3	3,1	0,3	33,6	30,0
of which:					
-Research and development	3,3	3,1	0,3	0,3	0,0
-Environment	0,0	0,0	0,0	0,3	2,1
-SME	0,0	0,0	0,0	23,1	17,3
-Commerce	0,0	0,0	0,0	9,7	9,0
-Energy saving	0,0	0,0	0,0	0,0	0,0
-Rescue and restructuring	0,0	0,0	0,0	0,0	0,0
-Employment aid	0,0	0,0	0,0	0,0	0,0
-Training aid	0,0	0,0	0,0	0,0	0,0
-Other objectives	0,0	0,0	0,0	0,3	1,5
22 Particular Sectors	745,8	746,0	749,9	542,3	522,4
of which:					
-Steel	0,0	0,0	21,6	0,0	0,0
-Shipbuilding	0,0	0,0	1,1	21,4	0,0
-Other manufacturing sectors	0,0	0,0	0,0	0,0	0,0
-Coal - aid to current production	0,0	0,0	0,0	0,0	0,0
-Coal - other aid	0,0	0,0	0,0	0,0	0,0
-Transport	745,8	746,0	727,1	520,7	515,3
of which -Regulation 1191/69	0,0	0,0	0,0	0,0	0,0
-Airline services	447,7	416,9	390,3	42,3	0,0
-Tourism	0,0	0,0	0,0	0,0	0,0
-Financial services	0,0	0,0	0,0	0,0	0,0
-Media and culture	0,0	0,0	0,0	0,2	7,1
3 Regional aid	721,8	601,3	677,1	446,9	378,8
of which:					
31 Regions under 87(3)c	0,0	0,0	0,0	0,0	0,0
32 Regions under 87(3)a	721,8	601,3	677,1	446,9	378,8
TOTAL	1.620,0	1.524,6	1.608,3	1.210,0	1.096,5
of which:					
Total manufacturing sector	725,2	604,4	700,1	501,9	408,8
% of total	44,8	39,6	43,5	41,5	37,3

SPAIN

Table A6/6
Total state aid 1995 - 1999

€ million

SECTOR / OBJECTIVE	1995	1996	1997	1998	1999
11 Agriculture	1.183,7	1.270,4	1.139,6	1.080,0	1.298,2
12 Fisheries	74,4	33,0	32,3	71,2	69,2
2 Manufacturing / Services	5.898,2	5.064,3	4.831,5	4.740,9	3.984,3
of which:					
21 Horizontal Objectives	842,3	1.039,8	1.344,9	1.241,0	1.330,8
of which:					
-Research and development	109,4	130,2	233,7	199,8	218,9
-Environment	40,3	23,2	15,4	15,4	19,3
-SME	189,0	338,3	244,4	257,3	220,2
-Commerce	2,6	2,7	1,6	1,5	1,1
-Energy saving	26,6	9,1	22,6	25,4	26,9
-Rescue and restructuring	27,2	17,9	158,8	11,2	1,6
-Employment aid	84,6	114,7	96,8	85,9	174,7
-Training aid	340,9	379,0	544,4	616,1	637,6
-Other objectives	21,7	24,7	27,0	28,4	30,4
22 Particular Sectors	5.055,9	4.024,4	3.486,6	3.499,9	2.653,5
of which:					
-Steel	1.322,7	159,0	73,2	29,9	29,1
-Shipbuilding	329,8	793,2	546,8	686,0	58,8
-Other manufacturing sectors	254,5	171,2	158,1	158,1	132,1
-Coal - aid to current production	844,1	777,0	714,9	758,8	703,6
-Coal - other aid	269,3	256,4	369,2	400,5	332,7
-Transport	1.982,0	1.807,2	1.577,3	1.423,7	1.351,0
of which -Regulation 1191/69	308,8	305,4	302,4	293,9	226,5
-Airline services	0,0	0,0	0,0	0,0	0,0
-Tourism	33,2	35,6	27,9	20,3	15,3
-Financial services	0,0	0,0	0,0	0,0	0,0
-Media and culture	20,2	24,9	19,3	22,6	30,9
3 Regional aid	284,8	286,9	303,2	327,0	382,0
of which:					
31 Regions under 87(3)c	210,9	197,0	218,6	239,1	289,3
32 Regions under 87(3)a	73,9	89,9	84,6	88,0	92,7
TOTAL	7.441,1	6.654,5	6.306,6	6.219,1	5.733,7
of which:					
Total manufacturing sector	2.608,6	1.956,4	1.785,0	1.740,1	1.120,4
% of total	35,1	29,4	28,3	28,0	19,5

FINLAND

Table A6/7
Total state aid 1995 - 1999

€ million

SECTOR / OBJECTIVE	1995	1996	1997	1998	1999
11 Agriculture	2.214,0	1.606,4	1.519,3	1.528,0	1.356,8
12 Fisheries	4,6	2,4	1,9	1,7	1,7
2 Manufacturing / Services	423,3	378,3	489,5	461,9	417,6
of which:					
21 Horizontal Objectives	367,7	311,5	347,4	373,1	357,4
of which:					
-Research and development	139,5	119,1	151,9	157,1	165,7
-Environment	11,6	6,4	4,9	5,0	6,6
-SME	79,9	75,7	76,9	71,9	58,9
-Commerce	45,4	41,4	54,8	35,1	32,6
-Energy saving	12,7	13,9	9,8	53,8	57,0
-Rescue and restructuring	0,0	0,0	0,0	0,0	0,0
-Employment aid	78,7	55,0	49,1	50,1	36,5
-Training aid	0,0	0,0	0,0	0,0	0,0
-Other objectives	0,0	0,0	0,0	0,0	0,0
22 Particular Sectors	55,6	66,8	142,1	88,8	60,1
of which:					
-Steel	0,0	0,0	0,0	0,0	0,0
-Shipbuilding	0,0	0,0	76,4	26,6	1,8
-Other manufacturing sectors	7,2	11,2	8,3	6,0	7,1
-Coal - aid to current production	0,0	0,0	0,0	0,0	0,0
-Coal - other aid	0,0	0,0	0,0	0,0	0,0
-Transport	48,4	47,7	43,6	41,1	38,7
of which -Regulation 1191/69	44,0	44,2	40,7	38,3	37,2
-Airline services	0,0	0,0	0,0	0,0	0,0
-Tourism	0,0	0,0	0,0	0,0	0,0
-Financial services	0,0	0,0	0,0	0,0	0,0
-Media and culture	0,0	7,9	13,8	15,0	12,5
3 Regional aid	105,3	67,4	63,0	68,4	72,4
of which:					
31 Regions under 87(3)c	105,3	67,4	63,0	68,4	72,4
32 Regions under 87(3)a	0,0	0,0	0,0	0,0	0,0
TOTAL	2.747,2	2.054,6	2.073,7	2.060,0	1.848,4
of which:					
Total manufacturing sector	401,5	335,1	445,9	423,9	402,2
% of total	14,6	16,3	21,5	20,6	21,8

FRANCE

Table A6/8
Total state aid 1995 - 1999

€ million

SECTOR / OBJECTIVE	1995	1996	1997	1998	1999
11 Agriculture	3.537,0	3.581,9	3.343,9	2.768,0	3.077,7
12 Fisheries	48,2	25,1	24,8	24,6	24,5
2 Manufacturing / Services	10.909,8	13.888,4	14.297,9	13.577,9	10.449,4
of which:					
21 Horizontal Objectives	1.955,6	2.245,4	3.437,3	1.613,2	1.684,2
of which:					
-Research and development	1.104,6	1.422,6	1.250,8	1.145,4	1.158,8
-Environment	43,2	34,6	30,6	30,3	30,2
-SME	242,1	391,7	297,3	237,7	269,9
-Commerce	357,0	196,9	107,0	137,8	135,8
-Energy saving	21,9	24,7	21,4	21,2	48,1
-Rescue and restructuring	32,2	69,6	1.719,6	30,3	30,7
-Employment aid	54,9	54,1	6,0	6,0	6,1
-Training aid	94,2	46,4	0,0	0,0	0,1
-Other objectives	5,5	4,6	4,6	4,5	4,5
22 Particular Sectors	8.954,2	11.643,1	10.860,6	11.964,8	8.765,2
of which:					
-Steel	0,0	8,0	0,0	0,0	0,0
-Shipbuilding	55,9	47,4	9,0	279,8	486,6
-Other manufacturing sectors	212,0	201,9	196,6	180,2	185,4
-Coal - aid to current production	58,3	88,1	375,1	383,7	350,7
-Coal - other aid	627,6	595,4	591,4	614,9	624,0
-Transport	6.842,6	6.865,5	6.085,4	5.996,0	6.070,4
of which -Regulation 1191/69	1.349,4	1.317,3	1.463,9	1.405,3	1.534,4
-Airline services	785,4	774,1	0,0	0,0	0,0
-Tourism	0,0	0,0	0,0	0,0	25,6
-Financial services	1.002,0	3.678,2	3.214,1	4.192,6	799,9
-Media and culture	155,8	158,5	388,9	317,7	222,4
3 Regional aid	1.086,7	1.272,3	1.950,0	2.188,1	1.759,3
of which:					
31 Regions under 87(3)c	659,1	765,8	1.300,3	1.341,1	1.194,6
32 Regions under 87(3)a	427,6	506,5	649,7	847,1	564,7
TOTAL	15.581,7	18.767,7	19.616,6	18.558,6	15.310,9
of which:					
Total manufacturing sector	3.161,1	3.674,5	5.586,9	4.255,3	4.109,4
% of total	20,3	19,6	28,5	22,9	26,8

IRELAND

Table A6/9
Total state aid 1995 - 1999

€ million

SECTOR / OBJECTIVE	1995	1996	1997	1998	1999
11 Agriculture	110,2	113,7	78,4	79,0	340,7
12 Fisheries	11,1	14,7	14,1	13,3	12,8
2 Manufacturing / Services	376,2	380,8	432,2	865,3	875,6
of which:					
21 Horizontal Objectives	104,1	142,5	144,2	567,1	544,4
of which:					
-Research and development	15,9	23,2	13,6	10,2	12,6
-Environment	0,0	0,0	0,0	0,0	0,0
-SME	2,0	3,8	5,0	3,3	4,1
-Commerce	4,9	5,0	5,2	3,2	3,2
-Energy saving	0,1	1,1	2,6	2,4	5,1
-Rescue and restructuring	0,0	0,0	0,0	0,0	0,0
-Employment aid	30,5	57,4	72,2	73,5	111,9
-Training aid	23,8	30,1	23,8	19,1	21,3
-Other objectives	26,8	21,8	21,9	455,4	386,2
22 Particular Sectors	272,1	238,3	288,0	298,2	331,2
of which:					
-Steel	0,0	53,8	0,0	0,0	0,0
-Shipbuilding	0,0	0,0	0,0	0,0	0,0
-Other manufacturing sectors	10,5	4,4	4,6	4,5	4,4
-Coal - aid to current production	0,0	0,0	0,0	0,0	0,0
-Coal - other aid	0,0	0,0	0,0	0,0	0,0
-Transport	219,8	140,3	141,7	136,6	131,1
of which -Regulation 1191/69	87,2	111,8	85,6	85,6	131,1
-Airline services	71,9	0,0	0,0	0,0	0,0
-Tourism	1,1	0,9	0,5	0,8	0,0
-Financial services	35,9	35,1	137,2	151,4	167,9
-Media and culture	4,7	3,9	4,0	5,0	27,8
3 Regional aid	158,5	206,3	197,1	175,5	109,9
of which:					
31 Regions under 87(3)c	0,0	0,0	0,0	0,0	0,0
32 Regions under 87(3)a	158,5	206,3	197,1	175,5	109,9
TOTAL	656,1	715,5	721,8	1.133,0	1.339,0
of which:					
Total manufacturing sector	218,9	319,5	249,9	654,4	525,5
% of total	33,4	44,7	34,6	57,8	39,2

ITALY

Table A6/10
Total state aid 1995 - 1999

€ million

SECTOR / OBJECTIVE	1995	1996	1997	1998	1999
11 Agriculture	1.468,0	1.390,4	1.669,0	1.625,0	1.595,2
12 Fisheries	115,6	84,9	82,8	80,7	79,5
2 Manufacturing / Services	9.733,5	10.426,5	8.151,3	8.216,7	6.810,0
of which:					
21 Horizontal Objectives	2.467,2	3.010,4	1.645,6	1.435,4	1.355,7
of which:					
-Research and development	308,8	314,6	340,1	186,2	306,2
-Environment	32,5	30,9	10,8	21,2	14,7
-SME	823,0	831,6	819,7	599,3	646,6
-Commerce	17,0	15,9	6,0	2,0	0,4
-Energy saving	84,8	47,7	45,4	14,9	20,6
-Rescue and restructuring	1.040,1	1.635,3	349,9	255,2	46,3
-Employment aid	37,6	72,4	11,5	339,6	307,3
-Training aid	0,0	0,0	0,0	0,0	0,0
-Other objectives	123,4	62,0	62,2	17,0	13,7
22 Particular Sectors	7.266,3	7.416,1	6.505,6	6.781,2	5.454,2
of which:					
-Steel	182,2	191,6	210,9	6,1	0,0
-Shipbuilding	453,5	305,1	103,9	221,9	114,2
-Other manufacturing sectors	59,7	51,9	42,3	60,7	37,6
-Coal - aid to current production	0,0	0,0	0,0	0,0	0,0
-Coal - other aid	0,0	0,0	0,0	0,0	0,0
-Transport	6.322,2	5.294,3	5.810,3	5.035,1	5.022,6
of which -Regulation 1191/69	716,9	668,8	652,9	636,0	626,7
-Airline services	0,0	0,0	641,7	0,0	0,0
-Tourism	135,9	262,9	213,6	410,0	135,5
-Financial services	0,0	1.199,4	31,7	957,1	139,3
-Media and culture	112,7	110,9	93,0	90,3	5,1
3 Regional aid	9.247,4	6.524,4	6.676,5	3.777,5	2.052,1
of which:					
31 Regions under 87(3)c	154,6	126,8	128,5	184,1	126,5
32 Regions under 87(3)a	9.092,8	6.397,6	6.548,0	3.593,4	1.925,6
TOTAL	20.564,5	18.426,1	16.579,6	13.699,9	10.536,8
of which:					
Total manufacturing sector	12.372,3	10.011,0	8.667,6	5.162,2	3.252,3
% of total	60,2	54,3	52,3	37,7	30,9

LUXEMBOURG

Table A6/11
Total state aid 1995 - 1999

€ million

SECTOR / OBJECTIVE	1995	1996	1997	1998	1999
11 Agriculture	27,3	32,5	35,4	30,0	29,1
12 Fisheries	0,0	0,0	0,0	0,0	0,0
2 Manufacturing / Services	43,8	90,3	91,1	183,3	199,7
of which:					
21 Horizontal Objectives	12,1	16,2	13,7	17,4	19,2
of which:					
-Research and development	4,0	3,0	2,7	4,3	6,1
-Environment	0,3	1,9	2,3	1,8	2,0
-SME	7,4	11,0	8,5	10,9	10,8
-Commerce	0,4	0,3	0,3	0,3	0,3
-Energy saving	0,0	0,0	0,0	0,0	0,0
-Rescue and restructuring	0,0	0,0	0,0	0,0	0,0
-Employment aid	0,0	0,0	0,0	0,0	0,0
-Training aid	0,0	0,0	0,0	0,0	0,0
-Other objectives	0,0	0,0	0,0	0,0	0,0
22 Particular Sectors	31,7	74,1	77,4	165,9	180,5
of which:					
-Steel	2,0	0,0	0,0	0,0	0,0
-Shipbuilding	0,0	0,0	0,0	0,0	0,0
-Other manufacturing sectors	0,1	0,1	0,1	0,1	0,0
-Coal - aid to current production	0,0	0,0	0,0	0,0	0,0
-Coal - other aid	0,0	0,0	0,0	0,0	0,0
-Transport	29,6	74,0	77,4	163,2	177,0
of which -Regulation 1191/69	19,1	50,2	65,7	72,5	68,0
-Airline services	0,0	0,0	0,0	0,0	0,0
-Tourism	0,0	0,0	0,0	0,0	0,0
-Financial services	0,0	0,0	0,0	0,0	0,0
-Media and culture	0,0	0,0	0,0	2,7	3,4
3 Regional aid	33,9	30,6	35,2	32,2	17,0
of which:					
31 Regions under 87(3)c	33,9	30,6	35,2	32,2	17,0
32 Regions under 87(3)a	0,0	0,0	0,0	0,0	0,0
TOTAL	105,0	153,3	161,7	245,5	245,8
of which:					
Total manufacturing sector	48,1	46,9	48,9	49,6	36,3
% of total	45,7	30,6	30,2	20,2	14,8

NETHERLANDS

Table A6/12
Total state aid 1995 - 1999

€ million

SECTOR / OBJECTIVE	1995	1996	1997	1998	1999
11 Agriculture	623,0	590,6	1.525,6	859,0	1.116,4
12 Fisheries	2,5	8,7	5,8	4,7	4,6
2 Manufacturing / Services	1.698,8	2.156,7	1.326,5	2.120,0	2.282,5
of which:					
21 Horizontal Objectives	385,4	479,8	489,7	475,3	454,3
of which:					
-Research and development	118,2	116,8	141,4	151,8	148,5
-Environment	64,9	63,7	80,4	93,3	74,2
-SME	23,6	23,8	20,6	20,4	24,0
-Commerce	16,7	22,9	30,3	34,4	7,4
-Energy saving	144,1	219,5	187,5	154,9	151,2
-Rescue and restructuring	0,0	7,3	0,0	0,0	0,0
-Employment aid	0,6	1,6	0,1	0,0	0,0
-Training aid	0,0	0,0	0,0	0,0	0,0
-Other objectives	17,3	24,1	29,5	20,4	48,9
22 Particular Sectors	1.313,4	1.676,9	836,8	1.644,7	1.828,2
of which:					
-Steel	0,0	0,0	0,0	0,0	0,0
-Shipbuilding	61,6	72,2	21,2	23,1	15,2
-Other manufacturing sectors	0,0	0,0	0,0	0,0	0,0
-Coal - aid to current production	0,0	0,0	0,0	0,0	0,0
-Coal - other aid	0,0	0,0	0,0	0,0	0,0
-Transport	1.229,8	1.583,1	793,7	1.598,7	1.763,6
of which -Regulation 1191/69	135,4	109,2	156,2	256,7	228,7
-Airline services	0,0	0,0	0,0	0,0	0,0
-Tourism	0,0	0,0	0,0	0,0	0,0
-Financial services	0,0	0,0	0,0	0,0	0,0
-Media and culture	22,1	21,6	21,9	22,9	49,4
3 Regional aid	119,2	82,1	77,4	70,5	85,2
of which:					
31 Regions under 87(3)c	119,2	82,1	77,4	70,5	85,2
32 Regions under 87(3)a	0,0	0,0	0,0	0,0	0,0
TOTAL	2.443,5	2.838,1	2.935,2	3.054,2	3.488,7
of which:					
Total manufacturing sector	565,6	632,4	588,2	568,9	554,7
% of total	23,1	22,3	20,0	18,6	15,9

PORTUGAL

Table A6/13
Total state aid 1995 - 1999

	€ million				
SECTOR / OBJECTIVE	1995	1996	1997	1998	1999
11 Agriculture	142,1	165,4	315,5	303,0	284,7
12 Fisheries	1,7	3,5	2,2	2,0	2,0
2 Manufacturing / Services	959,4	1.293,8	1.706,6	992,3	895,3
of which:					
21 Horizontal Objectives	296,5	317,1	215,8	243,0	229,4
of which:					
-Research and development	15,9	13,3	12,9	12,4	12,0
-Environment	0,0	0,0	0,0	0,0	0,0
-SME	0,4	0,0	9,7	26,1	32,0
-Commerce	0,6	0,6	0,6	0,5	0,4
-Energy saving	5,3	8,8	10,9	7,8	7,9
-Rescue and restructuring	1,0	0,9	1,1	13,9	0,0
-Employment aid	123,0	114,9	27,4	32,9	43,0
-Training aid	86,1	68,9	68,7	75,2	69,3
-Other objectives	64,1	109,8	84,6	74,3	64,7
22 Particular Sectors	663,0	976,6	1.490,8	749,3	665,9
of which:					
-Steel	55,5	0,0	2,3	0,7	0,3
-Shipbuilding	0,0	0,0	34,6	0,0	0,0
-Other manufacturing sectors	1,1	9,0	25,2	14,9	25,0
-Coal - aid to current production	0,0	0,0	0,0	0,0	0,0
-Coal - other aid	1,0	0,9	0,0	0,0	0,0
-Transport	384,2	276,4	227,0	19,8	96,0
of which -Regulation 1191/69	67,5	55,8	19,3	9,9	48,0
-Airline services	274,4	212,6	206,4	0,0	0,0
-Tourism	38,4	55,3	33,4	23,9	42,2
-Financial services	1,9	2,8	1,2	7,0	17,6
-Media and culture	16,4	2,8	10,2	10,6	5,1
3 Regional aid	186,9	632,6	1.186,6	705,8	516,8
of which:					
31 Regions under 87(3)c	0,0	0,0	0,0	0,0	0,0
32 Regions under 87(3)a	186,9	632,6	1.186,6	705,8	516,8
TOTAL	1.125,7	1.491,0	2.054,2	1.330,6	1.219,1
of which:					
Total manufacturing sector	166,4	170,6	211,8	183,7	179,5
% of total	14,8	11,4	10,3	13,8	14,7

SWEDEN

Table A6/14
Total state aid 1995 - 1999

€ million

SECTOR / OBJECTIVE	1995	1996	1997	1998	1999
11 Agriculture	274,2	236,9	312,5	335,0	353,8
12 Fisheries	7,6	9,1	9,0	8,8	8,8
2 Manufacturing / Services	1.684,9	1.631,7	1.233,0	1.377,6	1.229,5
of which:					
21 Horizontal Objectives	416,8	415,7	236,5	284,9	314,1
of which:					
-Research and development	61,2	65,2	87,8	98,4	81,1
-Environment	16,1	15,8	30,2	100,7	148,4
-SME	45,4	44,7	43,6	40,9	26,6
-Commerce	0,0	0,0	0,0	0,0	0,0
-Energy saving	26,8	26,5	26,3	22,6	38,6
-Rescue and restructuring	0,0	0,0	0,0	0,0	0,0
-Employment aid	201,9	199,1	27,0	5,1	0,0
-Training aid	65,0	64,1	21,6	17,1	19,5
-Other objectives	0,3	0,3	0,0	0,0	0,0
22 Particular Sectors	1.268,1	1.216,0	996,5	1.092,6	915,3
of which:					
-Steel	0,0	0,0	0,0	0,0	0,0
-Shipbuilding	0,0	0,0	0,0	0,0	0,0
-Other manufacturing sectors	0,0	0,0	0,0	0,0	0,0
-Coal - aid to current production	0,0	0,0	0,0	0,0	0,0
-Coal - other aid	0,0	0,0	0,0	0,0	0,0
-Transport	1.197,1	1.146,0	905,1	995,6	818,3
of which -Regulation 1191/69	0,0	76,9	58,2	64,9	63,7
-Airline services	0,0	0,0	0,0	0,0	0,0
-Tourism	0,0	0,0	0,0	0,0	0,0
-Financial services	0,0	0,0	0,0	0,0	0,0
-Media and culture	71,0	70,0	91,3	97,0	97,0
3 Regional aid	210,5	207,5	184,6	177,1	147,5
of which:					
31 Regions under 87(3)c	210,5	207,5	184,6	177,1	147,5
32 Regions under 87(3)a	0,0	0,0	0,0	0,0	0,0
TOTAL	2.177,2	2.085,2	1.739,0	1.898,5	1.739,5
of which:					
Total manufacturing sector	360,3	360,0	372,5	439,9	442,2
% of total	16,5	17,3	21,4	23,2	25,4

UNITED KINGDOM

Table A6/15
Total state aid 1995 - 1999

€ million

SECTOR / OBJECTIVE	1995	1996	1997	1998	1999
11 Agriculture	930,9	2.136,5	1.724,1	1.232,0	1.090,0
12 Fisheries	32,2	33,1	34,4	33,4	32,6
2 Manufacturing / Services	5.941,0	6.363,1	5.556,4	6.007,4	4.428,1
of which:					
21 Horizontal Objectives	544,9	2.257,6	1.917,5	1.662,4	1.821,0
of which:					
-Research and development	266,6	228,5	158,1	105,4	97,1
-Environment	1,8	1,3	1,5	10,1	9,3
-SME	159,0	333,6	332,9	296,4	280,5
-Commerce	115,6	102,9	100,0	89,3	87,1
-Energy saving	1,6	1,5	23,9	22,2	21,6
-Rescue and restructuring	0,0	0,0	0,0	0,0	0,0
-Employment aid	0,0	0,0	0,0	0,0	0,0
-Training aid	0,3	1.589,7	1.301,1	1.139,0	1.325,4
-Other objectives	0,0	0,0	0,0	0,0	0,0
22 Particular Sectors	5.396,2	4.105,6	3.638,9	4.345,1	2.607,1
of which:					
-Steel	0,0	0,0	0,0	0,0	0,0
-Shipbuilding	20,4	9,4	5,1	10,3	0,0
-Other manufacturing sectors	0,0	0,0	7,0	0,0	0,0
-Coal - aid to current production	0,0	0,0	0,0	0,0	0,0
-Coal - other aid	2.176,8	654,1	494,5	1.317,2	0,0
-Transport	2.958,2	3.187,8	2.867,0	2.755,3	2.361,3
of which -Regulation 1191/69	2.897,7	2.616,0	2.773,9	2.683,6	2.262,0
-Airline services	0,0	0,0	0,0	0,0	0,0
-Tourism	11,0	13,5	12,3	9,4	9,2
-Financial services	0,0	0,0	0,0	0,0	0,0
-Media and culture	229,7	240,8	253,0	252,8	236,6
3 Regional aid	893,9	935,2	975,6	848,7	743,2
of which:					
31 Regions under 87(3)c	564,1	725,2	719,4	595,5	551,5
32 Regions under 87(3)a	329,8	210,0	256,2	253,2	191,7
TOTAL	7.798,1	9.468,0	8.290,5	8.121,5	6.293,9
of which:					
Total manufacturing sector	1.458,9	1.612,5	1.604,1	1.382,4	1.238,8
% of total	18,7	17,0	19,3	17,0	19,7

EUROPEAN UNION

Table A6/16
Total state aid 1995 - 1999

€ million

SECTOR / OBJECTIVE	1995	1996	1997	1998	1999
11 Agriculture	15.142,6	15.246,8	15.239,2	13.027,0	13.677,1
12 Fisheries	324,5	242,6	248,7	301,2	295,3
2 Manufacturing / Services	66.009,9	68.020,0	63.177,1	62.881,4	54.902,4
of which:					
21 Horizontal Objectives	12.239,8	15.118,1	14.466,8	12.813,1	12.780,8
of which:					
-Research and development	3.671,5	4.151,6	4.067,7	3.750,2	3.896,7
-Environment	543,6	558,9	579,6	743,8	729,2
-SME	3.312,0	3.717,8	3.494,6	3.111,5	2.925,5
-Commerce	649,9	454,5	366,6	357,6	308,8
-Energy saving	799,8	662,7	646,1	619,0	689,2
-Rescue and restructuring	1.223,5	1.799,0	2.305,8	330,3	105,5
-Employment aid	897,0	996,6	506,6	1.009,7	1.127,1
-Training aid	712,2	2.332,3	2.121,9	2.092,1	2.324,6
-Other objectives	430,2	444,6	377,8	798,8	674,2
22 Particular Sectors	53.770,1	52.901,9	48.710,3	50.068,3	42.121,6
of which:					
-Steel	1.649,2	425,0	315,8	40,2	32,7
-Shipbuilding	1.892,4	1.698,5	1.310,8	1.564,4	887,2
-Other manufacturing sectors	987,8	878,8	604,2	590,1	557,7
-Coal - aid to current production	5.592,4	6.167,0	6.053,1	5.416,5	5.214,8
-Coal - other aid	3.179,3	1.610,4	1.870,8	2.846,0	1.331,2
-Transport	38.169,0	35.321,6	32.601,0	32.090,3	31.343,6
of which -Regulation 1191/69	10.898,2	10.563,7	11.046,7	11.181,4	10.963,1
-Airline services	2.390,3	1.403,7	1.238,3	42,3	0,0
-Tourism	292,1	441,8	347,8	538,7	420,5
-Financial services	1.183,1	5.059,8	3.527,5	5.449,8	1.124,7
-Media and culture	824,9	1.299,0	2.079,3	1.532,3	1.209,2
3 Regional aid	23.589,0	20.247,5	19.468,3	15.653,1	10.784,9
of which:					
31 Regions under 87(3)c	3.083,1	3.309,0	3.831,4	3.845,6	3.701,2
32 Regions under 87(3)a	20.505,9	16.938,5	15.637,0	11.807,5	7.083,7
TOTAL	105.066,0	103.756,8	98.133,3	91.862,7	79.659,8
of which:					
Total manufacturing sector	38.749,0	35.038,8	33.537,4	27.559,1	21.591,6
% of total	36,9	33,8	34,2	30,0	27,1

ANNEX III

COMMUNITY FUNDS AND INSTRUMENTS

1. COMMUNITY FUNDS, INSTRUMENTS AND PROGRAMMES AND ECSC OPERATIONS

Tables are presented in this annex in order to show the volume of support granted by way of the main Community and ECSC operations during the period from 1994 to 1998. Community-wide support for general infrastructure granted by way of the ERDF, support for External policies and the administrative costs of the Institutions are not included.

As the economic effect resulting from the grant of National State aid described earlier in this Survey, (i.e. aid financed by national budgets and tax systems) is not necessarily the same as that of Community interventions, a direct comparison between the two cannot always be made. In the agricultural sector for example, making comparisons could result in erroneous conclusions being drawn owing to the fact that those who benefit from Community intervention are for the most part not firms. As regards comparison between the different Member States, the benefits of Community intervention are felt by all operators in the Union irrespective of where the expenditure (i.e. export refunds or intervention buying) took place. As to comparison between Community and national expenditure, expenditure by the Union is strongly influenced by the differences between fluctuating world prices and Community prices for agricultural products, which is not the case with most national expenditure.

For the first time since 1988, when the First Survey on State aid was published, the gradually decreasing total of National State aid notified to and approved by the Commission dropped below the level of the Community's own budget in 1998.

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

Structural Operations

In July 1993 the second reform of the Structural Funds (EAGGF-Guidance, ERDF, Social Fund, FIG) was agreed upon. In accordance with the conclusions of the Edinburgh European Council, the resources of the Structural Funds allocated to four Member States eligible for assistance from the Cohesion Fund (Greece, Spain, Ireland and Portugal) were doubled in real terms between 1992 and 1999 and total funding for the Structural Funds over the period 1994-99 increased to €141.471 million (at 1992 prices). A new instrument was also introduced with the entry into operation in 1994 of the FIG to provide support for the restructuring of the fisheries sector.

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

- EAGGF Guarantee

The Guarantee Section of the European Agricultural Guidance and Guarantee Fund finances market-support and price-support operations under the common agricultural policy (CAP) and a number of other agricultural measures. It represents the most important sector in terms of budget expenditure (€40.440 million in 1999, or 49% of the general budget of the European Union).

Between its establishment and until 1992, the CAP provided a straightforward general system of support for the main agricultural sectors, for which common market organisations were set up. In most cases, the legal framework for each common market organisation provided indirect income support for producers by maintaining market prices through :

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

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

The 1983-86 budget crisis (expenditure covered by the EAGGF Guarantee Fund having increased from €3.927 million in 1973 to €15.786 million in 1983 before surging by another 40% to €22.119 million in 1986) was caused by the growing gap between the consumption and supply of agricultural products, which widened further under the impact of modernisation and technological progress, but also by the accession of six new Member States and the setting-up of new common market organisations. It made essential the adoption of stabilisation mechanisms and put an end to unlimited support for the main agricultural sectors.

The 1992 CAP reform was a very important turning-point as regards the type of assistance provided by the EAGGF Guarantee Fund: in part, support was no longer linked to production in certain important agricultural sectors (cereals and beef). The traditional market-support operations were relaxed by reducing institutional prices, and, as a result, bringing about lower prices on the internal market, with these being offset by the

introduction of direct payments to producers - subject to ceilings - according to the areas under cultivation or the number of head of livestock being reared or fattened. In addition, accompanying measures (afforestation, early retirement and agri-environment) were introduced; these measures are financed by the EAGGF Guarantee Fund.

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

- EAGGF Guidance

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

- the strengthening and reorganisation of agricultural and forestry structures, including those for the processing and marketing of products;
- compensation for the effects of natural handicaps on agriculture;
- the re-conversion of agricultural production and the development of additional activities for farmers;
- the development of the social fabric of rural areas and the conservation of natural resources.

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

- the conversion, diversification, reorientation and adjustment of the agricultural production potential;
- the promotion, labelling and investment of quality products for local or regional agricultural and forestry;
- the development of structures and rural infrastructures;
- measures to achieve diversification, especially those providing for farmers to develop multiple activities;
- the renovation and development of villages and the protection and conservation of the rural heritage;
- encouragement for tourist and craft investment;
- the introduction of appropriate preventive instruments in the case of natural catastrophes (in particular in objective 1 regions) restoring agricultural and forestry production potential damaged by natural disasters;

- the irrigation, protection of the environment, and restoration of landscapes;
- exploiting the full value of forests;
- development of agricultural and forestry advisory services and vocational training.

- FIFG

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

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

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

In 1993 the structural elements of the Common Fisheries Policy (CFP) were overhauled and three major changes were introduced. This ensured greater coherence between different aspects of the policy, removed the partition which had divided the CFP from other Community activities and, took account of the changes affecting the sector. The CFP's structural measures were integrated into the Community's system of structural funds when these were reformed in one fund known as the Financial Instrument for Fisheries Guidance (FIFG). This Instrument had to combine two objectives : to contribute to the aims of the CFP while playing its part in strengthening economic and social cohesion. Under the FIFG financing was made available for structural measures in catching, marketing, processing and aquaculture sectors, the creation of protected marine zones in coastal waters and the development of port facilities. Modernisation and the elimination of excess capacity went hand in hand. Other activities such as the promotion and identification of new markets and social measures also benefit from support.

- Social Fund

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

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

All applications for assistance are submitted through the Member States.

Money from the Social Fund is paid out on a horizontal and not on a sectorial basis, so an extrapolation corresponding to the concept of aid within the meaning of Article 87 of the Treaty is not possible.

- Regional Fund

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

- regions whose development is lagging behind (Objective 1);
- regions in industrial decline (Objective 2);
- rural problem areas (Objective 3);
- the development of regions with an extremely low population density (Objective 6).

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

As ERDF aid is generally paid out on a horizontal and not on a sectorial basis, identification of expenditure which corresponds to the concept of State aid within the meaning of Article 87 of the Treaty is not always possible. As an alternative, figures relating to the manufacturing sector and services and, economic development have been retained; the data obtained by using this approach therefore only provide an idea of the scale of ERDF aid involved.

- Cohesion Financial Instrument - Cohesion Fund

After the principle of the Cohesion Fund had been incorporated into the Maastricht Treaty, the Edinburgh European Council decided to establish the cohesion financial Instrument. This instrument provided Community financial support to the beneficiary Member States from 1993 prior to entry into force of the Treaty which then permitted the establishment of the Cohesion Fund in May 1994.

The Commission adopted the proposal for a Regulation establishing the cohesion financial instrument based on Article 308 of the Treaty which was subsequently adopted by Council on 30/04/1993 and extended until the end of 1994.

The Cohesion Fund was established by Article 161 of the EC Treaty and represented a further stage in the policy of solidarity initiated mainly through the Structural Funds. This Fund makes its own specific and complementary contribution since it is grounded principally in the requirements stemming from the prospect of economic and monetary union (which is already starting to become a reality). From the outset the Funds has created its own identity on the basis of three major principles.

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

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

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

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

Community Research and Technological Development (RTD)

The 4th Framework Programmes for Research and technological development and demonstration (FP4) were adopted in April 1994 for the period 1994-1998.

These Framework Programmes include all the Community activities in the field of research, technological development and demonstration. Their budget amounts to €13.215 million. It has three major objectives overall:

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

Community research activities are conducted essentially through:

- indirect actions like shared cost RTD projects, or thematic networks, or concerted actions;
- direct action by the Joint Research Centre.

The Research DG administers the indirect actions of the Framework Programme together with Enterprise DG, Agriculture DG, Energy and Transport DG, Information Society DG and Fisheries DG. The main participants in the RTD activities are from universities, research centres and the manufacturing sector (including SMEs). Slightly more than €950 million are allocated to support the Joint Research Centre.

The 5th Framework programmes for RTD and demonstration activities (including Euratom) have been adopted for the period 1998-2002, with a budget of €14.960 million.

ESCS financial operations

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

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

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

In June 1994, in view of the expiry of the ECSC Treaty in July 2002, the Commission readjusted its borrowing/lending policy under the Treaty. The granting of loans was gradually reduced. Now new loans have been paid out since 1998.

European Investment Bank

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

European Investment Fund

The EIF is a European institution, with a specific remit to support the creation, growth and development of Small and Medium-sized Enterprises. It intervenes mainly by means of risk capital and guarantee instruments, either drawn from its own funds or within the framework of mandates entrusted to it by the European Investment Bank (EIB) or the European Union.

The EIF is a Public Private Partnership. Its tripartite shareholding includes the EIB, the European Union represented by the European Commission, and a number of European banks and financial institutions. The EIF acts in a complementary role to its majority shareholder, the EIB.

According to Art. 2 of its statutes, the European Investment Fund contributes to the pursuit of community objectives; in particular it is committed to the development of a knowledge-based society, centred on innovation, growth and employment, the promotion of entrepreneurial spirit, the regional development and the cohesion of the Union.

The EIF acts independently. According to Art. 24 of its statutes, it targets appropriate return for its shareholders.

In its role as "risk capital arm of the EIB Group", the EIF deploys the significant financial means at its disposal to support the emergence of a performing and homogenous European risk capital market. In doing so, its action is fully integrated within the strategy which aims to equip Europe with an increasingly innovative and competitive economy, generating high quality job creation.

The EIF's SME guarantee instruments facilitate access to debt finance for Small and Medium-sized Enterprises through the intermediation of a wide range of banks and financial institutions.

The EIF plays a catalytic role to attract private sector finance. It optimises the impact and benefit of those operations in which it participates in close association with the financial sector. It contributes to the diffusion of best market practices in its business fields.

The EIF may conduct its activities in the Member States, in countries that have applied to become a member of the community and in respect of which the accession process has commenced, or in countries adjacent to the Community insofar as cross-border projects are involved.

2. STATISTICAL DATA

1. Table A sets out in global terms the financial intervention of the Community for the years 1995 to 1999.
2. Table B shows other Community instruments granted for the years 1995 to 1999.
3. Tables C1 and C2 indicate, for the periods 1995-1997 and 1997-1999 respectively, the average annual volume of Community intervention broken down by Member State wherever possible.

4. Further detailed information on Community Programmes, Funds and Instruments can be found in the following documents:

The Agricultural Situation in the European Union

1996 Report	ISBN 92-827-9008-8
1997 Report	ISBN 92-828-2420-9
1998 Report	ISBN 92-828-5731-X
1999 Report	Not yet published

Research and Technological Development Activities of the EU

Annual report 1995	ISBN 92-77-93761-0
Annual report 1996	ISBN 92-78-08603-7
Annual report 1997	ISBN 92-78-23634-9
Annual report 1998	ISBN 92-78-38078-4
Annual report 1999	ISNN 0254-1475

The Structural Funds

Annual report 1995	ISBN 92-78-10829-4
Annual report 1996	ISBN 92-78-26044-4
Annual report 1997	ISBN 92-78-39641-9
Annual report 1998	ISNN 0254-1491
Annual report 1999	Not yet published

Cohesion Financial Instrument Cohesion Fund

Combined report 1993-1994	ISBN 92-827-5739-0
Annual report 1995	ISBN 92-827-9688-4
Annual report 1996	ISBN 92-827-8877-4
Annual report 1997	ISBN 92-78-39497-1
Annual report 1998	ISBN 92-828-8704-9
Annual report 1999	Not yet published
	ISBN 92-827-7933-5

ECSC Financial report 1995

ECSC Financial report 1996	ISBN 92-828-0908-0
ECSC Financial report 1997	ISBN 92-828-3852-8
ECSC Financial report 1998	ISBN 92-828-7230-0
ECSC Financial report 1999	ISBN 92-828-9736-2

European Investment Bank

Annual report 1995	ISBN 92-827-6303
Annual report 1996	ISBN 92-827-9943-3
Annual report 1997	ISBN 92-828-3197-3
Annual report 1998	ISBN 92-828-5975-4
Annual report 1999	ISBN 92-828-8846-0

Table A

Annual Community expenditure

€ million constant

	1995	1996	1997	1998	1999
EAGGF Guarantee - Agriculture	36.985,7	40.810,0	41.557,7	38.748,0	39.245,0
EAGGF Guidance - Agriculture	3.920,3	4.131,0	4.233,0	4.361,0	5.486,0
EAGGF Guarantee - Fisheries	42,0	35,6	34,3	21,2	21,3
FIFG	518,2	498,8	401,2	502,7	746,3
SOCIAL FUND	4.746,6	7.486,6	7.722,5	8.858,6	8.402,4
REGIONAL FUND (1)	2.065,5	2.386,9	2.568,2	2.676,7	3.052,3
COHESION FUND	2.395,3	2.613,4	2.842,7	2.870,7	3.038,3
EC R&TD FRAMEWORK PROGRAMME	3.225,0	3.298,4	3.547,9	3.499,3	3.248,3
ECSC Grants					
Resettlement grants Art.56.2(b)	133,9	58,9	67,2	43,1	30,1
Steel social Art. 56.2(b)	44,7	0,0	0,0	0,0	0,0
Coal social Art. 56.2(b)	43,3	24,3	29,5	26,8	18,3
Research Art. 55	66,4	88,9	85,5	84,0	78,6
Interest relief Art. 54/56	12,3	38,4	1,8	0,0	0,0
TOTAL	54.199,1	61.471,2	63.091,6	61.692,1	63.366,8

(1) Part corresponding approximately to the concept of aid within the meaning of Article 87 of the Treaty

Table B

Other Community instruments

€ million constant

	1995	1996	1997	1998	1999
ECSC (new loans issued)	435,5	292,6	550,9	20,5	-
European Investment Bank*	20.115,4	21.908,4	23.368,6	25.116,0	27.110,6
European Investment Fund**	1.558,2	1.532,3	2.279,0	2.599,0	2.718,8

* Financing provided within the EU

** Guarantees approved since inception in 1994 (cumulative figure)

Table C1

Community average annual expenditure by Member State (1995 - 1997)

€ million constant

	EAGGF Guarantee	EAGGF Guidance	EAGGF Guarantee Fisheries	FIFG	SOCIAL FUND	REGIONAL FUND	COHESION FUND	EC R&TD Framework Programme*	ECSC GRANTS*	TOTAL
AUSTRIA	730,8	103,9	0,0	0,7	102,1	7,2				944,7
BELGIUM	1.285,3	41,2	0,2	8,2	116,7	22,5				1.474,1
DENMARK	1.375,2	21,8	6,2	21,1	55,0	5,5				1.484,8
GERMANY	5.849,9	793,4	0,2	29,3	999,3	256,1				7.928,2
GREECE	2.991,9	428,3	0,4	28,0	294,2	299,3	493,1			4.535,2
SPAIN	4.614,3	813,5	7,5	201,3	1.447,6	619,6	1.411,1			9.114,8
FINLAND	444,1	118,8	0,0	9,8	87,2	30,6				690,6
FRANCE	9.214,8	512,5	11,7	33,0	618,3	183,4				10.573,8
IRELAND	1.874,0	256,0	2,8	11,8	344,6	75,6	239,9			2.804,6
ITALY	4.472,6	516,1	0,3	35,1	869,3	363,9				6.257,3
LUXEMBOURG	19,5	4,0	0,0	0,3	4,3	0,7				28,9
NETHERLANDS	1.806,3	18,7	0,1	7,2	214,3	18,2				2.064,9
PORTUGAL	714,1	347,2	4,1	38,8	541,9	251,5	471,0			2.368,6
SWEDEN	489,1	35,8	1,0	15,8	60,2	11,0				612,9
UNITED KINGDOM	3.812,4	83,7	2,8	30,9	896,7	195,2				5.021,7
Technical Assistance							2,1			2,1
EC direct payments	90,1			1,4						91,5
								3.357,1	231,7	3.588,8
TOTAL	39.784,5	4.094,8	37,3	472,7	6.651,9	2.340,2	2.617,1	3.357,1	231,7	59.587,3

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

Table C2

Community average annual expenditure by Member State (1997 - 1999)

	EAGGF Guarantee	EAGGF Guidance	EAGGF Guarantee Fisheries	FIFG	SOCIAL FUND	REGIONAL FUND	COHESION FUND	EC R&TD Framework Programme*	ECSC GRANTS*	TOTAL
AUSTRIA	847,9	133,0	0,0	0,0	121,1	19,6				1121,6
BELGIUM	944,4	53,0	0,1	1,5	145,6	40,8				1185,5
DENMARK	1213,4	30,3	2,1	23,4	66,6	6,3				1342,0
GERMANY	5721,9	817,0	-0,1	23,6	1349,3	328,8				8240,5
GREECE	2642,7	347,6	0,1	34,7	535,0	318,4	523,2			4401,7
SPAIN	5025,8	899,3	7,6	224,3	1619,5	568,5	1611,1			9956,1
FINLAND	572,6	135,2	0,0	1,6	127,5	61,4				898,3
FRANCE	9216,7	698,0	8,7	59,2	930,8	280,1				11193,4
IRELAND	1815,5	176,7	1,5	12,2	370,3	73,8	260,1			2710,1
ITALY	4663,2	893,2	0,0	85,9	1267,8	472,3				7382,4
LUXEMBOURG	21,0	8,1	0,0	0,0	5,2	0,9				35,3
NETHERLANDS	1484,3	27,3	0,1	14,5	294,9	34,3				1855,5
PORTUGAL	649,7	307,0	2,8	46,5	576,5	242,3	521,6			2346,4
SWEDEN	751,7	51,5	0,4	2,0	177,0	54,5				1037,2
UNITED KINGDOM	4228,4	116,2	2,3	20,5	740,6	263,8				5371,6
Technical Assistance							1,2			1,2
CE direct payments	50,9			0,2						51,1
								3431,8	155,0	3586,8
TOTAL	39850,2	4693,4	25,6	550,0	8327,8	2765,7	2917,2	3431,8	155,0	62716,7

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