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SUBSIDIES

Updating Notifications Pursuant to Article XVI:1 of the GATT 1994
and Article 25 of the Agreement on Subsidies and
Countervailing Measures

EUROPEAN COMMUNITIES

Addendum

The following addendum to the notification of the European Community relates to subsidy programmes of **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 notification covers aid to the business sector, in broad sense, i.e. trade and industry. It is not possible to separate aid figures 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 method is used for the annual follow-up of state aid in Sweden. The approach has also been used by OECD in its "Public Support to Industry" project. The method is described in appendix.

As from 1997, the Swedish administration has changed its budgetary cycle from fiscal to calendar years. The programmes that were in effect 1st of January 1999 are reported in the notification, including previously reported programmes where payments have taken place during 1999 (even though formal termination of the programme occurred by 1 of January 1999 or later that year).

Only support related to companies are included in this report. In former reports support to the universities may be included. The amount of a subsidy to a specific programme may therefore differ between the present report and former reports.

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: Calendar year 1999: 463

The grants are divided on the receivers:

- 168 millions SKr to firms and individual inventors
- 295 millions SKr to technological research institutes and cooperative research institutes.

Net cost for seed financing, SKr millions: Calendar year 1999: 159

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 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 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 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 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 1st of 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 through the Fund for Industry

The Fund for Industry is a public foundation. Its main objective is to promote industrial development and marketing. 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. No calculated element of subsidy to individual enterprises, but high risk is accepted.

(b) Amount of subsidy

Net cost in SKr millions: Calendar year 1999: 56

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.

(d) Duration

The scheme commenced in 1979 and was altered in 1993 and 1996. 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 1996:880 (Förordning om finansiering genom Industrifonden).

(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. The maximum amount of an award cannot exceed 50 per cent of the costs of a project. Expenditures connected with a development project (seldom land or buildings) are eligible for financing. All successful SMEs pay back with market interest rate or royalty. Financing from the Fund may be combined with regional support, in accordance with the state aid rules in the European Community.

2.3 Energy Research Programme

(a) Form of subsidy

Grants or loans with conditional repayment.

(b) Amount of subsidy

Net cost in SKr millions: Calendar year 1999: 42

The grants are divided on the receivers:

- 16 millions SKr to firms and individual inventors
- 27 million to 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 of the programme is to establish fundamental competence and expertise, to facilitate the transformation of the Swedish energy system in order to reduce the environmental and climatic 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 programme has been altered as from June 1998 in order to reflect the objectives of the political agreement on Swedish Energy Policy reached in 1997. 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

As from June 1998 legal provisions are laid down in Governmental ordinance SFS 1998:222 (Förordning 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 of the expenditure. 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 Energy Technology Fund(a) Form of subsidy

Grants, soft loans and guarantees.

(b) Amount of subsidy

Net cost in SKR millions: Calendar year 1999: 125

The grants are divided on the receivers:

- 87 millions SKR to firms and individual inventors
- 38 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 with a focus on new technology for energy production and for environmental protection.

(d) Duration

The programme commenced as from 1 July 1988. The programme has been altered as from June 1998 in order to reflect the objectives of the political agreement on Swedish Energy Policy reached in 1997. 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 Governmental ordinance SFS 1998:653 (Förordning om statligt stöd till energiteknik).

(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. The maximum possible aid is 50 per cent of the project costs where SME:s can receive an additional 10 per cent.

2.5 Grant for New Energy Technology

(a) Form of subsidy

Grants.

(b) Amount of subsidy

Net cost in SKr millions: Calendar year 1999: 79

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

(c) Policy objective

The primary objective is aid to R&D with a focus on developing technology for the use of sustainable sources of energy.

(d) Duration

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 1998:654 (Förordning om energiteknikbidrag).

(g) Rules and conditions

Support is granted to industrial research in order to develop new technology based on sustainable sources of energy and for efficient use of energy in industrial processes. The maximum possible aid to projects concerning industrial research is 50 per cent of the project costs. The maximum support to projects aiming at a market introduction of products or services is 25 per cent of the project costs where SMEs can receive an additional 10 per cent. In accordance with the state aid rules within the European Community there are restrictions to which extent the grant may be combined with other aid schemes.

2.6 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: Calendar year 1999: 49

The grants are divided on the receivers:

- SKr 8 million to private firms
- SKr 41 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. Secondary objective is environmental aid and support for energy-saving.

(d) Duration

Programme commenced as from 1st of July 1993. Duration formally decided every 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 Government Bill "Research for Knowledge and Progress" 1992/1993:170 and 1996/97:1.

(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 are regulated by an R&D contract. At least SKr 30 million a year has to be used as grants to research-, development- or demonstration projects concerning public transports. There is no formal restriction to what extent the aid may be combined with other aid schemes.

2.7 Support to Demonstration of 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: Calendar year 1999: 7,5

The grants are divided on the receivers:

- SKr 6.7 million to private firms
- SKr 0.8 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. 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 formally decided every 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 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. Grants 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.

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

The Fund for Swedish-Norwegian Industrial Co-operation 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: Calendar year 1999: 0¹

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 objective of the Fund 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, with possible prolongation.

¹ During 1999 the net cost of the programme was minus SKr 2 millions, that is, the government earned money because of high repayments or interest rates. The net cost is reported as nil (0).

(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), amended through SFS 1998:49.

(g) Rules and conditions

Costs connected with a development project (seldom land or buildings) are eligible. Maximal aid intensity is 50 per cent of eligible costs. A precondition is that the project is a high risk project and has prospects to be commercially successful on a relatively short term basis. 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 financing through the Fund may be combined with other aid schemes other than the state aid rules of the European Community.

2.9 Support to energy maintenance in the south of Sweden

(a) Form of subsidy

Grants.

(b) Amount of subsidy

Net cost in SKr millions: Calendar year 1999: 31

- 15 million SKr to private firms
- 16 million SKr to technological research institutes and co-operative research institutes.

(c) Policy objective

The primary objective is aid to R&D with a focus on developing technology for the use of sustainable sources of energy.

(d) Duration

The programme commenced as from 15 May 1999. Duration until 31 December 2000.

(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 1998:62 (Förordning med instruktion för Delegationen för energiförsörjning i Sydsverige) and SFS 1999:213 (Förordning om statligt stöd till energiförsörjningen i Sydsverige).

(g) Rules and conditions

The aim is to maintain the energy supply in the south of Sweden² since the two nuclear power units in Barsebäck are going to be closed. The total amount of support during the two years period is SKr 400 million where about 55 per cent goes to SMEs, 35 per cent to technological research institutes and co-operative research institutes, and 10 per cent to universities. The support covers the entire cost of R&D-projects and maximum 50 per cent when the projects are industrial. Projects aiming at an introduction of products on the market are covered with maximum 25 per cent of the costs. 10 per cent is added on these support-levels if the receiver is a SMEs. Costs covered are: staff costs, operative expenses, costs of materials, and costs for consultants.³ Aid to Small and Medium Sized Companies

3. Aid to Small and Medium Sized Companies**3.1 The Regional Development Companies, ALMI**

ALMI, Regional Development Companies, consist of a parent company and 22 regional subsidiaries. The objective of ALMI is to strengthen the competitiveness and profitability of small and medium sized enterprises and to promote the formation of new firms.

(a) Form of subsidy

Loan guarantees, guarantees for bank 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: Calendar year 1999: 169

Support is granted to a variety of projects and can not 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 (defined as firms with less than 250 employees, in accordance with the European Commission definition) and to promote the formation of new firms.

(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.

² The regions in the south of Sweden are limited to Skåne, Blekinge, south of Småland and south of Halland.

(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 ordinance: SFS 1994:1100 (Förordning om statlig finansiering genom regionala utvecklingsbolag), amended through SFS 1995:1196.

(g) Rules and conditions

General rules for all forms of financing: The scheme is strictly complementary to private institutions. The scheme is intended for small firms, i.e. firms with less than 250 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 years. The loan is interest-free for two years, with reduced interest for three years; from the sixth year market interest is paid. 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. Authorised 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 Support to Small Companies

(a) Form of subsidy

Grants.

(b) Amount of subsidy

Net cost in SKr millions: Calendar year 1999: 60

Support is granted to a variety of projects and can not 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

Programme commenced in 1994. Duration until further notice, i.e. has not been specified.

(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 Governmental ordinance: SFS 1994:773 (Förordning om tillfälligt småföretagsstöd), altered latest through SFS 1999:16 (Förordning om ändring i förordningen (1994:773) om småföretagarstöd).

(g) Rules and conditions

Support is handled by the County Administrative Boards (Länsstyrelse). It is available to small companies throughout Sweden, with the exception of companies within the steel- or synthetic fibre 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 60 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.

3.3 Industrial Development Centres

(a) Form of subsidy

Grants.

(b) Amount of subsidy

Net cost in SKr millions: Calendar year 1999: 9,4

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

(c) Policy objective

The primary objective is industrial development of SME:s. Secondary objective is aid for R&D.

(d) Duration

The programme commenced as from February 1998. Duration until 31 December 2000.

(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 decisions 1997-01-30 and 2000-01-25.

(g) Rules and conditions

The support is distributed in the form of grants to regional Industrial Development Centres. The overall objective of the centres is to promote technological development in SME:s through a network approach. Feasibility studies are carried out within the Industrial Development Centres, aiming at subsequent transfer to as well as further development within SME:s as potential product concepts. Even though the main rule is to cover actual costs incurred within the Industrial Development Centres, transfer could include an element of subsidy that is maximised to 50 per cent in relation to the initial feasibility work costs. The accounted subsidy above refers to total costs within Industrial Development Centres for feasibility studies.

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 scheme noted below, i.e. support for Vocational Training is intended for companies and could be regarded to constitute a subsidy in the meaning of the WTO-agreement on subsidies. As from 1999, previously reported programmes for Employment Aid and Training Aid have been amended in such a way that they are applied in a fully non-specific manner, thereby not constituting a subsidy in the meaning of the Agreement on Subsidies and Countervailing Measures. Hence they are not reported to the WTO in the report *Subsidies to the Swedish Industry 1999*.

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: Calendar year 1999: 174

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 mainly in small and medium-sized companies 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 has not 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 1994:938 (Förordning om bidrag till utbildning i företag).

(g) Rules and conditions

All firms, regardless of industry, are eligible. The aid is in the form of a grant. 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.

5. Export promotion

5.1 General Export Promotion

(a) Form of subsidy

The Swedish government maintains an export promotion regime, which is operated by the semi-governmental Swedish Trade Council. The Council assists the Swedish industry by offering various international trade consulting and marketing services that are mainly provided on a fee basis. A company operating in Sweden has an option to – for a fee – to become a member of the Council and it can thereby obtain a discount on services and publications.

The state funding provided to the Council comprises the basic export-services such as answering trade-inquiries, providing information on the Council's activities, etc.

(b) Amount of subsidy

Net cost in SKr millions: Calendar year 1999: 0

(c) Policy objective

The primary objective is to promote Swedish exports and the internationalisation of Swedish industry in order to achieve a long-term development of the Swedish economy.

(d) Duration

The Swedish Trade Council was formed in 1972. The government funding is allocated on a yearly basis but can vary somewhat from year to year. 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

An agreement between the government and the General Swedish Export Association forms the legal basis for the Swedish Trade Council. The latest revision of the agreement was made in 1998.

(g) Rules and conditions

The services of the Swedish Trade Council are available for all firms regardless of industry and their export volumes. The internalisation of SMEs is given priority. The Swedish Trade Council's total turnover in 1999 was SKr 472 million, and SKr 203 million was used for general export promotion.

6. Regional Aid to Enterprises

Regional aid to enterprises in Sweden is granted within the framework of six main schemes: Regional Development Grants, Regional Development Loans, Loans to Regional Investment Companies, Employment Grants, Reduced Social Security Contributions and Regional Transport Aid. The main goal of Swedish regional policy is to promote sustainable growth, 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. An active regional policy has for many years been of major importance due to the special living-conditions in large parts of Sweden.

6.1 Regional Development Grant (former Localisation Grants and Development Grants)

(a) Form of subsidy

Grants and conditional loans for tangible or intangible investments. The grants 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: Calendar year 1999: 334

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

(c) Policy objective

The programme supports investments in tangible and intangible investments. The primary objective is regional aid in designated areas. The secondary objective is aid to SMEs, employment

and R&D in designated areas. The main objective is to promote development of industry and to create new employment in the designated areas.

(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, and (from the 1st of January 1997) in SFS 1996:1570 (Förordning om ändring i förordningen (1990:642) om regionalpolitiskt företagsstöd) and SFS 1998:995 (Förordning om regionalpolitiskt stöd i EG:s strukturomvandlingsområden).

(g) Rules and conditions

Eligible are natural or juridical persons operating in Sweden and public authorities working with viability in certain competitive sectors on market conditions. In certain cases aid can also be granted to non-profit associations. The firm must be profitable. 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 allowed in each designated area.

Regional Development Grants can be awarded in connection with investments in buildings, machinery, etc. It can also be awarded for intangible investment, such as investments in patent, licenses, marketing activities, development of new products and education. 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 of January 1997 the maximum grant is 40 per cent of eligible investment for small and medium sized companies, and 35 per cent for other companies i.e. up to 250 employees, in regional aid area 1. In aid area 2 the maximum grant is 20 per cent.

The awarding of a grant has many reasons. 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.

The main rule is that the grant is taxable as an income to the recipient. The general level for corporate income taxes is about 28 per cent flat rate. 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, NUTEK (National Board for Industrial and Technical Development) or the County Administrative Boards.

6.2 Regional Development Loans (former Localisation 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: Calendar year 1999: 18

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. Regional Development Loans can be awarded in connection with investments in buildings, machinery, etc.

(d) Duration

The programme commenced in 1992 and was terminated on 1 January 1999. Hence, payments during 1999 has been made as a result of previous decisions to grant loans.

(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, and (from 1 January 1997) in SFS 1996:1570 (Förordning om ändring i förordningen (1990:642) om regionalpolitiskt företagsstöd) and SFS 1998:995 (Förordning om regionalpolitiskt stöd inom EG:s strukturmvandlingsområden).

(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. 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 units. 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 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: Calendar year 1999: 0

(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 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, and (from 1 January 1997) in SFS 1996:1570 (Förordning om ändring i förordningen (1990:642) om regionalpolitiskt företagsstöd) and SFS 1998:995 (Förordning om regionalpolitiskt stöd i EG:s strukturreformområden).

(g) Rules and conditions

Eligible are privately Swedish or foreign owned regional investment companies, working with viability in competitive sectors on market conditions. The size of the loan is related to the capital raised by the share holders. The government makes decisions on loans to regional investment companies. During the fiscal year 1997 no such decisions have been made.

6.4 Employment Grant

(a) Form of subsidy

Grants.

(b) Amount of subsidy

Net cost in SKr millions: Calendar year 1999: 218

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

(c) Policy objective

The objective is regional aid to designated areas 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 1st of 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 SFS 1998:996 (Förordning om sysselsättningsbidrag).

(g) Rules and conditions

Eligible for aid are public authorities, natural or juridical persons operating in Sweden and working in competitive sectors on market conditions. 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. Grants are awarded according to the amount of new jobs created measured in additional man-years (i.e. total net increase of working hours performed by employees in companies applying and eligible for aid). If the number of additional years of work is exceeding ten, the applications are examined from the company's economic point of view. Support is only granted for employment that is considered fixed and the employer shall supply competence raising education in the form of theory or practice of at least 125 hours during a period of 2 years.

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.

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

6.5 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: Calendar year 1999: 381

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 the year 2000.

(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 social-avgifter och allmän löneavgift) SFS 1990:912 and SFS 1994:549 (Förordning om nedsättning av socialavgifter).

(g) Rules and conditions

In aid area 1 and parts of aid area 2 the reduction is eight percentage units.

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; and hotels, 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.

6.6 Regional Transport Grant

(a) Form of subsidy

Grants.

(b) Amount of subsidy

Net cost in SKr millions: Calendar year 1999: 321

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 objective of the grant is 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). SFS 1996:1569 Förordning om ändring i förordningen (1980:803) om regional politiskt 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 regional 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 regional transport aid was terminated in 12 municipalities 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	5%	5%	5%	5%	5%
401 - 700	5%	15%	25%	30%	30%
701 -	5%	15%	25%	30%	45%

6.7 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 infrastructure character (for example, research activities at universities and colleges, foundations of research bodies outside the university sphere). As from 1994 the Fund has primarily concentrated on the loan operation.

(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: Calendar year 1999: 17

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 5 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, the latest revision in 1995.

(g) Rules and conditions

Expenditure eligible for financing is product development, marketing, fixed assets and working capital. If loans from the Fund Northern Sweden are combined with Regional Development 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.

6.8 Programme for Industrial Development in Regions of Regional Policy Priority

(a) Form of subsidy

Grants.

(b) Amount of subsidy

Net cost in SKr millions: Calendar year 1999: 14

The grants are divided on the receivers:

- 13 million SKr to private firms
- 1 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 of the programme is regional aid in designated areas. The aim is to improve companies own ability to develop through knowledge-raising activities. Secondary objective is aid for R&D activities.

(d) Duration

Programme started as from 1st of 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. Environment Aid

7.1 Investment Grant for Ecologically Sustainable Development

(a) Form of subsidy

Grants.

(b) Amount of subsidy

Net cost in SKr millions: Calendar year 1999: 47

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

(c) Policy objective

Primary objective is to obtain higher levels of environmental protection compared to what is demanded by international standards.

(d) Duration

The programme started in July 1997 and was terminated in April 1999.

(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 1996:1378 (Förordning om statligt investeringsbidrag för en ekologiskt hållbar samhällsutveckling) and SFS 1999:754.

(g) Rules and conditions

Support is granted to environmentally friendly investments within the areas of construction and technological infrastructure. The grant is to be given to investments that are implemented beyond the present international standard that develops the technology and that has obvious effects on employment. Support is not to cover more than 30 per cent of the additional costs that arise due to upgrading of investments into a more environmentally friendly direction. Investments can not receive other forms of state aid.

7.2 Grant for Local Investment Programmes for Ecologically Sustainable Development

(a) Form of subsidy

Grants.

(b) Amount of subsidy

Net cost in SKr millions: Calendar year 1999: 926

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

(c) Policy objective

Primary objective is to obtain higher levels of environmental protection compared to what is demanded by international standards.

(d) Duration

The programme commenced as from February 1998 and will run for a three year period.

(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 1998:23 (Förordning om statliga bidrag till lokala investeringsprogram som ökar den ekologiska hållbarheten i samhället) and SFS 1999:755 (Förordning om ändring av 1998:23).

(g) Rules and conditions

Support is granted to local investment programmes administered by municipalities, which contributes to ecologically sustainable development through a.o. increased efficiency in the use of energy and other natural resources, use of renewable raw materials and recycling measures. The grant is to be given to investments that are implemented beyond the present international standard, that develops the technology and that has obvious effects on employment. Support to firms is not to cover more than 30 per cent of the additional costs that arise due to upgrading of investments into a more environmentally friendly direction. Investments should be restricted to land, buildings and equipment. When aid is given together with other forms of state aid the maximum aid level apply to the combined aid.

7.3 Investment Grant for Certain Investments within the Energy Sector

(a) Form of subsidy

Grants.

(b) Amount of subsidy

Net cost in SKr millions: Calendar year 1999: 164

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

(c) Policy objective

Primary objective is to encourage use of sustainable sources of energy within electricity production.

(d) Duration

The programme started in February 1998 and is running for a five year period.

(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 1998:22 (Förordning om statligt bidrag till vissa investeringar inom energiområdet).

(g) Rules and conditions

Support is granted to investments in combined power and heating plants for biofuel, wind power stations and small-scale hydroelectric power stations. Maximum support to investments in biofuel combined power and heating plants is 25 per cent of the total investment costs. Maximum aid to investments in wind power stations is 15 per cent of the costs that can receive support. This 15 per cent can rise to maximum 30 per cent when cumulative aid is present. Eligible costs are expenses for building, construction and equipment with the restriction to the extra investment costs necessary for carrying through the project.

8. Other Forms of Subsidies

8.1 Energy Tax Concession

(a) Form of subsidy

Tax reduction.

(b) Amount of subsidy

Net cost in SKr millions: Calendar year 1999: 201

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

(c) Policy objective

The tax measure aims at reducing emissions of CO₂. The objective of the concession provisions is to safeguard that enterprises with energy intensive production are not burdened with an unreasonably high tax level.

(d) Duration

The present system started 1 July 1997. Duration until further notice.

(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 Act of Excise Duties on Energy (SFS 1994:1776), chapter 7.4, 9.2, 9.5 and 9.9. The provisions came into force on July 1, 1997 (SFS 1997:479). The provisions regarding the 1.2 per cent-rule are found in paragraph 2 of the provisional regulations regarding SFS 1997:479.

(g) Rules and conditions

For enterprises within the industry sector there is a general rule stipulating a 50 per cent reduction of per cent reduction of the CO₂ tax for the use of fossil fuels. As concerns enterprises with energy intensive production, they also benefit from a special tax reduction. If the CO₂ tax payable according to the 50 per cent-rule exceeds 0.8 per cent of the companies value of sales, then the enterprise only has to pay 12 per cent tax on the exceeding sales value. In addition, there are complementary rules applicable for certain types of fuels (mainly coal and natural gas) when used for manufacturing products out of other mineral materials than metals. According to these rules CO₂ tax exceeding 1.2 per cent of sales value is deductible from the total CO₂ tax amount to be paid. (The 0.8 per cent rule was introduced as from 1 July 1997. The 1.2 per cent rule was, with somewhat different content, already in force prior to that date).

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, are added. The NCG-method is used by OECD in its project "Public support to industry".

Net costs are calculated as follows:

Grants: Actual amounts paid out minus repayments and royalties if any.

Guarantees: Claims paid minus fees received and recoveries.

Loans: Estimated capital cost based on the difference between the government borrowing rate and actual interest payments received.

Equity capital: Estimated capital cost based on the government borrowing rate and dividends received.

Tax concessions: Estimates of revenue forgone.

Capital against Royalty: Estimated capital cost based on the difference between the government borrowing rate and actual royalty payments received.

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. If the net cost of a programme is negative, that is, if the government earns money because of high repayments or interest rates, the net cost is reported as nil (0).

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.

Subsidies to Swedish Fishery 1999 (1998)

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Introduction

This notification covers direct subsidies to the fisheries sector. The amounts reported relate in general to commitments made by the competent authorities during the fiscal years 1998 and 1999.

The description of the various schemes follows the outline suggested by WTO. However, effects on trade are difficult to assess and the notification contains, but for a few aid schemes, no information on effects on trade.

As regards investment aid to enterprises "economically viable enterprises" is referred to as one policy objective. Before selecting a project the competent authorities shall also see that an economic analysis of the company as well as a profitability assessment of the project as such is made.

1. Investment aid to fishing enterprises

1(a) Aid for fleet renewal and modernisation of fishing vessels

(a) Form of subsidy

Grant

(b) Amount of subsidy (Total commitments)

1998: SKr 19,660,000 (Community funds)
SKr 5,912,000 (National funds)

1999: SKr 33,592,000 (Community funds)
SKr 9,893,000 (National funds)

(c) Policy objectives

To strengthen the structure and to develop economically viable enterprises in the sector.

(d) Duration

State aid to fisheries is from the date of accession subject to the rules and conditions that are stipulated in Council Regulation (EC) No 2468/98.

(e) Statistical data

Estimated number of recipients of aid during 1998 and 1999: 258
Information concerning effects on trade is not available.

(f) Legal basis

Ordinance on fishing, aquaculture and fisheries (SFS 1994:1716, 1 January 1995)

(g) Rules and conditions

Recipients: Fishing enterprises.

Categories of expenditures eligible for aid:
RSW tanks, safety equipment, selective gear, etc.

1(b) Aid for adjustment of fishing effort

(a) Form of subsidy

Grant

(b) Amount of subsidy (Total commitments)

1998: SKr 983,000 (Community Funds)
SKr 983,000 (National Funds)

1999: SKr 481,000 (Community Funds)
SKr 481,000 (National Funds)

(c) Policy objectives

To achieve a sustainable balance between resources and their exploitation.

(d) Duration

State aid to fisheries is from the date of accession subject to the rules and conditions that are stipulated in Council Regulation (EC) No 2468/98

(e) Statistical data

Estimated number of recipients of aid during 1998 and 1999: 22
Information concerning effects on trade is not available.

(f) Legal basis

Ordinance on fishing, aquaculture and fisheries (SFS 1994:1716, 1 January 1995)

(g) Rules and conditions

Recipients: Fishing enterprises

Categories of expenditures eligible for aid:

- scrapping
- permanent transfer to third country

Maximum possible aid intensity: Participation rates are stipulated in Council Regulation (EC) No 2468/98 and in the SPD

2. Investment aid to aquaculture enterprises

(a) Form of subsidy

Grant

(b) Amount of subsidy (Total commitments)

1998: SKr 10,034,000 (Community Funds)
SKr 3,028,000 (National Funds)

1999: SKr 25,126,000 (Community Funds)
SKr 6,191,000 (National Funds)

(c) Policy objectives

To develop economically viable enterprises in the sector and assist structural improvements.

(d) Duration

State aid to fisheries is from the date of accession subject to the rules and conditions that are stipulated in Council Regulation (EC) No 2468/98.

(e) Statistical data

Estimated number of recipients of aid during 1998 and 1999: 130
Information concerning effects on trade is not available.

(f) Legal basis

Ordinance on fishing, aquaculture and fisheries (SFS 1994:1716, 1 January 1995)

(g) Rules and conditions

Recipients: Aquaculture enterprises and organisations concerned with development projects within the aquaculture sector.

Maximum possible aid intensity: Participation rates are stipulated in Council Regulation (EC) No 2468/98 and in the SPD

Categories of expenditures eligible for aid:

- construction, modernisation and acquisition of buildings
- investments to improve the product quality and to reduce pollution
- acquisition of new plant and machinery

The enterprise must be submitted to official animal health control.

3. Investment aid to fishing port facilities

(a) Form of subsidy

Grant

(b) Amount of subsidy (Total commitments)

1998: SKr 3,934,000 (Community funds)
SKr 6,284,000 (National funds)

1999: SKr 10,593,000 (Community funds)
SKr 13,992,000 (National funds)

(c) Policy objectives

To improve and adapt structure in the fisheries sector.

(d) Duration

State aid to investments in fishing port facilities is from the date of accession subject to the rules and conditions that are stipulated in Council Regulation (EC) No 2468/98.

(e) Statistical data

Estimated number of recipients of aid during 1998 and 1999: 39
Information concerning effects on trade is not available.

(f) Legal basis

Ordinance on fishing, aquaculture and fisheries (SFS 1994:1716, 1 January 1995)

(g) Rules and conditions

Recipients:

- local authorities & other public bodies
- fishermen and fish processing enterprises connected to harbours
- fishing harbour associations

Maximum possible aid intensity: Participation rates are stipulated in Council Regulation (EC) No 2468/98 and in the SPD

Categories of expenditures eligible for aid:

- investments to improve the conditions under which fishery products are landed,
- handled and stored
- investments to support fishing vessel activities
- investments to improve the safety during the landing or loading of products.

4. Investment aid for processing and marketing

(a) Form of subsidy

Grant

(b) Amount of subsidy (Total commitments)

1998: SKr 22,719,000 (Community funds)
SKr 7,552,000 (National funds)

1999: SKr 37,474,000 (Community funds)
SKr 12,353,000 (National funds)

(c) Policy objectives

To develop economically viable enterprises in the sector and assist structural improvements.

(d) Duration

State aid to investments in processing and marketing is from the date of accession subject to the rules and conditions that are stipulated in Council Regulation (EC) No 2468/98.

(e) Statistical data

Estimated number of recipients of aid during 1998 and 1999: approx. 145
Information concerning effects on trade is not available.

(f) Legal basis

Ordinance on fishing, aquaculture and fisheries (SFS 1994:1716, 1 January 1995)

(g) Rules and conditions

Recipients: The Processing Industry

Maximum possible aid intensity: Participation rates are stipulated in Council Regulation (EC) No 2468/98 and in the SPD

Categories of expenditures eligible for aid:

- The construction and acquisition of buildings and installation
- The acquisition of new equipment needed for the processing and marketing

- The application of new technology
- Investments to improve product quality and to reduce pollution

5. Investment aid for protection of coastal waters

(a) Form of subsidy

Grant

(b) Amount of subsidy (Total commitments)

1998: SKr 4,043,000 (Community funds)
SKr 3,999,000 (National funds)
1999: SKr 3,615,000 (Community funds)
SKr 3,615,000 (National funds)

(c) Policy objectives

To achieve a sustainable balance between resources and their exploitation.

(d) Duration

Aid for development of coastal waters is from the date of accession subject to the rules and conditions that are stipulated in Council Regulation (EC) No 2468/98.

(e) Statistical data

Estimated number of recipients of aid during 1998 and 1999: 8
Information concerning effects on trade is not available.

(f) Legal basis

Ordinance on fishing, aquaculture and fisheries (SFS 1994:1716, 1 January 1995)

(g) Rules and conditions

Recipients: Public institutions or bodies designated for that purpose by the competent authorities.

Maximum possible aid intensity: Participation rates are stipulated in Council Regulation (EC) No 2468/98 and in the SPD

Categories of expenditures eligible for aid:

- Investments to improve water circulation and other habitat conservation measures.
- Re-stocking of species of importance for coastal fishing

6. Aid for promotion/marketing

(a) Form of subsidy

Grant

(b) Amount of subsidy (Total commitments)

1998: SKr 3,723,000 (Community funds)
SKr 2,850,000 (National funds)

1999: SKr 3,290,000 (Community funds)
SKr 2,393,000 (National funds)

(c) Policy objectives

To improve market supply and the value added to fisheries and aquaculture products.

(d) Duration

Aid for promotion is from the date of accession subject to the rules and conditions that are stipulated in Council Regulation (EC) No 2468/98.

(e) Statistical data

Estimated number of projects for which aid has been allocated: 43
Information concerning effects on trade is not available.

(f) Legal basis

Ordinance on fishing, aquaculture and fisheries (SFS 1994:1716, 1 January 1995)

(g) Rules and conditions

Recipients:

Public bodies, fisheries interest associations, private contractors

Maximum possible aid intensity: Participation rates are stipulated in Council Regulation (EC) No 2468/98 and in the SPD

Categories of expenditures eligible for aid:

Consumers surveys and market studies, promotion campaigns, organisation of and participation in trade fairs, consumption advice, services and advice to wholesalers and retailers.

7. Aid for temporary cessation of fishing activities

(a) Form of subsidy

Grant

(b) Amount of subsidy (Total commitments)

1998: SKr 813,000 (Community funds)
SKr 488,000 (National funds)

1999: SKr 813,000 (Community funds)
SKr 488,000 (National funds)

(c) Policy objectives

To achieve sustainable balance between resources and their exploitation.

(d) Duration

State aid to temporary cessation of fishing activity is from the date of accession subject to the rules and conditions that are stipulated in Council Regulation (EC) No 2468/98.

(e) Statistical data

Estimated number of recipients of aid during 1998 and 1999: approx. 40

(f) Legal basis

Ordinance on fishing, aquaculture and fisheries (SFS 1994:1716, 1 January 1995)

(g) Rules and conditions

Recipients: Fishing enterprises.

Categories of expenditures eligible for aid:

Compensation of the loss of income associated with a temporary cessation measure introduced as a result of unforeseen and non-recurring circumstances attributable to biological causes.

8. Aid to studies and pilot projects

(a) Form of subsidy

Grant

(b) Amount of subsidy (Total commitments)

1998: SKr 1 549 000 (Community funds)
SKr 962,000 (National funds)

1999: SKr 5,364,000 (Community funds)
SKr 3,388,000 (National funds)

(c) Policy objectives

To improve and adapt structures in the fisheries and aquaculture sector.

(d) Duration

State aid to studies and pilot projects is from the date of accession subject to the rules and conditions that are stipulated in Council Regulation (EC) No 2468/98.

(e) Statistical data

Estimated number of recipients of aid during 1998 and 1999: 17
Information concerning effects on trade is not available.

(f) Legal basis

Ordinance on fishing, aquaculture and fisheries (SFS 1994:1716, 1 January 1995)

(g) Rules and conditions

Recipients: Universities, Public and private institutions, enterprises

Maximum possible aid intensity: Participation rates are stipulated in Council Regulation (EC) No 2468/98 and in the SPD

Categories of expenditures eligible for aid:

The result of the study or pilot project should be of value for the Industry.

Any result must be published and made accessible to the public.

9. Payment of compensation to producers' organisations

(a) Form of subsidy

Grant

(b) Amount of subsidy (Total commitments)

1998: SKr 3,442,000

1999: SKr 2,525,000

(c) Policy objective

To grant financial compensation to producers' organizations for losses when fish has been withdrawn from the market.

(d) Duration

From 1 January 1995.

(e) Statistical data:

Estimated number of recipients of aid between 1997 and 1998: 4 (Producers' organisations)
Sweden considers that this measure has had very insignificant, if any, effects on trade.

(f) Legal basis

Council Regulation (EEC) No 3759/92 of 17 December 1992 on the common organisation of the market in fishery and aquaculture products.

(g) Rules and conditions

Article 8-12 in Council Regulation No 3759/92

10. Governmental subsidy for fish-stocking

(a) Form of subsidy

Grant

(b) Amount of subsidy (Total payments)

<u>1998:</u>	SKr 3,900,000
<u>1999:</u>	SKr 2,075,000

(c) Policy objectives

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

(d) Duration:

Commitments has been made for activities as from 1 January 1998 – 31 December 2000

(e) Statistical data

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

(f) Legal basis

Government decision 1998-02-12

(g) Rules and conditions

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

11. Aid to measures undertaken within the Community Initiative Pesca

(a) Form of subsidy

Grant

(b) Amount of subsidy (total commitments)

<u>1998:</u>	SKr 11,532,000 (Community funds)
	SKr 8,728,000 (National funds)
<u>1999:</u>	SKr 15,925,000 (Community funds)
	SKr 6,859,000 (National funds)

(c) Policy objectives: The objectives for the Community Initiative Pesca are stipulated in the Commission's notice to the Member States (94/C 180/01)

(d) Duration

The integrated Operational Programme covers the period 1995-1999

(e) Statistical data

Estimated number of recipients of aid during 1998 and 1999: 72
Information concerning effects on trade is not available.

(f) Legal basis

Ordinance on fishing, aquaculture and fisheries (SFS 1994:1716, 1 January 1995)

(g) Rules and conditions

Recipients: Pesca is designed principally for areas dependent on fisheries in regions eligible under objective 1,2 and 5(b).

Maximum possible aid intensity: Participation rates are stipulated in the Operational Programme

Categories of expenditures eligible for aid:

- diversification of activities in eligible areas
 - business services
 - maintenance or creation of jobs
 - specific project of a general and/or transnational nature in the fisheries sectors
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