

1. Title of the programme

Aid to early retirement in the agricultural sector

2. Period covered by the notification

1995.

3. Policy objective and/or purpose of the subsidy

To provide an income for farm owners close to retirement age (between 55 and 60 years of age) who decide to stop farming and are replaced by other farmers who can improve the economic viability of the remaining agricultural holding.

4. Legal basis of the programme

Autonomous Decree 301/1993 of 1 October.

Autonomous Decree 158/1994 of 5 September.

Autonomous Order of 9 January 1995.

Correction of errors in the Autonomous Order of 9 January 1995.

5. Form of the subsidy

- Lump sum retirement grant.
- Annual compensation up to 65 years of age.
- Annual allowance per hectare for restructuring up to the age of 65.

6. Beneficiaries

Farmers who meet the conditions laid down in Council Regulation (EEC) No. 2079/92 of 30 June 1992 and in Autonomous Decree 301/93 of 1 October.

7. Total amount granted in 1995. Average subsidy per unit

Financial year 1995, paid out:

Ptas 157.9 million

- Average amount per farmer: Ptas 1.38 million
- Average amount per worker or family member: Ptas 405,000

8. Duration of the subsidy

Indefinite.

9. Statistical data

Currently not available, but the programme is not considered to have any effects on foreign trade.

1. Title of the programme

Disaster-relief aid.

2. Period covered by the notification

1995.

3. Policy objective and/or purpose of the subsidy

Aid to offset losses in agricultural assets or livestock provided that the risk is not covered under agricultural insurance plans in effect in Navarra.

4. Legal basis of the programme

Autonomous Decree Law 133/1991 of 4 April.  
Autonomous Law 18/1992 of 28 December.  
Autonomous Decree 19/1993 of 18 January.

5. Form of the subsidy

Subsidy covering 4 to 8 interest rate points for loans of a maximum duration of 20 years.

6. Beneficiaries

Farmers, livestock breeders or owners of rural smallholdings provided that the property damaged is in Navarra.

7. Total amount granted in 1995. Average subsidy per unit

Financial year 1995, paid out: Ptas 84.5 million

- Average amount per beneficiary: Ptas 54,000

8. Duration of the subsidy

Indefinite.

9. Statistical data

Currently not available, but the programme is not considered to have any effects on foreign trade.

1. Title of the programme

Aid to cooperatives for joint use of machinery.

2. Period covered by the notification

1995.

3. Policy objective and/or purpose of the subsidy

To promote the establishment of cooperatives for the joint use of agricultural machinery and acquisition of machinery by them.

4. Legal basis of the programme

Autonomous Decree 351/1993 of 22 November.

Autonomous Decree 423/1995 of 25 September.

Autonomous Order of 23 October 1995.

5. Form of the subsidy

Non-repayable subsidy of 35 per cent of the investment (17.5 per cent for replacement machinery).

6. Beneficiaries

Cooperatives for the joint use of agricultural machinery (CUMAS) that meet the requirements laid down in Autonomous Decree 351/93.

7. Total amount granted in 1995. Average subsidy per unit.

Financial year 1995, paid out:	Ptas 46.5 million
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- Average amount per beneficiary:	Ptas 3.5 million
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8. Duration of the subsidy

Indefinite.

9. Statistical data

Currently not available, but the programme is not considered to have any effects on foreign trade.

1. Title of the programme

Improvement of the efficiency of farms.

2. Period covered by the notification

1995.

3. Policy objective and/or purpose of the subsidy

Aid to investment in development plans for farms, aid to young farmers in setting up farms, introduction to accounting, aid to services groups, aid to professional training, aid to collective investment.

4. Legal basis of the programme

Autonomous Decree Law 133/1991 of 4 April.  
Autonomous Law 2/1992 of 10 March.  
Autonomous Decree 297/1992 of 28 September.  
Autonomous Law 13/1993 of 30 December.  
Autonomous Decree 26/1994 of 24 January.  
Autonomous Law 6/1994 of 31 May.  
Autonomous Decree 121/1994 of 20 June.  
Autonomous Decree 157/1994 of 5 September.  
Autonomous Order of 2 May 1995.

5. Form of the subsidy

Direct subsidy in the form of non-repayable capital and interest rate subsidies for loans.

Maximum subsidy of 25 per cent and discount of 4 to 8 interest rate points.

6. Beneficiaries

Farms that meet the criteria laid down in Regulation (EEC) No. 2328/91, as well as the general requirements specified in Autonomous Decree 297/92.

7. Total amount granted in 1995. Average subsidy per unit.

Financial year 1995, paid out: Ptas 1,188.1 million

- Average per development plan: Ptas 2.4 million

8. Duration of the subsidy

Indefinite.

9. Statistical data

Currently not available, but the programme is not considered to have any effects on foreign trade.

1. Title of the programme

Compensatory allowance in less-favoured areas of Navarra.

2. Period covered by the notification

1995.

3. Policy objective and/or purpose of the subsidy

This is direct aid to complement and sustain agricultural income for the purpose of compensating farms in less-favoured areas either because they are mountain areas (in accordance with Article 3, paragraph 3 of Directive 75/268/EEC) or because the area suffers from depopulation (in accordance with Article 3, paragraph 4 of the same Directive).

4. Legal basis of the programme

Autonomous Decree 198/1986 of 7 August.  
Autonomous Decree 148/1991 of 11 April.  
Autonomous Decree 27/1995 of 6 February.  
Autonomous Decree 29/1995 of 6 February.

5. Form of the subsidy

Non re-payable subsidy in an amount fixed annually, taking into account the relevant provisions established by the European Union in Regulation (EEC) No. 2328/91 (Title III).

6. Beneficiaries

Owners of farms situated in mountain areas or areas less-favoured as a result of depopulation, whose main occupation is agriculture and whose farms cover an areas of at least 2 hectares and have at least 2 head of heavy livestock or their equivalent.

7. Total amount granted in 1995. Average subsidy per unit

Financial year 1995, paid out:	Ptas 271.7 million
Average amount per beneficiary:	Ptas 77,500

8. Duration of the subsidy

Indefinite.

9. Statistical data

Currently not available, but the programme is not considered to have any effects on foreign trade.

1. Title of the programme

Subsidies for investment for industrialization and marketing in the agri-foodstuffs sector.

2. Period covered by the notification

1995.

3. Policy objective and/or purpose of the subsidy

To establish a series of measures to promote investment and employment.

4. Legal basis of the programme

Autonomous Decree 79/1995 of 27 March.

Autonomous Order of 3 August 1995.

5. Form of the subsidy

In certain cases, non-repayable subsidies (up to a maximum of 20 per cent of investment).

Non-repayable subsidies up to Ptas 500,000 for each new job created.

Subsidized interest rates for loans to enterprises by credit entities.

6. Beneficiaries

Agri-foodstuffs enterprises that undertake to invest in fixed assets in Navarra for the purpose of increasing production or improving quality provided that the fixed assets are not simply to replace existing assets.

7. Total amount granted in 1995. Average subsidy per unit

Financial year 1995, paid out:	Ptas 951.7 million
Average amount per beneficiary:	Ptas 4.3 million

8. Duration of the subsidy

Indefinite.

9. Statistical data

Currently not available, but the programme is not considered to have any effects on foreign trade.

1. Title of the programme

Aid for the acquisition and adaptation of buildings and machinery for processing and marketing.

2. Period covered by the notification

1995.

3. Policy objective and/or purpose of the subsidy

Investment in the acquisition, modernization and conversion of buildings and machinery for the storage and processing of agricultural products and the treatment, processing and marketing of these products, as well as investment in the capital of existing or newly-created processing enterprises, marketing networks or outlets.

4. Legal basis of the programme

Autonomous Decree Law 133/1991 of 4 April.  
Autonomous Law 2/1992 of 16 March.  
Autonomous Decree 297/1992 of 28 September.  
Autonomous Law 13/1993 of 30 December.  
Autonomous Law 6/1994 of 31 May.  
Autonomous Decree 121/1994 of 20 June.

5. Form of the subsidy

Capital grant not exceeding 35 per cent of the eligible investment or its equivalent in the form of subsidies of 4-8 interest-rate points for loans or credits granted for the financing of this investment over a period not exceeding 15 years (the loans or credits concerned will be at a final interest rate of 3 per cent).

This aid shall not exceed the limits set down in Regulation (EEC) No. 866/91.

6. Beneficiaries

Groups of farmers or livestock breeders organized in cooperatives, SAT or any other legal form of association, provided that at least 50 per cent of the capital and the majority of seats on decision-making bodies belong to persons whose main occupation is farming.

7. Total amount granted in 1995. Average subsidy per unit

Financial year 1995, paid out:	Ptas 500 million
Average amount per beneficiary:	Ptas 11.5 million

8. Duration of the subsidy

Indefinite.

9. Statistical data

Currently not available, but the programme is not considered to have any effects on foreign trade.

1. Title of the programme

Compensation for compulsory slaughter.

2. Period covered by the notification

1995.

3. Policy objective and/or purpose of the subsidy

Compensation for the compulsory slaughter of livestock as a result of the health campaigns against tuberculosis, brucellosis, leukosis, and peripneumonia in cattle and brucellosis in sheep and goats.

4. Legal basis of the programme

Autonomous Decree 92/1985 of 8 May.  
Autonomous Decree 145/1986 of 23 May.  
Autonomous Decree 121/1987 of 29 May.  
Autonomous Order of 12 September 1994.

5. Form of the subsidy

Compensation.

6. Beneficiaries

Owners of slaughter livestock residing in Navarra.

7. Total amount granted in 1995. Average subsidy per unit

Financial year 1995, paid out:                      Ptas 25.2 million

- Cows ..... Up to Ptas 60,000 per head
- Dairy breed sheep ..... Ptas 7,000 per head
- Slaughter sheep ..... Ptas 6,000 per head

8. Duration of the subsidy

Indefinite.

9. Statistical data

Currently not available, but the programme is not considered to have any effects on foreign trade.



1. Title of the programme

Aid to health protection groups.

2. Period covered by the notification

1995.

3. Policy objective and/or purpose of the subsidy

To implement the compulsory health programme in the Navarra swine census.

4. Legal basis of the programme

Autonomous Decree 226/1984 of 2 November.

Autonomous Order of 1 June 1992.

Autonomous Order of 22 November 1993.

5. Form of the subsidy

Subsidies for approved health programmes.

6. Beneficiaries

Health protection groups.

7. Total amount granted in 1995. Average subsidy per unit

Financial year 1995, paid out:                      Ptas 81.2 million

8. Duration of the subsidy

Indefinite.

9. Statistical data

Currently not available, but the programme is not considered to have any effects on foreign trade.

1. Title of the scheme

Aid to afforestation and forestry improvements.

2. Period covered by the notification

1995.

3. Policy objective and/or purpose of the subsidy

Afforestation and work to improve forests, particularly the regeneration of woodland.

4. Legal basis of the programme

Autonomous Law 13/1990 of 31 December.

5. Form of the subsidy

Direct capital grant.

6. Beneficiaries

Owners of woodlands or forests.

7. Total amount granted in 1995. Average subsidy per unit

Financial year 1995, paid out:                      Ptas 188.6 million

- The average amount per beneficiary ranges from 50 per cent to 90 per cent according to whether or not the woodland is classified.

8. Duration of the subsidy

Indefinite.

9. Statistical data

Currently not available, but the scheme is not considered to have any effects on foreign trade.

1. Title of the scheme

Aid to forestry measures in agriculture.

2. Period covered by the notification

1995.

3. Policy objective and/or purpose of the subsidy

Afforestation, work to improve forests and compensation for loss of income as an accompanying measure to the Community's agricultural policy.

4. Legal basis of the programme

Autonomous Decree 31/1994 of 31 January.

Autonomous Order of 18 April 1994.

Autonomous Decree 156/1994 of 5 September.

Autonomous Order of 27 February 1995.

5. Form of the subsidy

Direct capital grant.

6. Beneficiaries

Farmers.

7. Total amount granted in 1995. Average subsidy per unit

Financial year 1995, paid out:                      Ptas 57.9 million (for 20 years)

Average amount per beneficiary:                  Ptas 2.4 million (for 20 years)

8. Duration of the subsidy

Indefinite.

9. Statistical data

Currently not available, but the scheme is not considered to have any effects on foreign trade.

1. Title of the scheme

Aid to small-scale agri-food enterprises.

2. Period covered by the notification

1995.

3. Policy objective and/or purpose of the subsidy

Support and incentives for small-scale agri-food industries in order to diversify and supplement the income of families in rural areas.

4. Legal basis of the programme

Autonomous Decree 103/94 of 23 May.  
Autonomous Order of 19 December 1994.

5. Form of the subsidy

Direct subsidy for up to 30 per cent of the investment (35 per cent in mountain areas).

6. Beneficiaries

Enterprises (natural or legal persons) involved in handling, preparing or processing that guarantees the consumer a particular final product whose quality and characteristics are different because it has been produced by small-scale industries that require preparation by hand.

7. Total amount granted in 1995. Average subsidy per unit

1995 financial year, paid out:                      Ptas 19.8 million.

Average amount per beneficiary:                      Ptas 2.4 million.

8. Duration of the subsidy

Indefinite.

9. Statistical data

Currently not available, but the scheme is not considered to have any effects on foreign trade.

1. Title of the scheme

Aid for the restructuring and enhancement of the competitiveness of agricultural cooperatives.

2. Period covered by the notification

1995.

3. Policy objective and/or purpose of the subsidy

Support for the modernization of agricultural cooperatives through:

- Support for the merger or takeover of agricultural marketing cooperatives;
- support for the admission of new members;
- support to improve commercial management.

4. Legal basis of the programme

Autonomous Decree 228/94 of 14 November.

Autonomous Order of 13 March 1995.

5. Form of the subsidy

Grant.

6. Beneficiaries

Agricultural cooperatives.

7. Total amount granted in 1995. Average subsidy per unit

1995 financial year: Ptas 17.4 million.

Average amount per beneficiary: Ptas 3.4 million.

8. Duration of the subsidy

Indefinite.

9. Statistical data

Currently not available, but the scheme is not considered to have any effects on foreign trade.

1. Title of the programme

Aid to technical research and development.

2. Period covered by the notification

1995.

3. Policy objective and/or purpose of the subsidy

To improve the competitiveness of enterprises by incorporating technology in their products and processes.

4. Legal basis of the programme

Autonomous Decree 2/1982 of 16 September.

5. Form of the subsidy

Interest-free loans to be repaid in seven years with a two-year grace period, not exceeding 50 per cent of the research and development costs.

6. Beneficiaries

Industrial enterprises based in Navarra.

7. Total amount granted in 1995. Average subsidy per unit

In 1995, Ptas 431.3 million were paid out for 39 projects. The average amount per project is therefore Ptas 11.06 million.

8. Duration of the subsidy

Indefinite.

9. Statistical data

Currently not available, but the programme is not considered to have any effects on foreign trade.

1. Title of the programme

Investment and employment aid.

2. Period covered by the notification

1995.

3. Policy objective and/or purpose of the subsidy

To promote the creation of new industries and the modernization of existing ones.

4. Legal basis of the programme

Regulation of 23 June 1982 on short-term measures on industrial policy and the promotion of investment and employment.

Autonomous Decree of 24 January 1986 regulating interest rate subsidies for loan operations.

5. Form of the subsidy

- Subsidy not exceeding 20 per cent of the investment;
- subsidy of Ptas 500,000 per job created;
- subsidy of 3 to 5 interest rate points.

6. Beneficiaries

Manufacturing industry. Activities in divisions C and D of the CNAE.93. Interest rate subsidies for small and medium industrial enterprises employing less than 250 with own resources not exceeding Ptas 500 million.

7. Total amount granted in 1995. Average subsidy per unit

Subsidy per investment	Ptas 4,340.4 million	No. of beneficiaries: 156
Employment subsidies	Ptas 157 million	No. of beneficiaries: 315
Interest rate subsidies	Ptas 172 million	No. of beneficiaries: 81

8. Duration of the subsidy

There is no time-limit.

9. Statistical data

Currently not available, but the programme is not considered to have any effects on foreign trade.

1. Title of the programme

Reorganization and revival of enterprises in crisis.

2. Period covered by the notification

1995.

3. Policy objective and/or purpose of the subsidy

Support for enterprises that are facing a crisis situation and are attempting to implement plans for reorganization and revival that have previously been reviewed and compared.

4. Legal basis of the programme

Autonomous Law 1/1985 of 4 March.

5. Form of the subsidy

- Subsidies for reorganization and restructuring;
- advances repayable without interest;
- subsidized interest for loans;
- security for obtaining loans.

6. Beneficiaries

Enterprises based in Navarra.

7. Total amount granted in 1995. Average subsidy per unit (in thousands of pesetas)

Heading	Annual amount 1996	Annual amount 1995	Average amount/total of enterprises in 1995
Grants	1,000	129,674	9,975
Advances repayable without interest	50,000	200,000	15,385
Interest subsidies	260,000	193,403	(24 enterprises (8,058))
Total		1,475,000	113,462

8. Duration of the subsidy

There is no time-limit.

9. Statistical data

Currently not available, but the programme is not considered to have any effects on foreign trade.



1. Title of the programme

Aid to anti-pollution investment.

2. Period covered by the notification

1995.

3. Policy objective and/or purpose of the subsidy

To prevent environmental pollution caused by polluting activities that must be adapted to the environmental regulations in force.

4. Legal basis of the programme

Autonomous Decree 4/1982 of 16 December approving the regulations on aid to anti-pollution investment (Official Journal of Navarra, 8 October 1982).

5. Form of the subsidy

The subsidy covers up to 30 per cent of investment in measures to remedy industrial pollution.

6. Beneficiaries

Enterprises based in Navarra that need to take corrective measures to prevent pollution of water and the environment.

7. Total amount granted in 1995. Average subsidy per unit

Amount budgeted:	Ptas 160,000,000
Amount granted:	Ptas 95,999,747

8. Duration of the subsidy

There is no time-limit.

9. Statistical data

Currently not available, but the programme is not considered to have any effects on foreign trade.

**NOTIFICATION OF SUBSIDIES TO THE WTO**

**AUTONOMOUS ADMINISTRATIONS**

**ANNEX No. 18**

**AUTONOMOUS COMMUNITY OF VALENCIA**

1. Title of the subsidy programme

Aid to the agricultural cooperative system in Valencia.

2. Period covered by the notification

1995.

3. Policy objective and/or purpose of the subsidy

To improve the income of farmers belonging to cooperatives through cooperative association.

4. Legal basis of the subsidy

Order of 20 April 1995 of the Regional Ministry of Agriculture, Fisheries and Food approving the new regulatory bases for aid to the agricultural cooperative system in Valencia.

5. Form of the subsidy

Subsidy, interest subsidy.

6. Beneficiaries

- Cooperatives of any type;
- cooperative consortiums;
- organizations representative of the agricultural cooperative system in Valencia.

7. Subsidy per unit

Ptas 477,000.

8. Duration of the subsidy

1995-2000.

9. Statistical data permitting an assessment of the trade effects of the subsidy

24 marketing cooperatives have been set up; 3 marketing cooperatives have merged and more than 100 cooperatives have benefited from loans in order to invest in handling or marketing or to refinance liabilities related to similar investment in fixed assets.

The trade effects of the subsidy have been felt in certain sectors such as oil, dried fruit, aromatic plants and farm tourism, which until recently did not play any significant role in trade at the consumption level. In the oil sector, 70 per cent of production is now marketed wholesale through cooperatives and 20 per cent retail. In the dried fruit sector, 50 per cent is marketed.

1. Title of the subsidy programme

Aid for the temporary cessation of activity by the fishing fleet

2. Period covered by the notification

1995.

3. Policy objective and/or purpose of the subsidy

To promote the planned cessation of activity by the fishing fleet in Valencia in order to restock the fishing grounds.

4. Legal basis of the subsidy

Order of the Regional Ministry of Agriculture, Fisheries and Food of 2 February 1995 (DOGV No. 2431 of 19 January 1995) establishing aid for the temporary cessation of activity by the fleet.

5. Form of the subsidy

Premium in ECUs/day according to tonnage.

6. Beneficiaries

The aid is granted to natural and legal persons that own fishing boats based in the Autonomous Community of Valencia. The premium is paid once only in the form of a single payment.

7. Subsidy per unit

Average subsidy of Ptas 1,307,000.

8. Duration of the subsidy

The aid scheme does not have any time limit.

9. Statistical data permitting an assessment of the trade effects of the subsidy

There are no trade effects as the aid is not aimed at increasing production but at decreasing catches.

1. Title of the subsidy programme

Aid to the fishing and aquaculture sector

2. Period covered by the notification

1995.

3. Policy objective and/or purpose of the subsidy

Establishment of a line of aid to permit the standardization of criteria and act as an incentive to private initiative for the implementation of modernization and adaptation projects in the fishing sector that are not subsidized through Community funds and regulations.

4. Legal basis of the subsidy

Order of the Regional Ministry of Agriculture, Fisheries and Food, of 6 November 1991 (DOGV No. 1668 of 21 November 1991) establishing aid to the fishing and aquaculture sector in the Autonomous Community of Valencia.

5. Form of the subsidy

Grant.

6. Beneficiaries

The subsidy is granted to natural and legal persons that exploit fishing resources and are resident in the Autonomous Community of Valencia. The subsidy is paid after the investment has been made and verified.

7. Subsidy per unit

Average subsidy of Ptas 238,000.

8. Duration of the subsidy

1991-1996.

9. Statistical data permitting an assessment of the trade effects of the subsidy

This aid is aimed at modernizing exploitation activities and not at increasing production.

**NOTIFICATION OF SUBSIDIES**  
**AUTONOMOUS ADMINISTRATIONS**

**ANNEX No. 19**

**AUTONOMOUS COMMUNITY OF THE BASQUE COUNTRY**

1. Title of the subsidy programme or the ad hoc subsidy

Extension of the Programme of Financial Aid to Investment (AFI-95).

Subsidies for the financing of innovative investment by enterprises in the Autonomous Community of the Basque Country.

State Aid No. N607/95-Spain (Basque Country).

2. Period covered by the notification

1995 financial year.

3. Policy objective and purpose of the subsidy

To aid the investment process in SMEs and to ensure access to financing sources on acceptable terms in comparison with competitors in the Community and to facilitate long-term financing at moderate interest rates.

4. Legislative instrument

Decree 95/1994, of 22 February, regulating the programme of financial aid to investment in the industrial sector (published in the Official Journal of the Basque Country, No. 39 of 25 February 1994).

Order of 23 February 1994, of the Regional Ministry of Industry and Energy pursuant to Decree 95/1994, of 22 February, regulating the programme of financial aid to investment in the industrial sector (published in the Official Journal of the Basque Country, No. 39 of 25 February 1994).

Order of 30 March 1996, of the Regional Minister of Industry, Agriculture and Fisheries, amending the Order pursuant to Decree 95/1994 regulating the programme of financial aid to investment in the industrial sector (published in the Official Journal of the Basque Country of 5 June 1996).

5. Form of the subsidy

Subsidization of the interest rate on loan operations.

6. Beneficiaries

The beneficiaries are SMEs and the aid is in the form of payment of interest rates on loan operations.

7. Subsidy per unit or total amount

Total volume of aid 1995: Ptas 684,929,684.

8. Duration of the subsidy and any other time-limit

The duration of the subsidy is the period of repayment of the financial operation and the investment remains on the enterprise's assets for three years.

9. Statistical data permitting an assessment of the trade effects of the subsidy

Total number of beneficiaries in 1995: 226.

1. Title of the subsidy programme or the ad hoc subsidy

Programme to improve technological capacity and innovation in the industrial sector in the Autonomous Community of the Basque Country (PGTI programme).

2. Period covered by the notification

1995 financial year.

3. Policy objective and purpose of the subsidy

The aid scheme is of the horizontal type and the objective is to encourage R&D in the industrial sector and in allied services.

4. Legislative instrument

Decree 97/1994, of 22 February, on the improvement of technological capacity and innovation in the industrial sector of the Autonomous Community of the Basque Country (published in the Official Journal of the Basque Country, No. 39 of 25 February 1994).

Order of 8 March 1996, of the Regional Minister of Industry, Agriculture and Fisheries, extending until 1996 the time-limit for applications for aid regulated by the Order of 23 February 1994 of the Regional Minister of Industry and Energy, issued pursuant to Decree 97/1994, of 22 February (published in the Official Journal of the Basque Country, No. 64 of 29 March 1996).

5. Form of the subsidy

The aid under this programme takes the form of grants.

6. Beneficiaries

SMEs, basically industrial enterprises or non-profit-making services and bodies cooperating with technological centres or university departments or which have R&D centres of their own. Annual or half-yearly payment.

7. Subsidy per unit or total amount

Total volume of aid 1995: Ptas 1,866,027,394.

8. Duration of the subsidy and any other time-limit

The aid relates exclusively to the part of the projects carried out during the 1995 calendar year.

The period for submitting applications ended on 4 May and proof of action taken was submitted by 31 January 1996.

9. Statistical data permitting an assessment of the trade effects of the subsidy

Total number of beneficiaries in 1995: 207.



1. Title

Support for research and innovation in the agricultural, agro-food and fisheries sector of the Autonomous Community of the Basque Country.

2. Period

1995.

3. Purpose

Aid under the budget of the Autonomous Community of the Basque Country as an incentive to research and technological and experimental development activities and projects in the agricultural, agro-food and fisheries sectors.

4. Background

Decree 367/1995, of 11 July, on support measures for research and innovation in the agricultural, agro-food and fisheries sector of the Autonomous Community of the Basque Country.

Order of 11 September 1995 establishing the formalities for providing the aid.

5. Form of subsidy

Non-repayable aid.

6. Beneficiaries

Direct financial aid to:

- Agricultural, agro-food or fisheries enterprises with their own R&D centre;
- agricultural, agro-food or fisheries enterprises, alone or in groups, when they cooperate with R&D centres.

7. Type of subsidy

Basic research: up to 50 per cent, with a ceiling of Ptas 8,000,000.

Applied research: up to 25 per cent, with a ceiling of Ptas 8,000,000.

This may be increased by 10 per cent in the case of SMEs.

8. Duration of subsidy

Annual programme.

9. Statistical data

Expenditure scheduled for 1995: Ptas 20,900,000.

Actual payments for 1995: Ptas 7,900,000.

# SWEDEN

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## 1. INTRODUCTION

### 1.1 Method and scope of the notification

In Sweden the budget of the central government is the only source of aid to industry, local governments are in principle prohibited by law to grant aid to enterprises. However, administration of aid programmes funded by the central government may take place at the local level.

The main rule is that the grant is taxable as an income to the recipient. The general level for corporate income taxes is about 30 per cent flat rate.

The notification covers aid to the mining and manufacturing industry (SITC 2 and 3).

The description of the various aid schemes follows the outline suggested by WTO. However, it is not possible to present statistical data permitting an assessment of trade effects.

The quantitative information is based on the net cost to government method. This approach is used in the EFTA Annual Report on State Aid and by OECD in its "Subsidies and Structural Adjustment" project. The method is described in the appendix. The most recent figures available refer to the fiscal year 1994/95.

The programmes that were in effect 1 July 1994 are reported on in the notification.

### 1.2 The objectives of the Swedish industrial policy

The Swedish industrial policy is based on the principle that the allocation of productive resources is determined by the market forces. The government defines the legal and administrative framework for the economic agents, but refrains from direct intervention in industry. The objective of industrial policy is to improve the conditions for sustained growth and innovation in industry with general measures. Improvement of the functioning of the markets and correction of specific market flaws, i.e. open up markets, promote R&D or training externalities and to provide the necessary infrastructure, are important issues. Important areas are also strengthening of competition, diffusion of new technology, stimulation of small enterprises and securing the short and long term supply of energy on internationally competitive terms.

State aid to industry has been cut down considerably in the 1980's. All forms of firm specific aid have been eliminated. Sector specific aid has also been put out of effect. The government has declared that state resources used for financial aid to enterprises must be more efficient in the future comprising more obvious effects on growth and creation of new jobs.

## 2. SUPPORT FOR RESEARCH AND DEVELOPMENT

### 2.1 Support for Technological R&D through NUTEK

#### (a) Form of subsidy

Grants or loans with conditional repayment.

#### (b) Amount of subsidy

Net cost in SKr millions: Fiscal year 1994/1995: 446

- SKr 207 million to firms and individual inventors
- SKr 239 million to technological research institutes and co-operative research institutes

*Support is granted to a variety of projects and cannot be broken down per unit.*

(c) Policy objective

The primary objective is aid for R&D and the secondary objective is aid to SMEs.

(d) Duration

The programme commenced as from 1 July 1993. Duration until 1 July 1996.

(e) Statistical data

*The support is granted to a variety of projects and sectors, therefore it is not possible to present statistical data permitting an assessment of trade effects.*

(f) Legal basis

The legal provisions are laid down in the following Governmental ordinances: SFS 1993:1332 (Förordning om ändring av förordningen 1978:571 om statligt stöd till teknisk forskning, industriellt utvecklingsarbete och uppfinnarverksamhet) and SFS 1993:286 (Förordning om ändringar i förordningen 1991:660 med instruktion för Närings- och Teknikutvecklingsverket). As from 1 January 1996, Governmental ordinance 1995:1254 (Förordning om statligt stöd till teknisk forskning, industriellt utvecklingsarbete och uppfinnarverksamhet)

(g) Rules and conditions

The National Board for Industrial and Technical Development (NUTEK), is a government agency which among other tasks administers most of the government support to technical R&D. Support is granted to universities, technological research institutes for basic research, co-operative research institutes (i.e. institutes financed jointly by government and industry) and to individual firms and inventors. A precondition for receiving support in the form of grants is that the result of the supported project is made public.

All firms, regardless of industry, are eligible. However, the support is focused on small firms and individual innovators. The support to firms and individual innovators is in the form of loans with conditional repayment. A loan can cover up to 50 per cent of project costs. Repayment, including market interest rate, is required if a project becomes commercially successful. The duration and other terms of the loan are dependent on the objective of the loan and various economic factors. Costs for personnel, material and supplies related to R&D, instruments and equipment, consulting bought-in research, etc. are eligible for aid. Other possible aid should be taken into account before the decision of support is made. In practice, projects supported by other state aid schemes do not normally receive support from NUTEK. To the extent that this occurs, the aid ceilings apply to the combined aid.

As from January 1996 rules and conditions have been altered in accordance with the state aid rules within the European Community. In practice the new rules have been applied as from 1 January 1995.

## 2.2 Project financing and New business loans through The Fund for Industry and New Business

The Fund for Industry and New Business is a public foundation. Its main objective is to promote industrial development and marketing. The capital of the Fund amounted to SKr 2,900 million as of July 1994. The Fund should earn enough money to retain its capital on a long term basis. This calls for market interest rates to compensate for a few inevitable losses.

(a) Form of subsidy

Project financing in the form of loans with conditional repayment, guarantees and grants with royalty repayments. (New business loans were extended only until the end of June 1995.)

(b) Amount of subsidy

Net cost in SKr millions: Fiscal year 1994/1995: 53

*Support is granted to a variety of projects and cannot be broken down per unit.*

(c) Policy objective

The primary objective of the project financing is aid to SMEs and R&D. (The primary objective of the new business loans is aid, exclusively, to SMEs.)

(d) Duration

The scheme commenced in 1979 and was altered in 1993. Duration has not been specified.

(e) Statistical data

*The support is granted to a variety of projects and sectors, therefore it is not possible to present statistical data permitting an assessment of trade effects.*

(f) Legal basis

The legal provisions are laid down in the Governmental ordinance SFS 1993:31 (Förordning om finansiering genom Industri-och Nyföretagarfonden).

(g) Rules and conditions

Project financing: The Fund concentrates on support to small and medium-sized companies. There are no restrictions regarding industry or location. To be eligible for support, a project must involve a substantial risk, but have a compensating potential to become commercially successful. Financing through standard market sources shall not be available. The maximum amount of an award cannot exceed 50 per cent of the costs of a project. Any expenditure connected with a development project (seldom land or buildings) is eligible for aid. All successful SMEs pay back with market interest

rate or royalty. Aid from the Fund may be combined with regional support, in accordance with the state aid rules in the European Community.

**New business loans:** The equity loan to start-ups is either a personal loan made out to the entrepreneur (injected into the company as restricted equity) or a risk-carrying (unsecured) debenture loan to the company. Maximum is 30 per cent of the amount of financing, but minimum SKr 100,000 and maximum SKr 1 million. The loan runs for up to 15 years and is instalment-free during the first five years. The loan is interest-free for two years, reduced interest for three years; from the sixth year market interest is paid. Repayment starts the sixth year. An opening charge of 2 per cent on granted loans is payable and is deducted when the loan is paid out. Security is not necessary. **Supplementary loan:** If a company that has been granted a loan for a new company requires further financing, a supplementary loan may be granted but only if there is good reason and if an application is received by the fund within three years of the loan for a new company being granted.

Authorized applicants are private persons or companies. The applicant has to contribute with at least 10 per cent of the capital. The minimum value is approximately SKr 0.35 million in capital requirements. All sorts of businesses are eligible. The loan may be combined with regional support. New business loans from the Fund expired in the end of June 1995.

## 2.3 Energy Research Programme

### (a) Form of subsidy

Grants or loans with conditional repayment.

### (b) Amount of subsidy

Net cost in SKr millions: Fiscal year 1994/1995: 9

*Support is granted to a variety of projects and cannot be broken down per unit.*

### (c) Policy objective

The primary objective of the programme is to establish fundamental competence and expertise, to facilitate the conversion of the Swedish energy system from the use of nuclear power to alternative renewable sources of energy and to enhance the awareness of the climatic and environmental effects of energy systems. The emphasis of the programme is long-term, i.e. on technology that can be expected to be implemented beyond the year 2000. The programme has its main focus on basic research, while applied research only plays a minor role.

### (d) Duration

Programme commenced originally in 1975 and has been prolonged several times. The present programme commenced as from 1 July 1993. Duration until further notice, i.e. has not been specified.



## (e) Statistical data

*The support is granted to a variety of projects and sectors, therefore it is not possible to present statistical data permitting an assessment of trade effects.*

## (f) Legal basis

The legal provisions are laid down in the Governmental ordinance SFS 1987:819 (Förordningen om statligt stöd till energiforskning).

## (g) Rules and conditions

Support is granted to universities, institutes of technology, co-operative research institutes (i.e. institutes financed jointly by the government and industry) and to firms. The general rule is that all results from the Energy Research Programme are official and shall be made available. Aid to firms accounts for a minor portion (about 15 per cent) of the expenditure, and is mainly in the form of loans with conditional repayment. Costs for personnel, materials and supplies related to R&D, instruments and equipment, consulting, bought in research etc. are eligible for aid. Maximal aid intensity is 50 per cent of eligible costs. Other possible aid shall always be taken into account before decision of support is made.

2.4 The Fund for Energy Technology

## (a) Form of subsidy

Grants, soft loans and guarantees.

## (b) Amount of subsidy

Net cost in SKr millions: Fiscal year 1994/1995: 50

*Support is granted to a variety of projects and cannot be broken down per unit.*

## (c) Policy objective

The primary objective is aid for R&D. The Fund supports research, development and preparations of commercial introduction of new technology for energy production and for environmental protection.

## (d) Duration

The programme commenced as from 1 July 1988. Duration until further notice, i.e. has not been specified.

## (e) Statistical data

*The support is granted to a variety of projects and sectors, therefore it is not possible to present statistical data permitting an assessment of trade effects.*

(f) Legal basis

The legal provisions are laid down in the Governmental ordinance SFS 1988:805 (Förordning om statligt stöd ur energiteknikfonden, mm.)

(g) Rules and conditions

Support is granted to the development, testing and demonstration of new techniques in the form of test plants, pilot projects, full scale plants, etc. Support is also granted to applied research jointly co-financed by industry. The beneficiary is normally the user of the new technique, mainly small-scale private energy producers and public utilities in the energy sector. Although the maximum possible aid is 50 per cent of the project costs, NUTEK has established the practice that maximum grant is 25 per cent. There are no formal restrictions to which extent the grant may be combined with other aid schemes. However, in practice, projects receiving aid from the Fund are not given support from other schemes.

2.5 Transport and Communication Research through the Transport and Communications Research Board

(a) Form of subsidy

Grants.

(b) Amount of subsidy

Net cost in SKr millions: Fiscal year 1994/1995: 88

- SKr 19 million to private firms
- SKr 69 million to universities, technological research institutes, co-operative research institutes

*Support is granted to a variety of projects and cannot be broken down per unit.*

(c) Policy objective

The Primary objective is aid for R&D. Secondary objective is environmental aid and support for energy-saving.

(d) Duration

Programme commenced as from 1 July 1993. Duration until 1 July 1996.

(e) Statistical data

*The support is granted to a variety of projects and sectors, therefore it is not possible to present statistical data permitting an assessment of trade effects.*

(f) Legal basis

The legal provisions are laid down in the Government Bill "Research for Knowledge and Progress" 1992/1993:170.

## (g) Rules and conditions

The nature of assisted projects is basic transport and communication research and applied research, development and demonstrations at a pre-competitive level. Grants are predominantly given to universities and research institutions. Regional authorities, municipalities and companies can be granted aid if they are engaged in pre-competitive development or demonstration projects. Such projects are devoted especially to the development of public transport. Costs for personnel, material and supplies related to R&D are eligible for aid. Maximum possible aid intensity is 100 per cent of the eligible costs. Aid is granted on a scientific basis on applications or initiatives from The Board. Grants is regulated by an R&D contract. At least SKr 15 million a year has to be used as grants to research, development or demonstration projects concerning public transport. There is no formal restriction to what extent the aid may be combined with other aid schemes.

2.6 Research on Electrical and Hybrid vehicles through the Transport and Communications Research Board

## (a) Form of subsidy

Grants.

## (b) Amount of subsidy

Net cost in SKr millions: Fiscal year 1994/1995: 27

- SKr 14 million to private firms
- SKr 13 million to universities, technological research institutes, co-operative research institutes

*Support is granted to a variety of projects and cannot be broken down per unit.*

## (c) Policy objective

The Primary objective is aid for R&D. Secondary objective is environmental aid and support for energy-saving. The aim of the programme is to investigate the potentials of such vehicles have in order to accomplish energy-saving and environmental benefits. Investigated are also the real costs for society and users, the degree to which the vehicles can fit into the existing transport system as well as their impact on traffic safety. The aid is not devoted to development of the vehicles as such.

## (d) Duration

Programme commenced as from 1 July 1993. Duration until 1 July 1996.

## (e) Statistical data

*The support is granted to a variety of projects and sectors, therefore it is not possible to present statistical data permitting an assessment of trade effects.*

(f) Legal basis

The legal provisions are laid down in the Government Bills; 1992/1993:179 and 1993/1994:100.

(g) Rules and conditions

The aid is directed towards research, development and demonstration of electrical vehicles and hybrid vehicles from a socio-economic and infrastructural point of view. The research is pre-competitive and the result is publicly available. Aid is granted on a scientific basis on applications or initiatives from the Board. Grant are regulated by an R&D contract. The programme is to be carried out in close co-operation with industry and other interested parties and the costs for the programme as a whole are supposed to be shared with these parties. Costs for personnel, material and supplies related to R&D are eligible for aid. Maximum possible aid intensity is 100 per cent of the eligible costs. There are no formal restrictions to what extent the aid may be combined with other aid schemes.

2.7 Information Technology

(a) Form of subsidy

Grants or loans with conditional repayment.

(b) Amount of subsidy

Net cost in SKr millions: Fiscal year 1994/1995: 169

- SKr 100 million to private firms
- SKr 69 million to technological research institutes and co-operative research institutes

*Support is granted to a variety of projects and cannot be broken down per unit.*

(c) Policy objective

The primary objective is aid for R&D. The secondary objective is aid to SMEs

(d) Duration

The programme commenced as from 1 July 1993. Duration until 1 July 1996.

(e) Statistical data

*The support is granted to a variety of projects and sectors, therefore it is not possible to present statistical data permitting an assessment of trade effects.*

(f) Legal basis

The legal provisions are laid down in Government Bill "Research for Knowledge and Progress" 1992/1993:170, and the Governmental ordinance: SFS 1993:1332 (Förordning om ändring av förordningen 1978:571 om statligt stöd till teknisk forskning, industriellt

utvecklingsarbete och uppfinnarverksamhet) and SFS: 1993:286 (Förordning om ändringar i förordningen 1991:660 med instruktion för Närings- och Teknikutvecklingsverket). As from 1 January 1996, Governmental ordinance 1995:1254 (Förordning om statligt stöd till teknisk forskning, industriellt utvecklingsarbete och uppfinnarverksamhet)

(g) Rules and conditions

The National Board for Industrial and Technical Development (NUTEK), is a government agency which among other tasks administers most of the government support to technical R&D. Support is granted to universities, technological research institutes for basic research, co-operative research institutes (i.e. institutes financed jointly by government and industry) and to individual firms and inventors. A precondition for receiving support in the form of grants is that the result of the supported project is made public.

All firms, regardless of industry, are eligible. However, the support is focused on small firms and individual innovators. The support to firms and individual inventors is in the form of loans with conditional repayment. A loan can cover up to 50 per cent of project costs. Repayment, including market interest rate, is required if a project becomes commercially successful. The duration and other terms of the loan are dependent on the objective of the loan and various economic factors. Costs for personnel, material and supplies related to R&D, instruments and equipment, consulting bought-in research etc. are eligible for aid. Other possible aid should be taken into account before decision of support is made. In practice, projects supported by other state aid schemes do not normally receive support from NUTEK. To the extent that this occurs, the aid ceilings apply to the combined aid.

As from 1 January 1996 rules and conditions has been altered in accordance with the state aid rules within the European Community. In practice the new rules have been applied as from 1 January 1995.

## 2.8 Project Financing through the Fund for Swedish-Norwegian Industrial Cooperation

The Fund for Swedish-Norwegian Industrial Cooperation is a foundation operating relatively independently from the Swedish and Norwegian Governments. The Fund should earn enough money to cover the inflation on a long term basis. This calls for market interest rates to compensate for a few inevitable losses.

(a) Form of subsidy

Grants, loans with conditional repayment and grants with royalty repayments.

(b) Amount of subsidy

Net cost in SKr millions: Fiscal year 1994/1995: 1 (to Swedish firms).

*Support is granted to a variety of projects and cannot be broken down per unit.*

## (c) Policy objective

The primary objective is aid to SMEs and for R&D. The Fund objective is to support development co-operation between Swedish and Norwegian companies.

## (d) Duration

The programme commenced as from 1 January 1982. Duration until the year 2001.

## (e) Statistical data

*The support is granted to a variety of projects and sectors, therefore it is not possible to present statistical data permitting an assessment of trade effects.*

## (f) Legal basis

The legal provisions are laid down in the Governmental ordinance SFS 1990:45 (Förordningen om stöd genom Fonden för svenskt-norskt industriellt samarbete).

## (g) Rules and conditions

Any costs connected with a development project (seldom land or buildings) are eligible. Maximal aid intensity is 50 per cent of eligible costs, in exceptional cases the aid intensity can be higher, however the maximal amount is SKr 50 million. A precondition is that the project is a high risk project, has prospects to be commercially successful on a relatively short term basis and that standard market sources are not available. All successful SMEs pay back with market interest rates or royalty. Beneficiaries are Swedish and Norwegian companies in all industry except the extraction of oil and gas. There are no formal restrictions to which extent the aid may be combined with other aid schemes.

### 3. AID TO SMALL AND MEDIUM SIZED COMPANIES

#### 3.1 The Regional Development Companies, ALMI (formerly the Regional development Funds)

The Regional Development Funds were public foundations established in each of the 24 counties of Sweden. The objective of the Funds was to strengthen the competitiveness and profitability of small and medium sized enterprises (generally defined as firms with less than 200 employees) and to promote the formation of new firms. The Regional Development Funds have been replaced as from 1994 by Regional Development Companies, ALMI. They should earn enough to retain their capital, which prevents real subsidies to SMEs.

The guiding principles will remain. The annual amount of loans granted by the Regional Development Funds has been approximately SKr 600 million during the last years.

## (a) Form of subsidy

Loan guarantees, loans, new business loans and development capital in the form of grants with royalties repayment and soft loans.

## (b) Amount of subsidy

Net cost in SKr millions: Fiscal year 1994/1995: 118

*Support is granted to a variety of projects and cannot be broken down per unit.*

## (c) Policy objective

The primary objective of the scheme is aid to SMEs. The Regional Development Companies should strengthen the competitiveness and profitability of small and medium sized enterprises (generally defined as firms with less than 200 employees) and to promote the formation of new firms. As from 1 July 1995 the definition of SMEs has been altered in accordance with the European Commission definition, i.e. SME enterprises are defined as firms with 250 employees or less.

## (d) Duration

The programme for loans and guarantees commenced in 1978, development capital in 1982 and new business loans in 1993. Duration until further notice, i.e. has not been specified.

## (e) Statistical data

*The support is granted to a variety of projects and sectors, therefore it is not possible to present statistical data permitting an assessment of trade effects.*

## (f) Legal basis

The legal provisions are laid down in the following Governmental ordinances: SFS 1994:1100 (Förordning om statlig finansiering genom regionala utvecklingsbolag) and as from 1 July 1995 SFS 1995:1196 (Förordning om statlig finansiering genom regionala utvecklingsbolag).

## (g) Rules and conditions

General rules for all forms of aid: The scheme is strictly complementary to private institutions. The scheme is intended for small firms, i.e. firms with less than 200 employees. (In practice, often under 50 employees.) The Regional Development Companies have discretion in respect of the terms of the loans, i.e. the rate of interest, duration and repayment holidays. However, the financing should be on commercial terms and aiming at a reasonable yield and risk-spread.

The lending should be on commercial terms but on a high risk level. Only firms that are profitable or have reasonable prospects to become profitable are eligible. The Companies also provide counselling. The scheme may be combined with regional support and support from NUTEK, in accordance with the state aid rules in the European Community.

Loans: High risk and slightly above market rates. Bad collateral accepted.

Development capital: High risk and bad or no collateral accepted.

Guarantees: High risk and bad collateral accepted. Guarantee fee required.

New business loans: The loan to start-ups is either a personal loan made out to the entrepreneur (injected into the company as restricted equity) or a risk-carrying (unsecured) debenture loan to the company. Maximum is 30 per cent of the amount of financing, but the limit is SKr 1 million. The loan runs for 10-15 years and is instalment-free during the first five years. The loan is interest-free for two years, with reduced interest for three years; from the sixth year market interest is paid. Repayment starts the sixth year. An opening charge of 2 per cent on granted loans is payable and is deducted when the loan is paid. Security is normally not necessary.

Supplementary loan: If a company which has been granted a loan for a new company requires further financing, a supplementary loan may be granted but only if there are good reasons for it, and if an application is received by the fund within three years of the loan for a new company being granted. Authorized applicants are private persons or companies. The applicant has to contribute with at least 10 per cent of the capital. All sorts of businesses are eligible.

### 3.2 Temporary Support to Small Companies

(a) Form of subsidy

Grants.

(b) Amount of subsidy

Net cost in SKr millions, Fiscal year 1994/95: 268

*Support is granted to a variety of projects and cannot be broken down per unit.*

(c) Policy objective

The primary objective is promotion of employment-generating investments within small companies and balance within regions.

(d) Duration

Duration originally as from 1 July 1994 to 30 June 1995. Prolonged until 31 December 1997.

(e) Statistical data

*Support is granted to a variety of projects and sectors, therefore it is not possible to present statistical data permitting an assessment of trade effects.*

(f) Legal basis

The legal provisions are laid down in Government ordinance: SFS 1994:773 (Förordning om tillfälligt småföretagsstöd).



## (g) Rules and conditions

Support is handled by the 24 County Administrative Boards (Länsstyrelse). It is available to small companies throughout Sweden, with the exception of companies within the car, steel, synthetic fibre or textile industries. Small companies are defined according to the European Commission definition as consisting of 50 employees or less and having an annual turnover of less than SKr 40 million.

Support is granted for investments estimated to create long-term employment opportunities. The prerequisites are that it does not contribute to the relocation of an activity from one county to another, nor to the reconstructing of an activity. An activity that recently has undergone such reconstruction is also excluded from receiving support.

Approved capital needed for the investment can not exceed SKr 20 million. Support can be given with at most 15 per cent of total costs as long as it does not exceed the amount of funds needed for the investment to take place.

## 4. SUPPORT FOR EMPLOYMENT AND TRAINING

Labour market support is aimed at stimulating companies and authorities to hire individuals who face particular difficulties finding work, for instance youth, disabled, refugees and immigrants and elderly. The support is generally given directly to the employer. This kind of aid is intended to give an incentive for the employers to hire an individual they would not else have hired and to compensate for costs for training and equipment.

The schemes noted below, i.e. support for vocational training, recruitment aid and trainee temporary replacements scheme, are intended for companies and are regarded to constitute a subsidy in the meaning of the WTO Agreement on Subsidies. Noted below is also a scheme aimed at improving working life conditions.

4.1 Support for Vocational Training

## (a) Form of subsidy

Regular grants for on-the-job-training.

## (b) Amount of subsidy

Net cost in SKr millions: Fiscal year 1994/1995: 343  
(Only support to the industry and trade sector are included in above figure)

*Support is granted to a variety of projects and cannot be broken down per unit.*

## (c) Policy objective

The primary objective of the scheme is to avoid disruption in the production due to lack of skilled workers, to avoid lay-off and to support workers in danger of losing their jobs.

## (d) Duration

The programme commenced in 1984. Duration until 31 December 1997.

## (e) Statistical data

*The support is granted to a variety of projects and sectors, therefore it is not possible to present statistical data permitting an assessment of trade effects.*

## (f) Legal basis

The legal provisions are laid down in the Governmental ordinance SFS 1984:518 (Förordning om bidrag till arbetsmarknadsutbildning i företag).

## (g) Rules and conditions

All firms, regardless of industry, are eligible. The aid is in the form of a grants. The state aid to individual companies covers the actual cost of the training course up to a maximum of SKr 60 per hour for a maximum of 920 hours.

4.2 Recruitment Aid

## (a) Form of subsidy

Gross wage subsidy for enterprises recruiting certain unemployed individuals.

## (b) Amount of subsidy

Net cost in SKr millions: Fiscal year 1994/1995: 2,500

*Support is granted to a variety of projects and cannot be broken down per unit.*

## (c) Policy objective

The primary objective of the scheme is to increase employment, mainly of long-term unemployed and persons with difficulties to get a job.

## (d) Duration

The programme commenced in 1984. Duration has not been specified.

## (e) Statistical data

*The support is granted to a variety of projects and sectors, therefore it is not possible to present statistical data permitting an assessment of trade effects.*

## (f) Legal basis

The legal provisions are laid down in the Governmental ordinances: SFS 1995:338 (Förordning om ändring av förordningen 1986:414 om rekryteringsstöd) and 1995:720 (Förordning om ändring i förordningen (1986:414) om rekryteringsstöd).

(g) Rules and conditions

All firms, regardless of industry, are eligible. The aid is in the form of a grant that covers maximum 65 per cent of the total wage cost of the new entrant for a certain period. The duration of the aid must not exceed six months. Immigrants and political refugees are entitled to this support for a period of maximum 12 months with maximum subsidy of 75 per cent. Recruitment support can be granted after three months continued unemployment for individuals above 24 years and after one month of unemployment for younger people. As from 1 of July 1995 the aid intensity has been altered. The new maximal grant is 50 per cent of the total wage cost or maximal SKr 7,000 per month for maximal six months. In certain cases, when elderly unemployed and unemployed with university degree are concerned, the maximal time period can be prolonged to 12 months.

4.3 The Trainee Temporary Replacement Scheme

(a) Form of subsidy

Deduction of social fees.

(b) Amount of subsidy

Net cost in SKr millions: Fiscal year 1994/1995: 300 (to private firms).

*Support is granted to a variety of projects and cannot be broken down per unit.*

(c) Policy objective

The primary objective is aid to employment in the form of deduction of social fees for on-the-job-training.

(d) Duration

The scheme commenced as from 1 July 1991. Duration has not been specified.

(e) Statistical data

*The support is granted to a variety of projects and sectors, therefore it is not possible to present statistical data permitting an assessment of trade effects.*

(f) Legal basis

The legal provisions are laid down in governmental ordinance: SFS 1993:746 (Lagen om ändring i lagen 1993:237 om tillfällig avvikelse från lagen 1981:691 om socialavgifter).

(g) Rules and conditions

Eligible costs are wage costs for the temporary employee. The employers that take on temporary employees qualify for deduction of social fees of SKr 475 per day. The deduction for training costs is maximum SKr 75 per hour of training and employee, subject to a limit of SKr 30,000 per employee. All firms regardless of sector or location

are eligible, however, the beneficiaries are mainly county councils and municipalities. About 20 per cent of the programmes budget goes to private firms. Figures reported are estimation of the private sectors share of the programmes budget. The projects supported under this scheme are excluded from receiving aid from other sources. As from 1 July 1995 the social fee deduction was altered from SKr 475 per day to SKr 500 per day.

#### 4.4 The Swedish Work Environment Fund

(As from 1 July 1995 The Swedish Council for Work Life Research)

The Swedish Work Environment Fund is financed by a special work environment levy included in the social security contributions paid by employers. The agency was established in 1972. The Fund was closed down in June 1995 and replaced with The Swedish Council for Work Life Research as from 1 July 1995. However the primary objective remains, i.e. the improvement of work conditions and quality of work.

(a) Form of subsidy

Grants.

(b) Amount of subsidy

Net cost in SKr millions: Fiscal year 1994/1995: 119 of SKr 426 millions can be directly assigned to industry.

*Support is granted to a variety of projects and cannot be broken down per unit.*

(c) Policy objective

The primary objective is improvement of work conditions and quality of work. The secondary objective is aid for R&D. The Fund supports such R&D, education and information that can counteract the emergence of industrial injury or in other ways promotes improved working environment.

(d) Duration

The agency was established in 1972. Duration has not been specified.

(e) Statistical data

*The support is granted to a variety of projects and sectors, therefore it is not possible to present statistical data permitting an assessment of trade effects.*

(f) Legal basis

The legal provisions are laid down in governmental ordinance: SFS 1991:1158 (Förordning med instruktion för Arbetsmiljöfonden).

(g) Rules and conditions

Project costs for new knowledge concerning work environment and other aspects of the conditions for work life. The support from the Fund may be combined with other

aid, however, for mainly research projects it depends on the purpose. For development projects especially concerning workplace innovations, the Fund expects external partners.

#### 4.5 Recruitment Incentive

(a) Form of subsidy

Tax concession

(b) Amount of subsidy

Net cost in SKr millions: *Calendar year 1994:* 1696

Net cost in SKr millions: *Calendar year 1995:* 661

(It is not possible to obtain exact figures for this tax concession. Above figures represent an rough estimation made by The National Tax Board)

(c) Policy objective

The primary objective is aid to employment. The aim is, in the individual case, to increase the number of employment opportunities in the trade- and industrial sector and to stimulate economic growth. Furthermore, to stimulate companies to limit the withdrawal of overtime in favour of new employment and recruiting unemployed people.

(d) Duration

The programme commenced as from 1 March 1995. Duration until 1 July 1996. The first tax concessions can be granted from 1 March 1994.

(e) Statistical data

*Support is granted to a variety of projects and cannot be broken down per unit.*

(f) Legal basis

The legal provisions are laid down in the Government Bill 1994/95:137 and in the following Governmental ordinances SFS:1995:287 (Lag om anställningsstöd) and SFS:1995:288 (Lag om ändring i lagen (1993:1503) om social avgifter).

(g) Rules and conditions

All new employment's in the private sector that take place between 1 January and 15 May 1995 are eligible for aid on the condition that the new employee has been unemployed or has participated in labour market measures at least four weeks during the period November to December 1994. The tax concession amounts to 32.86 per cent of gross yearly wages. The first concession can be granted for wage cost that occur during March 1995. The employer needs a certificate issued by the employment office to utilize the tax concession. The employment office, the local tax authorities and The Swedish National Audit Bureau supervise and control that necessary conditions are fulfilled. The tax concession is possible to combine with recruitment subsidy, in which case the total aid intensity is maximal 75 per cent of eligible costs.

## 5. EXPORT PROMOTION

### 5.1 State Supported Export Credits

(a) Form of subsidy

Interest rate subsidies and state supported export credits. These credits are handled by the Swedish Export Credit Corporation.

(b) Amount of subsidy

Net cost in SKr millions: Fiscal year 1994/1995: 148

*Support is granted to a variety of projects and cannot be broken down per unit.*

(c) Policy objective

The primary objective of the scheme is to provide long term export financing for exports of capital goods and/or services.

(d) Duration

The scheme commenced in 1978. Duration until further notice, i.e. has not been specified.

(e) Statistical data

*The support is granted to a variety of projects and sectors, therefore it is not possible to present statistical data permitting an assessment of trade effects.*

(f) Legal basis

The legal provisions are laid down in the following governmental ordinances: SFS 1989:826 (Förordning om ändring av förordningen 1981:665 om exportkreditfinansiering med statligt stöd) and SFS 1981:665 (Förordning om exportkreditfinansiering med statligt stöd).

(g) Rules and conditions

The scheme is available for exports of capital goods and/or services. The scheme is in conformity with the OECD Arrangement on Guidelines for Officially supported Credits.

The Swedish Export Credit Corporation was founded in 1962 and is owned half by the State and half by the largest Swedish commercial banks.

### 5.2 Export Credit Guarantees

The Swedish Export Credits Guarantee Board (EKN) is a government agency established in 1933 to promote Swedish exports by issuing of guarantees. EKN can cover political and/or commercial risks in connection with export transactions. Parliamentary and government guidelines have always required the EKN to aim at being self-supporting. However, the

international debt crisis of the 1980s has led to a substantial financial deficit. This deficit can only to a limited extent be influenced by measures adopted by EKN. To the extent that recoveries fall short of paying EKN's borrowing in the National Debt Office, financing must eventually be effected by the state budget. The principle that new operations are to be self-supporting has been re-affirmed. Against this background, old operations, i.e. guarantees issued before 1 July 1990, are now reported in accounts completely separated from new operations. The financial objective that the new operations should break even has prompted a thorough review of the premium system.

(a) Form of subsidy

Guarantees against political and commercial risks.

(b) Amount of subsidy

Net cost in SKr millions: Fiscal year 1994/1995: -530

(Note: The net cost is negative, due to regained guarantees.)

*Support is granted to a variety of projects and cannot be broken down per unit.*

(c) Policy objective

The primary objective is to promote in a way that promotes the long-term development of the Swedish economy.

(d) Duration

The scheme commenced in 1933. Duration until further notice, i.e. has not been specified.

(e) Statistical data

*The support is granted to a variety of projects and sectors, therefore it is not possible to present statistical data permitting an assessment of trade effects.*

(f) Legal basis

The general framework for the mandate of the EKN and its activities was established by a Government Bill to the Parliament in October 1989. The mandate of the EKN is furthermore regulated by Governmental Ordinances: SFS 1987:861, 1988:1225 and 1990:113.

(g) Rules and conditions

Export credit guarantees may be granted to exporters operating in Sweden, Swedish and foreign banks or financial institutes that are financing Swedish exports. A certain amount of non-Swedish goods may also be guaranteed by EKN if it is part of a Swedish export sale. A foreign company may also receive an EKN guarantee if it exports Swedish goods and/or services. Export credit guarantees are issued for short, medium and long-term credits. The rules of the Arrangement on Guidelines for Officially Supported Export Credits ("consensus") and the Berne Union Understanding is adhered to. The export credit guarantee activities should break even. There is no ex ante subsidy. The

companies pay a premium for the guarantee. This premium is risk based and should cover expected losses and administrative costs. The Swedish system is one of the most stringent when it comes to the demand for break even and for risk based premiums.

### 5.3 General Export Promotion

(a) Form of subsidy

The financial support of the government is directed to the Swedish Trade Council, which is a semi-public organisation, which mainly provides information and advice to Swedish companies, mainly SMEs. The Council also initiates and implements various collective export promotion activities like exhibitions and sales missions. During the fiscal year 1994/1995 The Trade Council has not financed exhibitions or projects. The companies finance such activities on their own.

(b) Amount of subsidy

Net cost in SKr millions: Fiscal year 1994/1995: 2

*Support is granted to a variety of projects and cannot be broken down per unit.*

(c) Policy objective

The primary objective is to support export and internationalization of Swedish companies in a way that promotes the long-term development of the Swedish economy.

(d) Duration

The scheme commenced in 1972. Duration has not been specified.

(e) Statistical data

*The support is granted to a variety of projects and sectors, therefore it is not possible to present statistical data permitting an assessment of trade effects.*

(f) Legal basis

Agreement between the government and the General Swedish Export Association. The existing agreement is from 1992. Government Bill 1991/1992:108.

(g) Rules and conditions

The services of the Trade Council are available for all Swedish firms regardless of industry and to the export of services as well as goods. A number of companies choose to pay a fee that gives them a discount on certain services. Small and medium-sized firms are given priority.

Support is given in the form of:

- Information on matters regarding foreign trade and foreign markets.



- Export promotion activities, partly financed by government funds, e.g. exhibitions, market surveys, and missions abroad.

The activities of the Trade Council are partly financed by the government, partly by the companies subscribing to its services. Government funds are used to finance most of the information services and a smaller part of the export promotion activities.

The total turnover of the Swedish Trade Council was around SKr 422 million in the fiscal year 1993/94. Out of this amount around SKr 177 million was funded by the government and the rest by individual companies, through fees to the Trade Council or by payment for specific export activities.

## 6. REGIONAL AID TO ENTERPRISES

Regional aid to enterprises in Sweden is granted within the framework of seven main schemes: Localization grants, localization loans, development grants, loans to regional investment companies, employment grants, reduced social security contributions and transport aid. A limited aid to small enterprises can also be awarded according to a scheme of support to very sparsely populated areas. The main goal of Swedish regional policy is to promote sustainable growth, justice, freedom of choice and a good environment, so that equal living conditions are created for the citizens in whatever part of the country they live. Because of the special conditions of living in large parts of Sweden an active regional policy has for many years been of major importance for these regions.

### 6.1 Localization Grants

#### (a) Form of subsidy

Grants, which can be reclaimed if the objectives, especially the purpose of creating new jobs, are not fulfilled.

#### (b) Amount of subsidy

Net cost in SKr millions: Fiscal year 1994/1995: 159

*Support is granted to a variety of sectors and recipients and cannot be broken down per unit.*

#### (c) Policy objective

The primary objective is regional aid in designated areas. The secondary objective is aid to SMEs and aid to employment in designated areas. The main objective of the scheme is to promote development of industry and to create new employment in the designated areas. Localization grants can be awarded in connection with investments in buildings, machinery, etc. The awarding of a grant for these objectives has many reasons. As for example: The cost of building is higher in the designated areas because of climatic reasons, transport costs, etc. It is more difficult to finance these investments on the regular credit market because of their low alternative value.

#### (d) Duration

The programme commenced as from 1 July 1990. Duration formally decided for every new fiscal year.

(e) Statistical data

*The support is granted to a variety of projects and sectors, therefore it is not possible to present statistical data permitting an assessment of trade effects.*

(f) Legal basis

The legal provisions are laid down in the Governmental Ordinance (Förordningen om regionalpolitiskt företagsstöd): SFS 1990:642.

(g) Rules and conditions

Natural or juridical persons operating in Sweden and public authorities working with viability in certain competitive sectors on market conditions are eligible. (In certain cases aid can also be granted to non-profit associations.) The firm must be profitable and the firm must, as a rule, increase employment. In order to promote equality between men and women there is also a rule that at least 40 per cent of the new jobs created in each project shall be reserved for each sex. The total grant element may not exceed the maximal aid intensity in each designated area.

The nature of assisted projects can be investments in buildings and machinery, etc. The form of the aid is a grant, which can be reclaimed if the objectives, especially the purpose of creating new jobs, are not fulfilled.

The grant is awarded discretionary according to the calculated need for each individual project, the size of the investments, the number of new jobs, etc. Maximal intensity is 35 per cent of eligible investment costs in aid area 1 and 20 per cent in aid area 2 and structural aid areas. In some cases the maximal intensity is lower and in exceptional cases it can be higher, maximum 50 per cent (government decision). As from 1 July 1995 the maximal grant is 40 per cent of eligible investment for small and medium sized companies, i.e. with maximal 250 employees, in regional aid area 1.

The main rule is that the grant is taxable as an income to the recipient. The general level for corporate income taxes is about 30 per cent flat rate. In some cases the taxation is based on lower depreciation. In Sweden, the value of buildings may depreciate at rates varying from 2 to 5 per cent per annum, depending on the type of the building. Machinery is normally depreciated during a 5 year period. The grant can be awarded either by the Government, The Industrial and Technical Development Board or the County Administrative Boards.

## 6.2 Localization Loans

(a) Form of subsidy

Loans that can be reclaimed immediately if the objectives, especially the purpose of creating new jobs, are not fulfilled.

(b) Amount of subsidy

Net cost in SKr millions: Fiscal year 1994/1995: 47

*Support is granted to a variety of sectors and recipients and cannot be broken down per unit.*

(c) Policy objective

The primary objective is regional aid in designated areas. The secondary objective is aid to SMEs and aid to employment in designated areas. The main objective of the scheme is to promote development of industry and to create new employment in the designated areas. In these areas the credit market is less developed compared with other parts of Sweden. This is mainly due to the low alternative value of the fixed assets. Localization loans can be awarded in connection with investments in buildings, machinery, etc.

(d) Duration

The programme commenced in 1992. Duration formally decided for every new fiscal year.

(e) Statistical data

*The support is granted to a variety of projects and sectors, therefore it is not possible to present statistical data permitting an assessment of trade effects.*

(f) Legal basis

The legal provisions are laid down in the Governmental Ordinance (Förordningen om regionalpolitiskt företagsstöd): SFS 1990:642.

(g) Rules and conditions

Natural or juridical persons operating in Sweden and public authorities working with viability in competitive sectors on market conditions are eligible. Loans can also be granted to non-profit associations. The loan is granted discretionary and limited to an amount actually needed. The firm must be profitable and the firm must, as a rule, increase employment. At least 40 per cent of the new jobs created in each project must be reserved for each sex. Loans at market conditions, no subsidy, risk-sharing. The interest rate of the loan is the Swedish discount rate plus 4.25 percentage points. The state financing, grant and loans, may not exceed 70 per cent in aid area 1 and 50 per cent in aid area 2 and structural aid areas.

### 6.3 Development Grants

(a) Form of subsidy

Grants and conditional loans, which can be reclaimed if the objectives are not fulfilled.

(b) Amount of subsidy

Net cost in SKr millions: Fiscal year 1994/1995:

(The figures for these grants are included in localization grants, 6.1.)

*Support is granted to a variety of sectors and recipients and cannot be broken down per unit.*

(c) Policy objective

The primary objective is regional aid in designated areas. The secondary objective is aid to SMEs and aid to R&D in designated areas. The main objective of the scheme is to create new jobs in small firms by stimulating intangible investments.

(d) Duration

The programme commenced as from 1 July 1990. Duration formally decided for every new fiscal year.

(e) Statistical data

*The support is granted to a variety of projects and sectors, therefore it is not possible to present statistical data permitting an assessment of trade effects.*

(f) Legal basis

The legal provisions are laid down in the Governmental Ordinance (Förordningen om regionalpolitiskt företagsstöd): SFS 1990:642.

(g) Rules and conditions

Natural or juridical persons operating in Sweden and public authorities adjusted to conditions on the market. In some cases aid can also be granted to non-profit making associations.

The nature of the assisted projects can be investments in patent, licences, marketing activities, development of new products, education, etc. The grant is awarded discretionary according to the calculated need in each individual case, the size of the investments etc. The firm must be profitable. Account should be taken to if the development measures promote an increase in employment. At least 40 per cent of the new jobs created in each project must be reserved for each sex. Maximal aid intensity is 50 per cent of the investment costs. Maximal amount is SKr 500,000. In special cases concerning service companies the amount can be higher and the grant awarded without direct link to hard investments. Development grants may be combined with other forms of state grants on condition that the sum of the grants does not exceed the maximal intensity for development grants. As from 1 July 1996 the maximal grant is 40 per cent for small and medium-sized companies, i.e. companies with maximal 250 employees, in regional aid area 1.

#### 6.4 Loans to Regional Investment Companies

(a) Form of subsidy

Loans. During the first years the interest rate may be lower than market rates, provided that the state e.g. receives a share of the value added in the company after about ten years.

## (b) Amount of subsidy

Total amount of granted loans in SKr millions: Fiscal year 1994/1995: 0

*Support is granted to a variety of sectors and recipients and cannot be broken down per unit.*

## (c) Policy objective

The primary objective is regional aid to designated areas. The secondary objective is aid to SMEs in designated areas. The main objective is to create new employment by stimulating private capital to engage in certain businesses in the aid areas. The objective is also to take advantage of management knowledge in order to promote the expansion of small businesses.

## (d) Duration

The programme commenced as from 1 July 1982. Duration formally decided for every new fiscal year.

## (e) Statistical data

*The support is granted to a variety of projects and sectors, therefore it is not possible to present statistical data permitting an assessment of trade effects.*

## (f) Legal basis

The legal provisions are laid down in the Governmental Ordinance (Förordningen om regionalpolitiskt företagsstöd): SFS 1990:642.

## (g) Rules and conditions

Eligible are privately Swedish or foreign owned regional investment companies, working with viability in competitive sectors on market conditions. Loans to regional investment companies can only be awarded by the Government. The size of the loan is related to the capital raised by the share holders. The regional loan usually amounts to twice the size of the share capital. There is no other aid to investment companies. Decisions on loans to regional investment companies are made by the government. During the fiscal year 1994/1995 no such decisions have made.

6.5 Employment Grants

## (a) Form of subsidy

Grants.

## (b) Amount of subsidy

Net cost in SKr millions: Fiscal year 1994/1995: 199

*Support is granted to a variety of sectors and recipients and cannot be broken down per unit.*

(c) Policy objective

The primary objective is regional aid to designated areas. The secondary objective is aid to SMEs and employment in designated areas. The scheme is aimed at creation of new employment by reducing the extra costs during the first years when taking on additional labour.

(d) Duration

The programme commenced as from 1 July 1990. Duration formally decided for every new fiscal year.

(e) Statistical data

*The support is granted to a variety of sectors and recipients, therefore it is not possible to present statistical data permitting an assessment of trade effects.*

(f) Legal basis

The legal provisions are laid down in the Governmental Ordinance (Förordningen om regionalpolitiskt företagsstöd): SFS 1990:642.

(g) Rules and conditions

Natural or juridical persons operating in Sweden and public authorities working with viability in competitive sectors on market conditions are eligible. In some cases aid can also be granted to non-profit making associations. There is a requirement that at least 40 per cent of the new jobs created shall be reserved for each sex. Minor employment grants are awarded automatically after application if all conditions are fulfilled. If the number of additional years of work is exceeding ten, the applications are examined from the company's economic point of view.

The nature of assisted projects is costs related to additional labour taken on.

The aid intensity in regional aid area 1: A total sum of SKr 200,000 per additional year of work allocated according to a uniform scheme during a five year period.

The aid intensity in regional aid area 2: A total sum of SKr 120,000 per additional year of work allocated according to a uniform scheme during a five year period.

The allocation is described in the following table:

Year	Aid area 1	Aid area 2
1	60,000	40,000
2	50,000	30,000
3	40,000	25,000
4	30,000	15,000
5	20,000	10,000
Total	200,000	120,000

#### 6.6 Reduced Social Security Contributions

(a) Form of subsidy

Tax concessions in the form of reduced social security contributions.

(b) Amount of subsidy

Net cost in SKr millions: Fiscal year 1994/1995: 500

(According to the budget proposal the figure for the fiscal year 1994/1995 is SKr 500 million, the actual figures may differ slightly. At this time the actual figures are not available).

*Support is granted to a variety of sectors and recipients and cannot be broken down per unit.*

(c) Policy objective

The primary objective is regional aid to designated areas. The secondary objective is aid to SMEs and employment in designated areas. The main objective is to create new employment and to maintain employment in certain sectors in the most disadvantaged areas by reducing the cost of labour. An overall aim is to compensate for additional costs due to permanent geographical disadvantages in the form of long distances, low population density and remote location.

(d) Duration

In aid area 1 and 2 the duration is until and including the year 2000. In the rest of the Norrbotten county the duration is until and including the year 1995.

(e) Statistical data

*The support is granted to a variety of sectors and recipients, therefore it is not possible to present statistical data permitting an assessment of trade effects.*

## (f) Legal basis

The legal provisions are laid down in the Act (Lag om nedsättning av socialavgifter och allmän löneavgift) SFS 1990:912 and the Governmental Ordinance (Förordning om nedsättning av socialavgifter och allmän löneavgift): SFS 1990:983.

## (g) Rules and conditions

In aid area 1 and parts of aid area 2 the reduction is ten percentage points. In those parts of the northernmost county of Norrbotten which are not included in aid area 1 the reduction is five percentage points.

The social security contributions are reduced for employers engaged in the following sectors in aid area 1: mining and quarrying (except iron, ore and mining), manufacturing (except pulp, paper, iron, steel and ferro-alloys), wholesaling of manufacturing goods, hotels and restaurants and service activities. In aid area 2 the reduction is only available in the most sparsely populated areas. In these parts e.g. agricultural and forestry activities and certain private business services are eligible. These activities are very important for women's employment. In the vast majority of cases the aid is awarded automatically. Reduced social security contributions may be combined with employment grants.

6.7 Transport Aid

## (a) Form of subsidy

Grants.

## (b) Amount of subsidy

Net cost in SKr millions: Fiscal year 1994/1995: 341

Support is granted to a variety of sectors and recipients and cannot be broken down per unit.

## (c) Policy objective

The primary objective is regional aid to designated areas. The secondary objective is aid to SMEs and aid to partly compensate for high transport costs due to long distances to the main markets. It is important to create new employment and to maintain employment in those areas in Sweden where the cost of transport is considerably higher than in the rest of the country. Hereby these companies are put on more equal footing when competing with companies situated closer to the large markets.

## (d) Duration

The scheme commenced in 1971. Duration formally decided for every new fiscal year.



(e) Statistical data

*The support is granted to a variety of sectors and recipients, therefore it is not possible to present statistical data permitting an assessment of trade effects.*

(f) Legal basis

The legal provisions are laid down in the Governmental Ordinance: SFS 1980:803 (Förordningen om regionalpolitiskt transportstöd).

(g) Rules and conditions

Eligible are Swedish natural or juridical persons, foreign company branches in Sweden or foreign natural persons living in Sweden.

The assisted projects: actually paid domestic transport costs from the regional aid area for goods that have been produced or manufactured (processed) in this area (except for certain products like pulp, paper, metals, certain steel products and iron ore), transport costs for raw materials that shall be processed in the transport aid area are also eligible. However, in principle, materials from outside the aid area that are also produced in the aid area are not eligible. The goods transported must be highly processed in order to be eligible. The grant is awarded automatically after application if all the conditions are fulfilled. As from 1 July 1995 transport aid was terminated in 12 counties outside the regional aid areas approved by ESA, i.e. outside areas with population density above 12.5 inhabitants per square kilometres.

The regional aid area for transport is divided into five zones. The percentages of the transport costs that are covered appear in the following table:

Distance in kilometres	Transport aid Zone 1	Transport aid Zone 2	Transport aid Zone 3	Transport aid Zone 4	Transport aid Zone 5
251-400	10%	10%	10%	10%	10%
401-700	10%	20%	30%	35%	35%
701-	10%	20%	30%	35%	50%

## 6.8 The Fund for Northern Sweden

The Fund has been operating with two different types of activities:

- loans, including guarantees and conditional loans given primarily to small and medium sized companies within the industrial and service sector.
- guarantees and project support given to institutions or projects and research of infrastructural character (for example, research activities at universities and collage, foundations of research bodies outside the university sphere). As from 1994 the Fund has primarily concentrated on loan operations.

(a) Form of subsidy

Mainly loans at market conditions. No subsidies, risk-sharing. Conditional loans, guarantees, grants and project support.

(b) Amount of subsidy

Net cost in SKr millions: Fiscal year 1994/1995: 60

*Support is granted to a variety of projects and recipients and cannot be broken down per unit.*

(c) Policy objective

The primary objective is regional aid to designated areas. The secondary objective is aid to SMEs and R&D. The aim of the fund is to promote development mainly of SMEs, at present, in the four northernmost counties.

(d) Duration

The scheme commenced in 1961. Duration has not been specified.

(e) Statistical data

*The support is granted to a variety of projects and sectors, therefore it is not possible to present statistical data permitting an assessment of trade effects.*

(f) Legal basis

Government Decision 1961, revised in 1987 and Government Bill 1993/94:140.

(g) Rules and conditions

Expenditure eligible for aid is product development, marketing, fixed assets and working capital. If loans from The Fund Northern Sweden are combined with localization aid, the State financing may only amount to 70 per cent of investment costs in aid area 1 and 50 per cent in aid area 2 and structural aid areas. The government can decide that these levels may be exceeded if there is a special priority.

6.9 Programme for Industrial Development in Regions of Regional Policy Priority

(a) Form of subsidy

Grants.

(b) Amount of subsidy

Net cost in SKr millions, Fiscal year 1994/95: 0.1  
(SKr 2 million where granted the fiscal year 1994/1995, but only SKr 0.1 where actually paid out).

*Support is granted to a variety of projects and cannot be broken down per unit.*

## (c) Policy objective

The primary objective of the programme is regional aid in designated areas. The aim is to improve companies own ability to develop through knowledge-raising programmes. Secondary objective is aid for R&D activities.

## (d) Duration

Programme started as from 1 August 1994. Duration until 31 December 1999.

## (e) Statistical data

*Support is granted to a variety of projects and sectors, therefore it is not possible to present statistical data permitting an assessment of trade effects.*

## (f) Legal basis

The legal provisions are laid down in Government decision no. 7 from 10 February 1994.

## (g) Rules and conditions

Support is allocated by NUTEK to 22 consortiums (programmes). These programmes have been selected from submitted proposals, according to criteria such as relevance to industry and connection to external sources of knowledge (size and quality of network).

The consortiums include around 200 companies and a number of research institutes or universities. These are working together to raise the level of knowledge in companies. No financial resources are directed to an individual company, but to the consortiums as collective bodies. Support to each consortium can amount to 37.5 per cent of total programme costs at most.

Costs eligible for aid include personnel, materials and supplies related to R&D. Instruments and equipment costs are only to a limited extent supported.

7. OTHER FORMS OF SUBSIDIES7.1 State Subsidy for Civil Emergency Preparedness Supply

## (a) Form of subsidy

Grants.

## (b) Amount of subsidy

Net cost in SKr millions: Fiscal year 1994/1995: 2

*Support is granted to a variety of projects and cannot be broken down per unit.*

(c) Policy objective

Primary objective is mainly to prepare for the supply of goods for the mobilization of the armed forces.

(d) Duration

The programme will be terminated in May 1996.

(e) Statistical data

*The support is granted to a variety of projects and sectors, therefore it is not possible to present statistical data permitting an assessment of trade effects.*

(f) Legal basis

The legal provisions are laid down in the Governmental Ordinances: SFS 1984:1129 (Förordningen om försörjningsberedskapsstöd) and 1992:1114.

(g) Rules and conditions

Government agencies, County councils and Municipalities, and firms owned by them, are eligible to Civil Emergency Preparedness grants for acquisition of textiles and ready-made garments, shoes, leather, skin and furs. A precondition is that the acquisition must not break the rules of competition within the EEA. Civil Emergency Preparedness support is granted to that amount which constitutes the difference between the costs for the most favourable acquisition in Sweden and the most favourable acquisition outside the European Economic Area. The support can however only be granted, if the difference is less than SKr 200,000 or less than 20 per cent of the acquisition value of the foreign offer.

## APPENDIX

### The net cost method

The objective of the net cost to government (NCG) method is to obtain a consistent measure of government aid, where support from various instruments, i.e. grants, loans, guarantees, equity injections and tax concessions, is added together. The NCG-method is used in the EFTA annual surveys of industrial aid and by OECD in its project "Public support to industry".

Net costs are calculated as follows:

<u>Grants:</u>	Actual amounts paid out minus repayments and royalties if any.
<u>Guarantees:</u>	Claims paid minus fees received and recoveries.
<u>Loans:</u>	Estimated capital cost based on the difference between the government borrowing rate and actual interest payments received.
<u>Equity capital:</u>	Estimated capital cost based on the government borrowing rate and dividends received.
<u>Tax concessions:</u>	Estimates of revenue forgone.

It should be noted that the net cost does not correspond to the actual transfer of funds from the government to the firms in any given year, i.e. the expenditure as reported in the government budget. Instead the purpose is to indicate the net cost to government of support to industry. Since imputed capital costs on previous loans and equity injections are included, the net cost figures to a certain extent reflect past policies. The NCG-method is not a direct guide to determine the extent of distortion of competition nor to approximate the ultimate benefit to industry. However, the NCG is a useful guide to the evolution and the structure of government support over time.

ANNEX 2

Subsidies to Swedish Agriculture  
1993/94

Notification Under Article 25 of the WTO Subsidies Agreement

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## 1. INTRODUCTION

This notification covers direct subsidies and payments to the agricultural sector in fiscal year 1994/95. The figures are presented irrespective of whether or not they should be regarded as subsidies notifiable under Article 25 of the WTO Subsidies Agreement. Costs for general agricultural education and information activities are not included in this notification. The description of the various schemes follows the outline suggested by WTO. However, estimates of the effects of aid, e.g. on trade, are not available. Instead some general information about production, consumption and trade is presented in Annex I.

A new food policy was introduced in Sweden as from 1 July 1991. The guidelines for the policy were laid down by a parliamentary decision in 1990. The decision resulted in a radical shift in the policy. Due to the Swedish application for membership of the EU some amendments were made in order to facilitate an immediate integration into the common Agricultural Policy on 1 January 1995.

The food policy in the period 1 July 1991 - 31 December 1994 was based on the principle that the agricultural sector should be subject to the same conditions as other sectors of the economy. The farmers should only be paid for goods and services for which there was a demand. This implied a dismantling of internal market regulations, including storage support and to a great extent export subsidies. Continued border protection in form of import levies ensured that a price support was maintained for the production for which there was a demand on the internal market. It was however decided that a revision of the border protection was pending the outcome of the ongoing GATT-negotiations (the Uruguay Round).

The reform of the agricultural policy started on 1 July 1991 and was scheduled to be completed after a five year period of adjustment of production and transition to a deregulated market.

The importance of agriculture in the northern parts of Sweden, in terms of Swedish regional and security policy, justified additional support to this part of the country (regional support).

During the transitional period farmers were stimulated by direct payments to plant alternative crops, energy crops and forest but also for conversion of arable land and for reconstruction of wetlands. Substantial investments were also made in educational and advisory schemes. The reform necessitated considerable adjustments, not only as regards production, but also in the farmer's entrepreneurial role.

Due to the GATT/UR midterm agreement direct payments to farmers were introduced in 1989 instead of increases in support prices. These direct payments were decided just to be temporary. In 1994/95 temporary direct payments were granted to the animal sector as well as to the crop sector. These payments are more decoupled than support via the producer prices. Also part of the regional support to the northern parts of Sweden was paid on the same basis as the temporary direct payments.

The regulation for agricultural products in 1994/95 was until 1994-12-31 based on the Law Regarding Levies on Certain Agricultural Products (SFS 1990:615). On 1995-01-01 Sweden became a member of the European Community. The previous national legislation in this field was replaced by corresponding EU regulations in the framework of the Common Agricultural Policy. The Swedish Board of Agriculture was and still is the central administrative authority for matters concerning the regulation in the agricultural sector.



## 2. INCOME AND PRICE SUPPORT

### 2.1 Temporary direct payments

(a) Form of subsidy

Grants

(b) Amount of subsidy

SKr 1,450 million 1994/95

(c) Policy objective

Due to the GATT/UR midterm agreement direct payments to farmers were introduced in 1989 instead of increases in support prices.

(d) Duration

The programme commenced in 1989. Duration until 31 December 1994.

(e) Statistical data

Estimates of the effects on trade are not available. General information about trade see Annex I.

(f) Legal basis

The temporary payments are based on Governmental ordinances SFS 1989:896 and SFS 1993:298

(g) Rules and conditions

The temporary direct payments were based on livestock units or crop area in a base year. In the animal sector standard payment per animal unit were applied. The acreage support differed between different production regions since it was based on historical yields in the production regions. In the table below total amounts of payments and payments per units are shown. The Swedish Board of Agriculture was the Governmental agency responsible for the administration of the temporary direct payments.

	Total (SKr million)	Payment per unit
Milk production	0	
Beef and veal production	89	SKr 78/youngstock
Suckler cows	83	SKr 500/suckler cow
Sheep and lambmeat production	9	SKr 45/lamb
Acreage support	1,269	Average SKr 900/ha
Total	1,450	

2.2 Conversion grants

(a) Form of subsidy

Grants/Conditional loans

(b) Amount of subsidy

Due to repayments from farmers leaving the programme the net cost in fiscal year 1994/95 was SKr 13 million.

(c) Policy objective

The intention of the conversion grants was to facilitate the conversion of area previous used for surplus production of grains to non-agricultural production.

(d) Duration

The programme commenced as from 1 July 1991 and enrolment in the programme was possible up to 1 July 1994.

(e) Statistical data

Estimates of the effects on trade are not available.

(f) Legal basis

Governmental Ordinance SFS 1990:941

(g) Rules and conditions

Within the programme grants were paid to the farmer as a lump sum on a regionally differentiated hectare basis. Grants were differentiated according to which year the land was enrolled in the system. The grants were paid as a conditional loan and were to be repaid if by end of the transition period the farmer had failed to convert the land to other uses than production of formerly price regulated commodities. All land that previously was used for price regulated crops and for set aside under the scheme Omställning 90 was eligible for the programme. The Swedish Board of Agriculture was the Governmental agency responsible for the administration of the programme.

2.3 Regional headage support

(a) Form of subsidy

Grants

(b) Amount of subsidy

Fiscal year 1994/95: SKr 325 million.

(c) Policy objective

The importance of agriculture in the north of Sweden in terms of regional and security policy justifies special support to this part of the country. The support should be closely related to the profitability trends and should give farms in the north of Sweden incomes comparable with farms in other parts of the country.

(d) Duration

The programme was revised as from 1 July 1995 as a consequence of the Swedish membership of the EU.

(e) Statistical data

Estimates of the effects on trade are not available. General information about trade see Annex 1.

(f) Legal basis

Governmental Ordinance SFS 1989:896

(g) Rules and conditions

Part of the regional support to northern parts of Sweden was based on livestock units in a base year. The amount of support differed between different areas of the northern region. In 1994/95 this type of headage support was paid to milk, beef and veal, suckler cows, pigmeat, sheep and lamb meat and egg production. Total and unit amounts in different districts are shown in tables below. Concerning the division into different districts for regional support see Annex II.

Milk production	Total (SKr million)	Payment per milkcow (SKr)
District 1	31.0	3,557
District 2a	103.7	3,107
District 2b	57.6	2,977
District 3	34.5	2,397
District 4	15.5	554
Total	242.3	

Beef and veal production	Total (SKr million)	Payment per youngstock (SKr)
District 1	7.8	551
District 2	46.5	516
District 3	9.2	321
District 4	5.1	96
Total	68.6	
Suckler cow (beef and veal production)	Total (SKr million)	Payment per youngstock (SKr)
District 1	0.3	550
District 2a	1.0	450
District 2b	0.8	450
District 3	0.8	350
District 4	0.9	150
Total	3.8	
Pigmeat production	Total (SKr million)	Payment per slaughterpig (SKr)
District 1	..	44
District 2	..	39
District 3	..	34
District 4	..	10
Total	5.5	
Sheep and lambmeat production	Total (SKr million)	Payment per lamb (SKr)
District 1	0.3	84
District 2	1.2	79
District 3	0.3	49
District 4	0.2	15
Total	2.0	
Egg production	Total (SKr million)	Payment per laying hen (SKr)
District 1	-	13.25
District 3 and 4	-	4.70
Total	2.9	

2.4 Regional price additions

(a) Form of subsidy

Grants

(b) Amount of subsidy

Fiscal year 1994/95: SKr 631 million.

(c) Policy objective

The importance of agriculture in the north of Sweden in terms of regional and security policy justifies special support to this part of the country. The support should be closely related to the profitability trends and should give farms in the north of Sweden incomes comparable with farms in other parts of the country.

(d) Duration

The programme was revised in 1995 as a consequence of the Swedish membership of the EU. Price additions were abolished in July 1995 except for milk and eggs.

(e) Statistical data

Estimates of effects on trade are not available.

(f) Legal basis

Governmental ordinance SFS 1985:672.

(g) Rules and conditions

A part of the regional support to northern parts of Sweden was given as price additions in order to compensate i.a. for higher production and transportation costs in the north parts of Sweden. The amount of support differed between different areas of the northern region. This type of support was in 1994/95 paid to milk, beef and veal, pigmeat, sheep and lamb meat and egg production. The Swedish Board of Agriculture was responsible for disbursing the aid.

Milk production: A regional support was given as price additions and cost compensation per litre milk, varying between different geographical locations. In 1994/95 the total amount of price additions was SKr 428 million (0.24-1.10 SKr/kg milk). At the same fiscal year SKr 45 million was paid as compensation for higher transportation costs (0.09-1.05 SKr/kg milk).

Beef and veal production: A regional support was given as price additions and cost compensation per kilo meat, varying between different geographical locations. In 1994/95 the total amount of price additions was SKr 97 Million (1.20-8.35 SKr/kg meat). At the same fiscal year SKr 21 million was paid as compensation for higher transportation costs. This amount was compensation to all types of meat.

Pigmeat production: A regional support was given as price additions per kilo meat, varying between different geographical locations. In 1994/95 the total amount of price additions was SKr 14 Million (0-2.05 SKr/kg meat).

Sheep and lamb meat production: A regional support was given as price additions per kilo meat, varying between different geographical locations. In 1994/95 the total amount of price additions was SKr 4 million (1.20-8.35 SKr/kg meat).

Egg production: A regional support was given as compensation for higher transportation costs. Total amount in 1994/95 was SKr 2 million.

## 2.5 Support to potato-cultivation in the north of Sweden

### (a) Form of subsidy

Grants per hectare

### (b) Amount of subsidy

Fiscal year 1994/95 SKr 8 million.

### (c) Policy objective

The importance of agriculture in the north of Sweden in terms of regional and security policy justifies special support to this part of the country. The support should be closely related to the profitability trends and should give farms in the north of Sweden incomes comparable with farms in other parts of the country.

### (d) Duration

The programme was revised in 1995 as a consequence of the Swedish membership of the EU. One part of the grant is now included in the EU support system.

### (e) Statistical data

Estimates of effects on trade are not available.

### (f) Legal basis

Governmental Ordinance SFS 1985:672.

### (g) Rules and conditions

Holdings with potato cultivation in certain regions in the north of Sweden (counties of Norrbotten, Västerbotten, Jämtland, Västernorrland and Gävleborg) received support. Aid was only given to holdings with more than 3 hectares cultivated farmland and of which at least 0.5 hectare had a potato-cultivation. Amount of aid depended on region, from SKr 2,532 per hectare to SKr 4,272 hectare. The Swedish Board of Agriculture was responsible for disbursing the aid.

2.6 Price support to the reindeer sector

(a) Form of subsidy

Grants

(b) Amount of subsidy

Fiscal year 1994/95 SKr 29 million.

(c) Policy objective

Reindeer husbandry is an integrated part of Sami culture. Without adequate support the reindeer husbandry sector will be seriously threatened with grave consequences for the Sami people.

(d) Duration

Duration unlimited

(e) Statistical data

Estimates of effects on trade are not available.

(f) Legal basis

Governmental Ordinance SFS 1986:255.

(g) Rules and conditions

The price support is based on the slaughtered weight of the reindeer. In 1994/95 the support was SKr 11 per kilo for reindeer older than one year and SKr 17 per kilo for calves. An amount of SKr 0.5 per kilo was earmarked for marketing of reindeer meat. The support is paid to reindeer owners. The Swedish Board of Agriculture is responsible for disbursing the support.

2.7 Price support to clover and grass seed

(a) Form of subsidy

Grants

(b) Amount of subsidy

Fiscal year 1994/95 SKr 9.6 million.

(c) Policy objective

The objective is to support the domestic production of clover and grass seed.

(d) Duration

Duration until and including harvest 1994.

(e) Statistical data

Estimates of the effects on trade are not available.

(f) Legal basis

Governmental Ordinance SFS 1990:941.

(g) Rules and conditions

There is no form of border protection for clover and grass seed in Sweden. Support to domestic production of this type of seed is given in the form of an area based support and a fixed price support per kilogram of sealed seed. The support is paid to the farmers. In fiscal year 1994/95 acreage support varied between 0 and 1,200 SKr/ha depending of variety. Total amount of acreage support was SKr 1.8 million. The price support varied between 0.00 and 5.40 SKr/kg with a total amount of SKr 7.8 million.

2.8 Support to sugar production on the island of Gotland

(a) Form of subsidy

Grants

(b) Amount of subsidy

Fiscal year 1994/95 SKr 12.5 million

(c) Policy objective

The objective of the support is to compensate for costs at the sugar factory located on the island of Gotland.

(d) Duration

The support in this form will last longest to the end of the 1995 beet season.

(e) Statistical data

Estimates of the effects on trade are not available.

(f) Legal basis

Governmental Decision.



(g) Rules and conditions

According to a parliamentary decision support shall be granted to the sugar factory on the island of Gotland during a transitional period. The support shall compensate for extra costs at the sugar factory.

3. EXPORT PROMOTION

3.1 Temporary export subsidies

(a) Form of subsidy

Grants

(b) Amount of subsidy 1994/95

Product	SKr/kg.	Total SKr million
Wheat	0.39	1.0
Barley	0.66	3.3
Oats	0.63	29.4
Rye	0	0
Rapeseed	0	0
Beef	14.00	14.1
Pigmeat	10.00	40.3
Peas	0.30	6.8
Processed products		355.8
Total		450.7

(c) Policy objective

Export subsidies were abolished for most products as an effect of the food policy reform. For grains, oilseeds, pigmeat beef meat and peas export subsidies were maintained during a transition period to ease the transition to the conditions of a deregulated market. The price compensation system for processed products was maintained pending negotiations between EFTA and EC regarding a new compensation system.

(d) Duration

Duration until 31 December 1994.

(e) Statistical data

Estimates of the effects on trade are not available. General information about trade see Annex 1.

(f) Legal basis

The export subsidies are based on Governmental Ordinances SFS 1991:133 abrogated as of 1 January 1995 and SFS 1990:941.

(g) Rules and conditions

When parliament decided to reform the agricultural policy it also was decided that the redemption-systems for grains and oilseeds should be kept during a transitional period. If world market prices for these products were lower than domestic prices the difference should be levelled out when the products were exported. The equalisation was handled by the Swedish Board of Agriculture and was financed by milling fees, budgetary means etc. For beef and pigmeat a sum of SKr 550 million was allocated to a temporary export financing system for the period 1 July 1991 - 31 December 1994. For peas export subsidies were paid during the transitional period. For 1994/95 support was maximized to SKr 10 million and to 0.30 SKr/kg. The price compensation system (RÅK) for processed products covers products of second and higher transformation which often are a mixture of two or more agricultural products. The aim of the system is to compensate domestic producers of processed agricultural products for the difference between domestic prices and world market prices for agricultural raw materials used in the production. The compensation to exported products is calculated on basis of the quantities of agricultural raw materials actually used in the production of the products exported. All these systems were handled by the Swedish Board of Agriculture.

3.2 Special support to export of processed food products

(a) Form of subsidy

Grants

(b) Amount of subsidy 1994/95

Product	SKr/kg.	Total SKr million
Rapeseed oil	0.80	0.4
Cheese	5.29	36.9
Milk products	1.29	1.8
Poultry meat	3.18	2.0
Pork	6.24	1.4
Malt	0.20	1.3
Starch	1.50	6.5
Total		50.3

(c) Policy objective

The objective is to temporary increase the possibilities to export processed food products with a long term profitability.

(d) Duration

The programme commenced as from 1 July 1993. Duration until 31 December 1994.

(e) Statistical data

Estimates of the effect on trade are not available. General information about trade see Annex 1.

(f) Legal basis

The system was based on Governmental Ordinances SFS 1991:133. Abrogated as of 1 January 1995.

(g) Rules and conditions

In view of the Swedish application for membership of the EC the special system for export support directed to certain processed food was introduced in 1993. The support was limited to a sum of SKr 150 million for the period 1 July 1993-31 December 1994.

3.3 Export promotion for highly processed products

(a) Form of subsidy

Grants

(b) Amount of subsidy

In 1992 SKr 60 million was assigned as a lump sum for a four year period. In 1994/95 the fund received an addition of SKr 1 million earmarked for promotion of horticultural products.

(c) Policy objective

The primary objective is to promote an international marketing of processed food products.

(d) Duration

The support was commenced in 1992 and scheduled for a four year period.

(e) Statistical data

The support is granted to a variety of projects, and estimates of the effects on trade are not available.

(f) Legal basis

Decision by the Government.

(g) Rules and conditions

"Styrgruppen för livsmedellexport" (Food from Sweden) is responsible for disbursing the aid. Since the objective is to promote an international marketing of processed food products the aid is granted to measures such as to build up knowledge and competence of export promotion, marketing and to carry through common market research and information activities. Support is not granted to investments.

4. STATE AID FOR INVESTMENTS IN AGRICULTURAL PRODUCTION

4.1 Land and building rationalisation

(a) Form of subsidy

Grants

(b) Amount of subsidy

The net cost for internal and external rationalisation in fiscal year 1994/95 was SKr 1.7 million.

(c) Policy objective

To improve the competitiveness of agricultural holdings as part of the rational development of agricultural production while maintaining farmers incomes.

(d) Duration

No new commitments are made under this programme. Only legal undertakings by the state to carry out a given payment are done.

(e) Statistical data

Estimates of the effects on trade are not available. General information about trade see Annex I.

(f) Legal basis

Governmental Ordinances SFS 1978:250.

(g) Rules and conditions

The Swedish Board of Agriculture is responsible for disbursing the aid. The aid is used for land surveying costs in certain areas of Sweden in connection with reparcelling of farms in order to improve structure. No new commitments are made under this programme.

4.2 Setting up aids to young farmers

(a) Form of subsidy

Interest rate subsidy

(b) Amount of subsidy

Total amount of subsidy in 1994/95 SKr 33 million.

(c) Policy objective

To enable young persons who intend to practice farming as their main occupation, to take-over agricultural holdings.

(d) Duration

The programme was revised as of 1 January 1995 as a consequence of the Swedish membership of the EU.

(e) Statistical data

Estimates of the effects on trade are not available.

(f) Legal basis

Governmental ordinance SFS 1990:980 and SFS:1195.

(g) Rules and conditions

The Swedish County Administrative Boards are responsible for disbursing the aid. Aid may be granted to persons that not have reached the age of 35, who intend to practice farming as their main occupation. The definition farming also includes other activities such as forestry and tourism as a complement to farming. The purpose of the aid is to cover the capital costs and the risks connected with the responsibilities of young farmers. Farmers in the entire country can receive support but special considerations are given to holdings in less favoured areas. The applicants must have a sufficient level of vocational qualification (vocational experience and training). The applicants must also have farming as their main occupation. Aid is given as a five percent interest-rate subsidy for a period of five years. Maximum installation aid for a period of five years is SKr 200,000. The amount can be reduced depending on the applicant's assets.

5. STATE AID TO COMPENSATE FOR DAMAGE AFFECTING AGRICULTURAL PRODUCTION OR MEANS OF PRODUCTION

5.1 Compensation for losses connected to control of quarantine, pest and diseases

(a) Form of subsidy

Grants

(b) Amount of subsidy

Fiscal year 1994/95 SKr 3 million.

(c) Policy objective

Compensate farmers and growers for economic losses caused by quarantine, pest and diseases.

(d) Duration

Duration unlimited.

(e) Statistical data

Estimates of the effects on trade are not available.

(f) Legal basis

Governmental Ordinances SFS 1972:318 and SFS 1993:383.

(g) Rules and conditions

Farmers and growers are compensated for economic losses when destruction or prohibition of marketing is used as a method for control of pest and diseases. The Swedish Board of Agriculture is responsible for disbursing the aid.

5.2 Compensation for cost and losses connected to control of epizootic diseases

(a) Form of subsidy

Grants

(b) Amount of subsidy

Fiscal year 1994/95 SKr 30 million.

(c) Policy objective

Compensate animal owners for economic losses if an epizootic disease in accordance with the Swedish legislation is suspected or diagnosed in a herd or flock.

(d) Duration

Duration unlimited.

(e) Statistical data

Estimates of effects on trade are not available.

(f) Legal basis

Epizootilaw SFS 1980:369 Epizootiordinance SFS 1980:371.

(g) Rules and conditions

If an epizootic disease in accordance with the Swedish legislation is suspected or diagnosed in a herd or flock, the measures taken often cause economical losses for the animal owner. The general principle for compensation of diseases under epizootic act is that the farmer should be fully compensated for losses due to decisions taken in accordance with this legislation. Economical losses caused by the restrictions on the herd, slaughtered animals, loss of income and sanitary measures are fully compensated for. The Swedish Board of Agriculture is responsible for disbursing the aid.

5.3 Compensation for costs and losses connected with control of salmonella

(a) Form of subsidy

Grants

(b) Amount of subsidy

Fiscal year 1994/95 SKr 7 million.

(c) Policy objective

Preventing that salmonella is spread and to protect public health.

(d) Duration

Duration unlimited

(e) Statistical data

Estimates of effects on trade are not available.

(f) Legal basis

The law SFS 1983:738 and Governmental Ordinance 1984:306.

(g) Rules and conditions

Farmers whose animals are diagnosed as being affected by salmonella are partly (50-70 per cent) compensated by the government for economical losses caused by the effects of the restrictions on herd, slaughter of animals, loss of income and sanitary measures. The cost of the salmonella programme can be split into two main components, one is the continuous surveillance and preventive measure needed and the second is the cost of eradicating salmonella outbreak. The aid is only available in connection with salmonella outbreak and due to decisions taken in accordance with legislation. The Swedish Board of Agriculture is responsible for disbursing the aid.

5.4 Compensation for losses which are a consequence of radioactive fall-out

(a) Form of subsidy

Grants

(b) Amount of subsidy

Fiscal year 1994/95 SKr 20 million.

(c) Policy objective

Compensate for losses due to radioactive contamination of meat.

(d) Duration

Duration unlimited

(e) Statistical data

Estimates of effects on trade are not available.

(f) Legal basis

Governmental Ordinance SFS 1994:246

(g) Rules and conditions

The state compensates reindeer keepers and farmers for preventive measures taken, such as feeding the animals with uncontaminated food or other measures to decrease radiocesium to the acceptable level. As a last resort the state compensates for losses due to the Tjernobyl accident in buying radioactive contaminated meat at the normal market price for similar uncontaminated meat and afterwards destroys it. The Swedish Board of Agriculture is responsible for disbursing the aid.

5.5 Compensation to owners of domestic animals and reindeer hurt or killed by beast of prey

(a) Form of subsidy

Grant

(b) Amount of subsidy

Fiscal year 1994/95 SKr 22 million.

(c) Policy objective

Compensate for losses connected with the prohibition by law to hunt beast of prey (bears, wolves, wolverines, lynx and eagles).



(d) Duration

The system was revised as of 1 July 1995.

(e) Statistical data

Estimates of effects on trade are not available.

(f) Legal basis

Governmental Ordinance SFS 1976:430.

(g) Rules and conditions

Reindeer keepers and farmers are compensated for animals hurt or killed by beast of prey. The state is not the legal owner of the beast of prey but has by law prohibited hunting of these animals. The aid should be seen as a compensation for losses connected with this hunting restriction. The value of the animals is estimated and given as a compensation to the owner. In 1994/95, 99 per cent of the compensation concerned reindeer and 1 per cent other domestic animals (sheep, dogs, cattle, horses and bees). The National Board for Environment Protection is responsible for disbursing the aid.

5.6 Compensation for damages caused by wild animals

(a) Form of subsidy

Grant

(b) Amount of subsidy

Fiscal year 1994/95 SKr 18 million.

(c) Policy objective

Compensate for losses connected with the prohibition by law to hunt certain animals other than beast of prey.

(d) Duration

Duration unlimited.

(e) Statistical data

Estimates of effects on trade are not available.

(f) Legal basis

Governmental Ordinance SFS 1984:400 until end of 1994, SFS 1987:905 and SFS 1976:430.

## (g) Rules and conditions

The state has, for reasons of preservation, also prohibited hunting of certain wild animals other than beast of prey. Compensation is given to land owners and fishermen for damages caused by those animals. The main part of the compensation goes to fishermen for damages on fishing equipment caused by seals. The state pays part of the costs due to estimated damages. As from 1 January 1995 grants have also been paid for preventive measures. The National Board of Environmental Protection is responsible for disbursing the compensation.

6.1 Support for landscape conservation

## (a) Form of subsidy

Grant

## (b) Amount of subsidy

Fiscal year 1994/95 SKr 275 million.

## (c) Policy objective

Maintaining bio-diversity of semi-natural grasslands and remnants of agrihistorical value in rural landscapes.

## (d) Duration

Duration unlimited, the programme is being gradually wound up as a consequence of the Swedish membership of the EU.

## (e) Statistical data

Estimates of effect of aid on trade are not available.

## (f) Legal basis

Decision by the Parliament.

## (g) Rules and conditions

Grants to special measures in order to maintain bio-diversity of semi-natural grasslands and remnants of agrihistorical value in rural landscapes. Support is paid for grazing and moving sward in selected meadows and pastures. Grants are also paid to farmers for keeping historical remnants in order. The Swedish County Administrative Boards are responsible for disbursing the aid.

7.1 State guarantees on loans

## (a) Form of subsidy

Guarantees on loans

(b) Amount of subsidy

The cost for losses that incur in connection with State guarantees during fiscal year 1994/95 was approx. SKr 5 million.

(c) Policy objective

The objective is to promote improved effectiveness in the agricultural holding.

(d) Duration

As from 1 July 1995 new state guarantees on loans are to be granted only to horticultural enterprises.

(e) Statistical data

Estimates of effects on trade are not available.

(f) Legal basis

Governmental Ordinances SFS 1978 :250.

(g) Rules and conditions

Farm enterprises can obtain state guarantees for certain types of loans when the farmer sets up the holding or improves the effectiveness in the agricultural holding. The guarantee covers 75 per cent of the loan and usually makes it easier for the farmer to get a loan in a bank. The farmer pays a fee of 1 per cent of the capital guaranteed to cover possible losses for the state on guaranteed loans. The mobilisation of a guarantee is subject to specific conditions laid down by a contract. Several conditions have to be fulfilled in order to obtain a state guarantee. The investment should i.a be desirable from a public point of view(better environment, production balance etc.). The possibility for effective and profitable production is considered. No guarantee is given to increased production beyond family farm size nor to big units with pork, egg or poultry production. The Swedish County Administrative Boards are responsible for the administration of the guarantees.

8.1 State aid for farm relief services

(a) Form of subsidy

Grant

(b) Amount of subsidy

Fiscal year 1994/95 SKr 185 million.

(c) Policy objective

Improved working conditions for farmers.

(d) Duration

Appropriations have been granted to the farm relief service until end of 1996.

(e) Statistical data

Estimates of effects on trade are not available.

(f) Legal basis

Governmental Ordinance SFS 1994:1832.

(g) Rules and conditions

Support is given to private farm relief service organisations to subsidise their services to farmers. The services are available for producers of milk, pork, sheepmeat, eggs, poultry, goatmeat and goatmilk. Relief is available for holiday-relief, child-care, commission of trust, illness, accident, death or temporary parent's allowance. The farmer pays for the time that is actually used on the holding. Each farmer is subsidised to a maximum of 90 days per year (eight hours a day). The subsidy is about 50 per cent of the actual cost. For illness, accident or temporary parent's allowance the farmers are subsidised for the first ten days with 60 per cent of the actual cost. The Swedish Board of Agriculture is responsible for disbursing the aid.

9.1 State aid for guidance and adaptation of new activities

(a) Form of subsidy

Grants

(b) Amount of subsidy

Fiscal year 1994/95 SKr 29 million.

(c) Policy objective

Facilitating the transition and market orientation of farm holdings in connection with the food policy adopted in 1990 and adapting to new conditions in connection with the Swedish EU entry.

(d) Duration

Duration until end of June 1996.

(e) Statistical data

Estimates of effect on trade are not available.

(f) Legal basis

Governmental Ordinance 1990:941.

## (g) Rules and conditions

The programme includes several parts directed to farmers who want to adapt to the new market situation and/or take up new activities on the farm and further, those who want to inform themselves in the context of a Swedish membership of the EU. Examples are development projects in the fields of bio-energy production, small-scale food production, rural development and machinery rings, training programmes and extension programmes directed at disseminating information about the consequence of the food policy decision. The Swedish Board of Agriculture is responsible for disbursing the aid.

10.1 Support to development of reindeer husbandry

## (a) Form of subsidy

Grants

## (b) Amount of subsidy

Fiscal year 1994/95 SKr 6 million.

## (c) Policy objective

The aim is a balance between the number of reindeers and the reindeer pasture areas and at the same time at least maintain the levels of income for the reindeer enterprises.

## (d) Duration

Duration unlimited.

## (e) Statistical data

Estimates of effects on trade are not available.

## (f) Legal basis

Decision by the Government.

## (g) Rules and conditions

The aid is a general support to develop the reindeer husbandry. The use of the support is decided after yearly negotiations between the Swedish Board of Agriculture and the "Sameting". Support has been used to an insurance scheme and to advisory measures. The Swedish Board of Agriculture is responsible for disbursing the aid.

11.1 Health care for farmers

## (a) Form of subsidy

Grants

(b) Amount of subsidy

Fiscal year 1994/95 SKr 25 million.

(c) Policy objective

The main objective is to reduce occupational hazards and to improve the health of farmers.

(d) Duration

Duration unlimited.

(e) Statistical data

Estimates of effects on trade are not available.

(f) Legal basis

Governmental decision.

(g) Rules and conditions.

Support is given to Skogs och Lantbrukshälsan AB which is a non profit health service organization owned by the Federation of Swedish Farmers. The support is used for information activities and for health screenings of farmers.

12.1 Early retirement scheme for milk producers

(a) Form of subsidy

Grants

(b) Amount of subsidy

Fiscal year 1994/95 SKr 90 million.

(c) Policy objective

To reduce overproduction of milk and make it economically possible for milk producers between 60 and 65 years of age to quit milk production.

(d) Duration

The scheme came into force in 1983 and will be maintained until 31 December 1996.

(e) Statistical data

Estimates of effects on trade are not available.

(f) Legal basis

Governmental Ordinance SFS 1982:1283.

(g) Rules and conditions

Support is paid to farmers that are between 60 and 65 years old who cease to produce milk. Farmers who participate in the scheme are not permitted to replace milk production with an increase in other kinds of animal production except suckling cows. The aid is paid on a monthly basis until the age of 65. The amount of aid is related to the quantity sold in a base year. The aid amounts to SKr 0.75 per kilo of milk up to a maximum of 100,000 kilos. The average farmer receives SKr 55,000 per year. The Swedish Board of Agriculture is responsible for disbursing the aid.

13.1 Compensation for high costs of veterinary services

(a) Form of subsidy

Grants

(b) Amount of subsidy

Fiscal year 1994/95 SKr 9.6 million.

(c) Policy objective

To keep the veterinary costs at a reasonable level for farmers who live a long distance from veterinary service.

(d) Duration

Duration unlimited.

(e) Statistical data

Estimates of effects on trade are not available.

(f) Legal basis

Governmental Ordinance SFS 1975:539. As of 1 January 1995 replaced by SFS 1994:1313.

(g) Rules and conditions

District veterinarians attending remote areas are compensated in order to keep the veterinary costs at a reasonable level for farmers who live a long distance from veterinary service. The Swedish County Administrative boards are responsible for disbursing the aid.

ANNEX 1

Production, Consumption, Imports and Exports ('000 tons)

	Production	Consumption	Production of consumption %	Imports	Exports
<b>Wheat</b>					
1992/93	1,405	1,371	102	50	40
1993/94	1,764	1,364	129	42	345
1994/95	1,345	1,249	108	42	36
<b>Rye</b>					
1992/93	136	143	95	0	3
1993/94	230	161	143	0	43
1994/95	173	138	125	0	26
<b>Barley</b>					
1992/93	1,261	1,417	89	50	0
1993/94	1,671	1,452	115	19	170
1994/95	1,661	1,602	104	14	133
<b>Oats</b>					
1992/93	807	823	98	0	0
1993/94	1,295	948	137	0	364
1994/95	991	809	122	1	220
<b>Butter</b>					
1992	62	44	141	0	17
1993	62	41	151	0	21
1994	55	44	125	1	9
<b>Cheese</b>					
1992	117	137	85	22	2
1993	126	146	86	23	3
1994	133	150	89	24	7
<b>Milkpowder<sup>1</sup></b>					
1992	37	23	160	4	5
1993	44	21	209	2	9
1994	42	21	200	4	6



	Production	Consumption	Production of consumption %	Imports	Exports
<b>Beef and veal</b>					
1992/93	139	144	96	19	8
1993/94	140	147	94	21	9
1994/95	145	150	97	n.a.*	n.a.*
<b>Pork</b>					
1992/93	287	286	100	19	17
1993/94	296	291	102	15	17
1994/95	305	305	100	n.a.*	n.a.*
<b>Eggs</b>					
1992/93	109	109	100	12	13
1993/94	104	105	99	17	11
1994/95	105	106	99	13*	13*
<b>Sheep and lambmeat</b>					
1992/93	4	6	67	1	0
1993/94	4	6	67	2	0
1994/95	4	6	67	2	0
<b>Poultry</b>					
1992/93	62	63	98	0	0
1993/94	70	69	101	0	2
1994/95	78	73	107	0	4
<b>Sugar<sup>2</sup></b>					
1992	333	382	87	34	19
1993	413	388	106	25	16
1994	370	457	81	79	12
<b>Oilseeds<sup>3</sup></b>					
1992/93	254	314	81	59	6
1993/94	313	314	100	20	13
1994/95	237	314*	n.a.*	n.a.*	n.a.*

	Production	Consumption	Production of consumption %	Imports	Exports
Oil <sup>4, 5</sup>					
1992/93	105	67	157	2	40
1993/94	107	80	134	5	26
1994/95	118*	90*	131	6*	38*
Potatoes for human consumption					
1992/93	951	607	156	377 <sup>6</sup>	26
1993/94	975	610	160	416	27
1994/95	763	615	124	190	19

<sup>1</sup>Whole and skimmed milk powder.

<sup>2</sup>Raw sugar equivalent.

<sup>3</sup>Rapeseed and other oil seeds.

<sup>4</sup>Domestic oils.

<sup>5</sup>October-September.

<sup>6</sup>Including potatoes for starch.

\*Preliminary.

ANNEX 3

Subsidies to the Swedish Fishery 1994/95

Notification under Article 25 of the WTO Subsidies Agreement

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1. State investment aid to fishing enterprises . . . . .	
2. State aid for temporary cessation of fishing activity . . . . .	
3. State aid for the scrapping of fishing vessels . . . . .	
4. State aid for damages to fishing gear . . . . .	
5. State investment aid to aquaculture enterprises . . . . .	
6. State aid for temporary exemption from amortization and payment of interest and for extension of period of amortization . . . . .	
7. Aid for long-term information measures for the benefit of the consumption of fish . . . . .	
8. Research and development within the fishery sector . . . . .	
9. State aid for stocking of fish . . . . .	

1. State Investment aid to fishing enterprises

(a) Form of subsidy

Grant or guarantee

(b) Amount of subsidy

1994: Total amount of loans for which guarantees were issued SKr 1.8 million (financial year 1993/94)

1995: Total amount of loans for which guarantees were issued SKr 7.9 million (financial year 1994/95)

No grants were accorded during 1993/94 or 1994/95.

(c) Policy objective

Primary objective: sectorial aid. Secondary objective: aid to SMEs.

(d) Duration

The aid scheme that was valid in 1994 came into force on 1 July 1993. The scheme was in force until the Swedish accession to the Community (1 January 1995). State aid to fisheries is from the date of accession subject to the rules and conditions which are stipulated in Council Regulation (EC) No 3699/93.

(e) Statistical data

Estimated number of recipients of the aid 1994/95: 14.

Sweden considers that this aid has had no effects on trade:

- modest amount of subsidy (e.g. rates inferior to those of the Community)

(f) Legal basis

Ordinance on state aid to the professional fisheries etc. (SFS 1993:382, 1 July 1993).  
Ordinance on fishing, aquaculture and fisheries (SFS 1994:1716, 1 January 1995)

(g) Rules and conditions

Recipients: Fishing enterprises.

Maximum possible aid intensity: 50 per cent. However, for the purchase of new or second-hand vessels the maximum possible aid is 30 per cent (of the total investment).

Categories of expenditures eligible for aid:

Measures that lead to the rationalization of the fishing fleet (e.g. purchase of new and second-hand vessels, purchase and installation of equipment, consolidation of fishing enterprises and the construction of minor buildings for fish processing).

Fishing licence and vessel permit are required.

2. State aid for temporary cessation of fishing activity

(a) Form of subsidy

Grant

(b) Amount of subsidy

1994: Actual total expenditure SKr 9.9 million (financial year 1993/94).

1995: Actual total expenditure SKr 24.6 million (financial year 1994/95).

(c) Policy objective

Primary objective: sectorial aid. Secondary objective: aid to SMEs.

(d) Duration

The aid scheme that was valid in 1994 came into force on 1 July 1993. The scheme was in force until the Swedish accession to the Community (1 January 1995). State aid to fisheries is from the date of accession subject to the rules and conditions which are stipulated in Council Regulation (EC) No 3699/93.

(e) Statistical data

Estimated number of recipients of the aid: more than 100.

Sweden considers that this aid has had no effects on trade:

- large number of recipients
- aid intended to offset partially the loss of income suffered during temporary involuntary cessation of activity.

(f) Legal basis

Ordinance on state aid to the professional fisheries etc. (SFS 1993:382, 1 July 1993).  
Ordinance on fishing, aquaculture and fisheries (SFS 1994:1716, 1 January 1995).

(g) Rules and conditions

Recipients: Fishing enterprises.

Maximum possible aid intensity: SKr 2,000 per vessel and working day.

Categories of expenditures eligible for aid: Laying-up premiums for fishing vessels.

Fishing licence and vessel permit are required.

3. State aid for the scrapping of fishing vessels

(a) Form of subsidy

Grant

(b) Amount of subsidy

1994: Actual total expenditure SKr 3 million (financial year 1993/94).

1995: Actual total expenditure SKr 0 million (financial year 1994/95).

(c) Policy objective

Primary objective: sectorial aid. Secondary objective: aid to SMEs.

(d) Duration

The aid scheme that was valid in 1994 came into force on 1 July 1993. The scheme was in force until the Swedish accession to the Community (1 January 1995). State aid to fisheries is from the date of accession subject to the rules and conditions which are stipulated in Council Regulation (EC) No 3699/93.

(e) Statistical data

Estimated number of recipients of the aid: not more than 30.

Sweden considers that this aid has had very insignificant, if any, effects on trade:

- modest amount of subsidy (e.g. rates far below those of the Community).

(f) Legal basis

Ordinance on state aid to the professional fisheries etc. (SFS 1993:382, 1 July 1993).  
Ordinance on fishing, aquaculture and fisheries (SFS 1994:1716, 1 January 1995).

(g) Rules and conditions

Recipients: Fishing enterprises.

Maximum possible aid intensity: SKr 7,000 per GRT.

Categories of expenditures eligible for aid: The scrapping of fishing vessels.

Fishing licence and vessel permit are required.

Certification that the vessel has been scrapped and taken out of the register of Shipping must be presented before the aid is granted.

4. State aid for damages to fishing gear

(a) Form of subsidy

Grant

(b) Amount of subsidy

The figures refer to the net expenditure, i.e. the compensations minus the fee receipts.

1994: Actual total expenditure SKr 3 million (financial year 1993/94).

1995: Actual total expenditure SKr 1.0 million (financial year 1994/95).

(c) Policy objective

Primary objective: aid in case of damages caused by severe weather conditions.

Secondary objective: aid to SMEs.

(d) Duration

The aid scheme that was valid in 1994 came into force on 1 July 1993. The scheme was in force until the Swedish accession to the Community (1 January 1995). State aid to fisheries is from the date of accession subject to the rules and conditions which are stipulated in Council Regulation (EC) No 3699/93.

(e) Statistical data

Estimated number of recipients of the aid: not more than 30.

Sweden considers that this aid has had very insignificant, if any, effects on trade:

- the "aid" consists of an insurance system;
- a 5 per cent fee is charged to obtain self-financing;
- the purpose is to reduce the effects of harsh weather conditions.

(f) Legal basis

Ordinance on state aid to the professional fisheries etc. (SFS 1993:382, 1 July 1993).  
Ordinance on fishing, aquaculture and fisheries (SFS 1994:1716, 1 January 1995).

(g) Rules and conditions

Recipients: Fishing enterprises.

Maximum possible aid intensity: 60 per cent of damage or loss.

Categories of expenditures eligible for aid: Fixed fishing gear used in the salmon or eel fisheries. From August 1994 aquaculture installations may also be connected to the system.

Fishing licence and vessel permit are required.

The gear must be notified in advance and the owner must pay a fee which amounts to 5 per cent of the value of the gear.

5. State investment aid to aquaculture enterprises

(a) Form of subsidy

Guarantee

(b) Amount of subsidy

1994: Total amounts of loans for which guarantees were issued SKr 2 million (financial year 1993/94).

1995: Total amounts of loans for which guarantees were issued SKr 3.3 million (financial year 1994/95).

(c) Policy objective

Primary objective: sectorial aid. Secondary objective: aid to SMEs.

(d) Duration

The aid scheme that was valid in 1994 came into force on 1 July 1993. The scheme was in force until the Swedish accession to the Community (1 January 1995). State aid to fisheries is from the date of accession subject to the rules and conditions which are stipulated in Council Regulation (EC) No 3699/93.

(e) Statistical data

Estimated number of recipients of the aid 1994/95: 5.

Sweden considers that this measure has no effects on trade:

- modest amount of subsidy.

(f) Legal basis

Ordinance on state aid to the professional fisheries etc. (SFS 1993:382, 1 July 1993).  
Ordinance on fishing, aquaculture and fisheries (SFS 1994:1716, 1 January 1995).

(g) Rules and conditions

Recipients: Aquaculture enterprises



Maximum possible aid intensity: No formal limitation, the aid intensity is decided according to the circumstances in each specific case.

Categories of expenditures eligible for aid: Investments in aquaculture enterprises.

The investment must have an economic viability of more than three years.

The enterprise must be submitted to official animal health control.

6. State aid for temporary exemption from amortization and payment of interest and for extension of period of amortization

(a) Form of subsidy

Temporary exemption from amortization and interest payments and/or extension of amortization period. (Before 1 July 1993 state aid included low-interest loans as well as grants and guarantees. After 1 July 1993 only grants and guarantees are allowed).

(b) Amount of subsidy

1994: Actual total expenditure SKr 15 million (financial year 1993/94).

1995: Actual total expenditure SKr 0 million (financial year 1994/95).

(c) Policy objective

Primary objective: sectorial aid

Secondary objective: aid in case of disturbances linked to biological factors - the severe situation for the cod stock in the Baltic.

(d) Duration

From 1 June 1992 until 31 December 1994.

(e) Statistical data

Estimated number of recipients of the aid: not more than 10.

Sweden considers that this measure has very insignificant, if any, effects on trade:

- large number of recipients;
- modest amount of subsidy.

(f) Legal basis

Ordinance on temporary aid measures to certain professional fishermen (SFS 1992:284, 1 June 1992)

(g) Rules and conditions

Recipients: Fishing enterprises.

Maximum possible aid intensity: Maximum possible exemption periods is four years, maximum possible amortization period is 25 years.

Categories of expenditures eligible for aid: Amortizations, interests and amortization periods for low-interest loans and guarantee loans.

Eligible enterprises must satisfy the following conditions:

- the enterprise should be particularly indebted;
- the enterprise should be affected by the serious situation for the cod fishery in the Baltic;
- the enterprise should be expected to become profitable within two years.

7. Aid for long-term information measures for the benefit of the consumption of fish

(a) Form of subsidy

Grant

(b) Amount of subsidy

So far no aid has been granted. The total budget for the aid is SKr 30 million.

(c) Policy objective

To inform the consumer of the positive effects of a fish diet.

(d) Duration

From 1 July 1993.

(e) Statistical data

Sweden considers that this measure has very insignificant, if any, effects on trade.

(f) Legal basis

Government decision of 10 June 1993.

(g) Rules and conditions

Detailed rules and conditions regarding the aid are not yet decided.

8. Research and development within the fishery sector

- (a) Form of subsidy

Grant

- (b) Amount of subsidy

SKr 1,040,000. Six projects SKr 380,000 - 50,000. (Financial year 1994/95).

- (c) Policy objective

Develop fishing gear with improved selectivity. Improve techniques for the processing of herring and develop new products of herring.

- (d) Duration

Grants are given for periods of 1-3 years.

- (e) Statistical data

The grants are restricted to basic research and development and it is therefore not possible to estimate effects on trade.

- (f) Legal basis

Government decision (letter of regulation) 1993-06-10, 1994-06-09.

- (g) Rules and conditions

The research and development results must be published and be accessible to the public. Frequent cooperation with a research institute is a prerequisite. 25 per cent of the amount is paid when the project is finished.

9. State aid for stocking of fish

- (a) Form of subsidy

Grant

- (b) Amount of subsidy

SKr 7,000,000 for the financial year 1994/95.

- (c) Policy objective

Increasing of stocks of eel and salmonids for the commercial fisheries in coastal and inland waters.

- (d) Duration

1995 is the last year for subsidy.

(e) Statistical data

The grants are restricted to improving the stocks and it is therefore not possible to estimate any effects on trade.

(f) Legal basis

Government decision. The programme is financed by funds from the price regulation system which has been abolished from 1994.

(g) Rules and conditions

The Board of Fisheries decides upon the programme and the County Administrative Boards are responsible for carrying out the stocking programme.

## **UNITED KINGDOM**