STATE AID SCOREBOARD 2018

State Aid Scoreboard for 2017 for the EEA EFTA States

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EFTA SURVEILLANCE AUTHORITY

TABLE OF CONTENTS

TABLES AND FIGURES

INTRODUCTION

State aid is selective financial assistance - provided by public bodies to entities active in a commercial environment - which can distort competition and trade within the European Economic Area (EEA). Such assistance can take a number of forms, for example, direct grants, tax concessions, favourable loans or capital investments on preferential terms.

To prevent undue distortions of competition and trade within the EEA, the EEA Agreement contains a general prohibition on state aid. The rules seek to ensure equal opportunities for firms across Europe and to prevent government spending from being used as protectionism. The prohibition is, however, subject to exemptions, recognising that public intervention can be necessary to correct market failures and promote common EEA objectives.

The EFTA Surveillance Authority ("the Authority") keeps under review all state aid existing in the EFTA States: Iceland, Liechtenstein and Norway.[1] As a general rule, the EFTA States must notify new aid to the Authority and await the outcome of the Authority's assessment of the compatibility of the aid before putting it into effect. The General Block Exemption Regulation (GBER) exempts however, certain categories of aid from these requirements. Such spending is deemed *a priori* to be compatible aid without the need for Authority scrutiny. In those circumstances, a grantor need only complete a brief information form on its plans to implement aid.

That said, in order for the Authority to monitor ongoing compliance with the EEA state aid rules, the EFTA States are required to submit to the Authority *annual reports* on the amounts of aid granted in the previous year.[2] These annual reports comprise all *state aid*, *i.e.* public spending that falls within the scope of Article 61(1) EEA, but which is deemed compatible with the EEA Agreement, namely: notified aid that has been authorised by decision, GBER-compatible aid and aid that existed prior to the EEA Agreement. The annual reports exclude *de minimis* funding, as this does not constitute aid under Article 61(1) EEA. Similarly, the reports exclude most compensation for Services of General Economic Interest, as this type of spending either does not constitute aid under *Altmark* or is subject to a separate biennial reporting obligation.

The State Aid Scoreboard ("the Scoreboard") is a yearly publication that summarises the information provided in the annual reports.[3] This latest edition of the Scoreboard covers the reporting period from 2011 to 2017. The purpose of the Scoreboard is to provide a benchmarking tool for comparing state aid spending in the EFTA States and across the EEA, and to establish a statistical basis from which to measure progress on reforms and policy objectives.

The Scoreboard is based on the same methodology as the Scoreboard for the EU Member States issued by the European Commission. However, unlike the Treaty on the Functioning of the European Union (TFEU), the EEA Agreement does not cover trade in most agricultural and fishery products; EU aid to these sectors is therefore omitetd when comparing aid in the EU Member States to the EFTA States.[4] Furthermore, as the Commission excludes aid to the transport sector, to railways, and aid related to the financial crisis in their main calculations, these categories of aid are also exlcuded in the EFTA Scoreboard.

Expenditure figures for all categories of aid are available in Excel format on the Authority's website and in the annexes A-C to this report.

[1] Switzerland is a member of the European Free Trade Association (EFTA), but it is not a Contracting Party to the EEA Agreement. The term "EFTA States", in this Scoreboard, thus only refers to Iceland, Liechtenstein and Norway, in line with Article 2(b) of the EEA Agreement.

[2] In accordance with Article 21(1) in Part II of Protocol 3 to the Surveillance and Court Agreement and Article 11(b) of the GBER.

[3] Article 6 of Decision 195/04/COL provides that the Authority shall publish a scoreboard containing a synthesis of the annual reports.

[4] According to Article 8(3) of the EEA Agreement, the provisions of the Agreement shall apply only to products falling within Chapter 25 to 97 of the Harmonized Commodity Description and Coding System, excluding the products listed in Protocol 2. However, products listed in Protocol 3 also fall within the product scope of the EEA Agreement, subject to the specific arrangements set out in that Protocol.

MAIN FINDINGS

State aid spending increased in the EFTA States in 2017, both in absolute amounts and relative to GDP. Overall, state aid granted by the EFTA States totalled an estimated EUR 3.3 billion in 2017, a nominal increase of around 9 percent from 2016. The increase was largely due to increased spending on environmental objectives, as well as on research, development and innovation ("R&D&I"), which reflects both national policy objectives and common objectives in the EEA.

The impact of the revised General Block Exemption Regulation (GBER), introduced in July 2014, continued to be noticeable in 2017. For the first time, all three EFTA States made use of the regulation. In total, GBER aid grew by 8 percent from 2016, GBER measures accounted for 70 percent of all measures with reported expenditure and 91 percent of all *new* measures with reported expenditure, and GBER aid accounted for 44 percent of all aid expenditure in the EFTA States.

Norway

Norway reported aid expenditure of around EUR 3.2 billion in 2017 — a nominal NOK increase of around 8 percent compared to 2016 and 0.02 percentage points relative to GDP. The rise was due primarily to increased spending on environmental objectives. Norway increased its use of the GBER, and aid granted under the GBER accounted for 45 percent of all aid expenditure in Norway in 2017.

Norway granted most of its aid to environmental objectives, which accounted for 39 percent of all aid in Norway in 2017. Tax concessions were the main aid instrument used by Norway, representing more than 74 percent of all aid expenditure.

A comparison with other EEA countries shows that Norway's state aid relative to GDP remained high, and well above the EU-28 average, but similar to the other Nordic countries in the EU. In particular, relative to GDP, Norway spent significantly more on regional development than the EU Member States.

Iceland

Iceland reported aid expenditure of around EUR 92 million in 2017 — a nominal ISK increase of 11 percent compared to 2016 and 0.02 percentage points relative to GDP. The rise was due primarily to an increase in aid to R&D&I objectives. Despite the overall increase, a comparison with the other EEA States shows that Iceland's overall aid expenditure relative to GDP remained well below the EU average. However, relative to GDP, Iceland's spending on R&D&I remained substantially higher than the average EU level.

Iceland granted most of its aid to R&D&I objectives, which accounted for around 70 percent of all state aid spending in 2017. Direct grants were the main aid instrument used by Iceland and represented more than 62 percent of all aid expenditure. Notably, Iceland increased its use of the GBER procedure; in 2017, GBER aid accounted for 35 percent of all aid expenditure in Iceland.

Liechtenstein

Liechtenstein reported aid expenditure of around EUR 5.22 million in 2017 — an almost three-fold nominal CHF increase. The rise was due to increased aid to environmental objectives. Notably, Liechtenstein introduced its first scheme under the GBER in 2017, and GBER aid thus accounted for around 75 percent of all aid expenditure. Liechtenstein granted all of its aid via direct grants. A comparison with the other EEA States shows that Liechtenstein's overall aid expenditure relative to GDP still remained the lowest in the EEA. However, relative to GDP, Liechtenstein's spending on cultural objectives was comparable to the EU level.

1. STATE AID EXPENDITURE

1.1 Overall results

The total amount of state aid reported by each EFTA during the period 2011–2017 is summarised in Table 1 below. The table shows that the three EFTA States collectively awarded nearly EUR 3.3 billion in state aid in 2017, a nominal increase of around 9 percent from the 2016 level.

Norway reported aid expenditure of around EUR 3.2 billion in 2017 (NOK 30 billion),[6] a nominal increase of EUR 223 million. Based on the amounts in the national currency, the rise represented an 8 percent nominal increase in spending. The aid was distributed across 130 measures, of which the five largest accounted for more than 73 percent of the total reported expenditure. The five largest measures in Norway in 2017 were as follows:

Title of the measure[5]	€ mill	Cum. %
Regionally differentiated social-security	€ 992	30 %
Tax credit scheme for R&D – Skattefunn	€ 461	45 %
State aid in favour of electric vehicles	€ 428	58 %
Reduced electricity tax for industries	€ 310	68 %
Reduced CO_2 tax for natural gas	€ 155	**73 %**

Iceland reported aid spending of around EUR 92 million in 2017 (ISK 11 billion), a nominal increase of around EUR 17.5 million from 2016. Based on the amounts in the national currency, the rise represented an 11 percent increase in spending. The aid was distributed across 13 measures, of which the five largest accounted for 88 percent of the reported expenditure. The five largest measures in Iceland in 2017 were as follows:

Title of the measure[7]	€ mill	Cum. %
Aid to support innovation companies	€ 23	25 %
Rannís Research Fund	€ 21	48 %
Rannís Technical Development Fund	€ 20	70 %
Alcoa aluminium smelter in Fjardabyggd	€ 9	80 %
Reimbursement for film making	€ 8	**88 %**

Liechtenstein reported aid disbursements of EUR 5.22 million in 2017 (CHF 5.8 million), a nominal increase of around EUR 3.5 million from 2016 – an almost three-fold increase in spending based on the amounts in CHF. The aid was distributed across only three schemes, of which the largest accounted for more than 68 percent of the total expenditure. The two largest measures in Liechtenstein in 2017 were:

Title of the measure[8]	€ mill	Cum. %
Liechtenstein Energy Efficiency Act	€ 3.55	68 %
Liechtenstein Media Support Act	€ 1.52	**97 %**

By comparison, the EU-28 collectively spent EUR 110 billion on (non-agricultural) aid in 2017, an increase of around 9 percent from 2016. On average, about 67% of their total spending was concentrated on the five biggest measures. Similar to the EFTA States, the EU Member States thus tend to set up a limited number of large measures that absorb most of the state aid spending.[9]

Table 1: State aid granted by the EFTA States during 2011–2017 (EUR million, nominal amounts)

EFTA State	2011	2012	2013	2014	2015	2016	2017
NORWAY	2 417.82	2 620.81	2 475.90	2 611.58	2 682.78	2 992.38	3 214.30
ICELAND	20.87	32.44	39.83	48.63	57.19	74.28	91.79
LIECHTENSTEIN	1.48	1.50	1.49	1.58	1.83*	1.82	5.22
TOTAL - EFTA	2 440.17	2 654.75	2 517.79	2 661.79	2 741.80	3 068.48	3 311.31

* The CHF/EUR exchange rate changed significantly in 2016.

5 225/14/COL, GBER 44/2014/R&D&I, 228/17/COL, GBER 9/2014/ENV, GBER 48/2014/ENV

6 In addition, Norway granted EUR 392 million to maritime transport in 2017, a marked increase from the previous year (EUR 192 million). When including this category, the total reported aid expenditure in Norway in 2017 was EUR 3.6 billion (NOK 33.6 billion).

7 GBER 17/2016/R&D&I, 93-227, 93-224, 40/03/COL, GBER 37/2017/CUL

8 GBER 14/2017/ENV, 213/17/COL, 171/14/COL

9 http://ec.europa.eu/competition/state_aid/scoreboard/state_aid_scoreboard_2018.pdf, page 17

1.2 Main trends in 2017

The nominal changes in aid spending in each of the EFTA States in 2017 are presented in more detail in Figure 1 below. The changes are displayed in the respective countries' currency. Figure 1a shows that the overall increase in Norway's expenditure was due primarily to greater spending on environmental objectives and R&D&I, which offset reduced spending on export promotion and broadband infrastructure. In all, Norway granted aid under 38 new measures in 2017 (*i.e.* measures for which aid was reported for the first time). The largest new measures were:[10]

- Aid scheme for audio-visual works (€44 mill)
- The financing of "Concept and FEED Studies" on full-scale CO_2 capture and storage (€14 mill)

Figure 1b shows that the overall increase in Iceland's expenditure was due primarily to greater spending on R&D&I and regional development, which outweighed reduced spending on culture. Iceland granted aid to two new measures in 2017:[11]

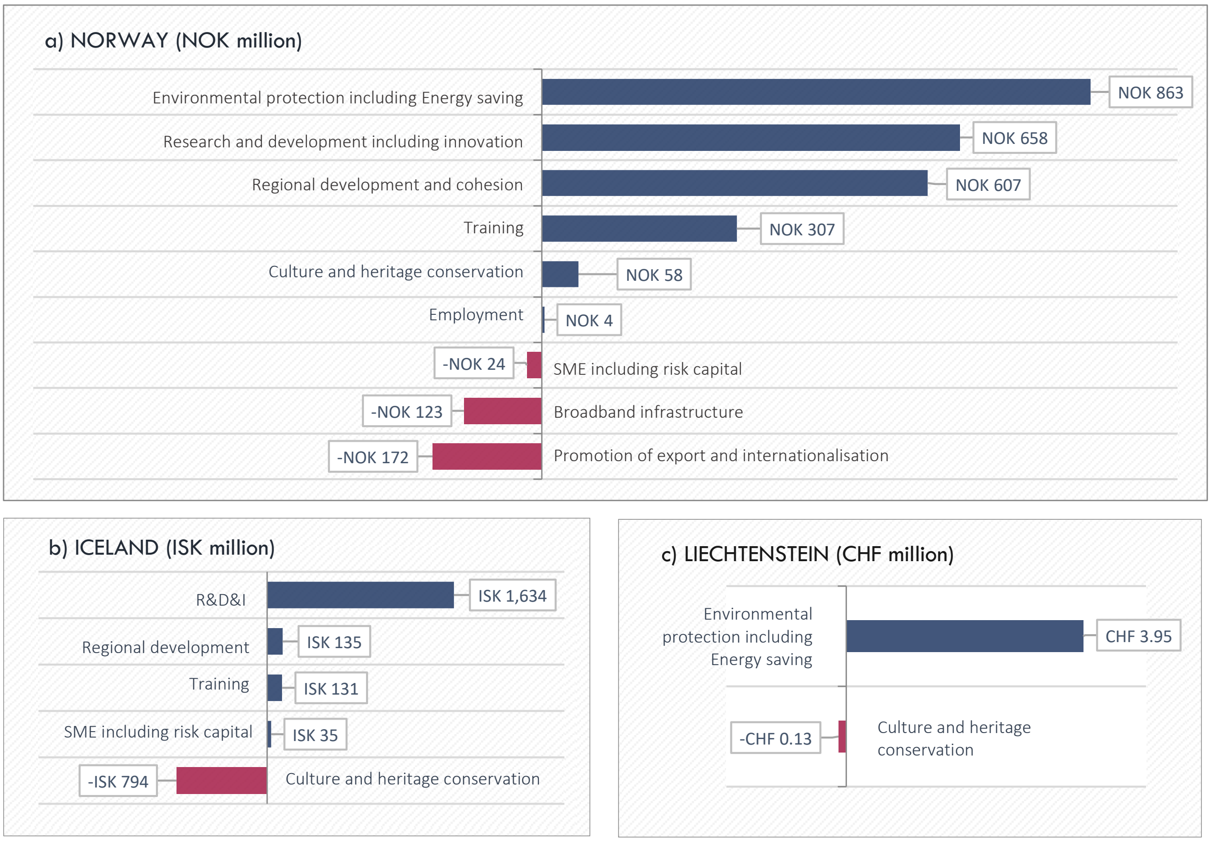
- Reimbursements for film making (€8 mill)
- The PCC Silicon Metal Plant at Bakki (€1 mill)

Figure 1c shows that the overall increase in Liechtenstein's expenditure was due to greater spending on environmental protection, which countered reduced spending on culture. In all, Liechtenstein introduced one new scheme in 2017:

- Liechtenstein Energy Efficiency Act (€3.55 mill)

By comparison, the overall increase in state aid spending in the 28 EU Member States was due in particular to an uptake in spending on environmental protection, which offset reduced spending on R&D&I.[12]

Figure 1: Nominal changes in aid expenditure in 2017



10 GBER 5/2017/CUL, 045/17/COL
11 GBER 37/2017/CUL, GBER 6/2018/TRAI
12 http://ec.europa.eu/competition/state_aid/scoreboard/state_aid_scoreboard_2018.pdf, page 17

2. STATE AID RELATIVE TO GDP

2.1 EFTA-EU comparison: 2011–2017

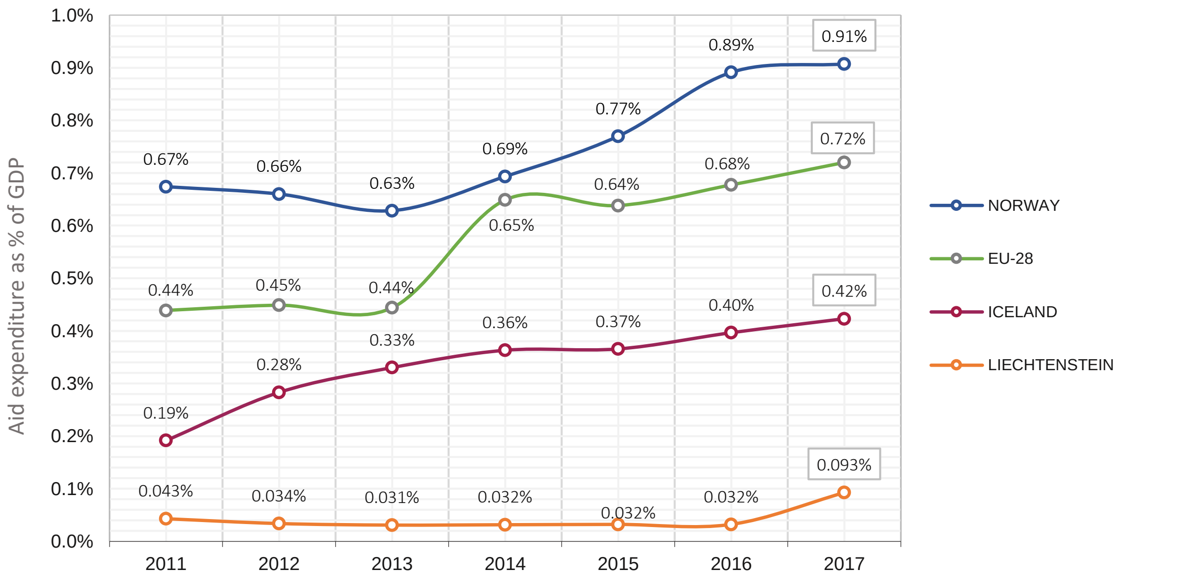
Figure 2 displays aid expenditure relative to GDP for each of the EFTA States during the period 2011-2017, together with the corresponding number for the EU-28.[13] Financing channelled through the EU Structural and Investment Funds qualifies as state aid and is therefore included in the numbers.[14]

The figure shows that Norway has been granting more aid relative to GDP than the average of the EU Member States since 2011, with an increase of about 0.02 percentage points in 2017 compared to the 2016 level. Furthermore, Iceland increased its state aid spending relative to GDP during the entire period, with an increase of about 0.02 percentage points in 2017. However, spending has remained below the EU average throughout. Finally, Liechtenstein's aid expenditure relative to GDP increased sharply by 0.06 percentage points in 2017, but remained well below the EU level. By comparison, the EU average remained stable during the period from 2011 until 2013, but spending increased in 2014. However, the sudden rise reflected the fact that many schemes for renewable energy were only reported from 2014 onwards, following the adoption of the 2014 Energy and Environmental Guidelines. In 2017, the EU-average increased by 0.04 percentage points from 2016.

2.2 EEA comparison: 2017

Figure 3, on the next page, provides an overview of the total amount of aid granted by each of the EU Member States and the EFTA States relative to GDP in 2017. The chart shows that Norway's level of aid expenditure relative to GDP (0.91 percent) ranked as the twelfth highest in the EEA in 2017 and was well above the EU average. This finding is in line with the results for the other Nordic countries in the EEA, all of which reported state aid expenditure above the EU average. Iceland's level of aid expenditure relative to GDP (0.42 percent) was below the EU average in 2017 and well below economies of similar sizes, such as Latvia, Malta, Estonia, and Slovenia, all of which reported expenditure above the EU average. Liechtenstein granted the lowest amount of state aid relative to its GDP (0.9 percent) of all of the EEA States in 2017.

Figure 2: Total state aid relative to GDP: EFTA-EU comparison 2011–2017



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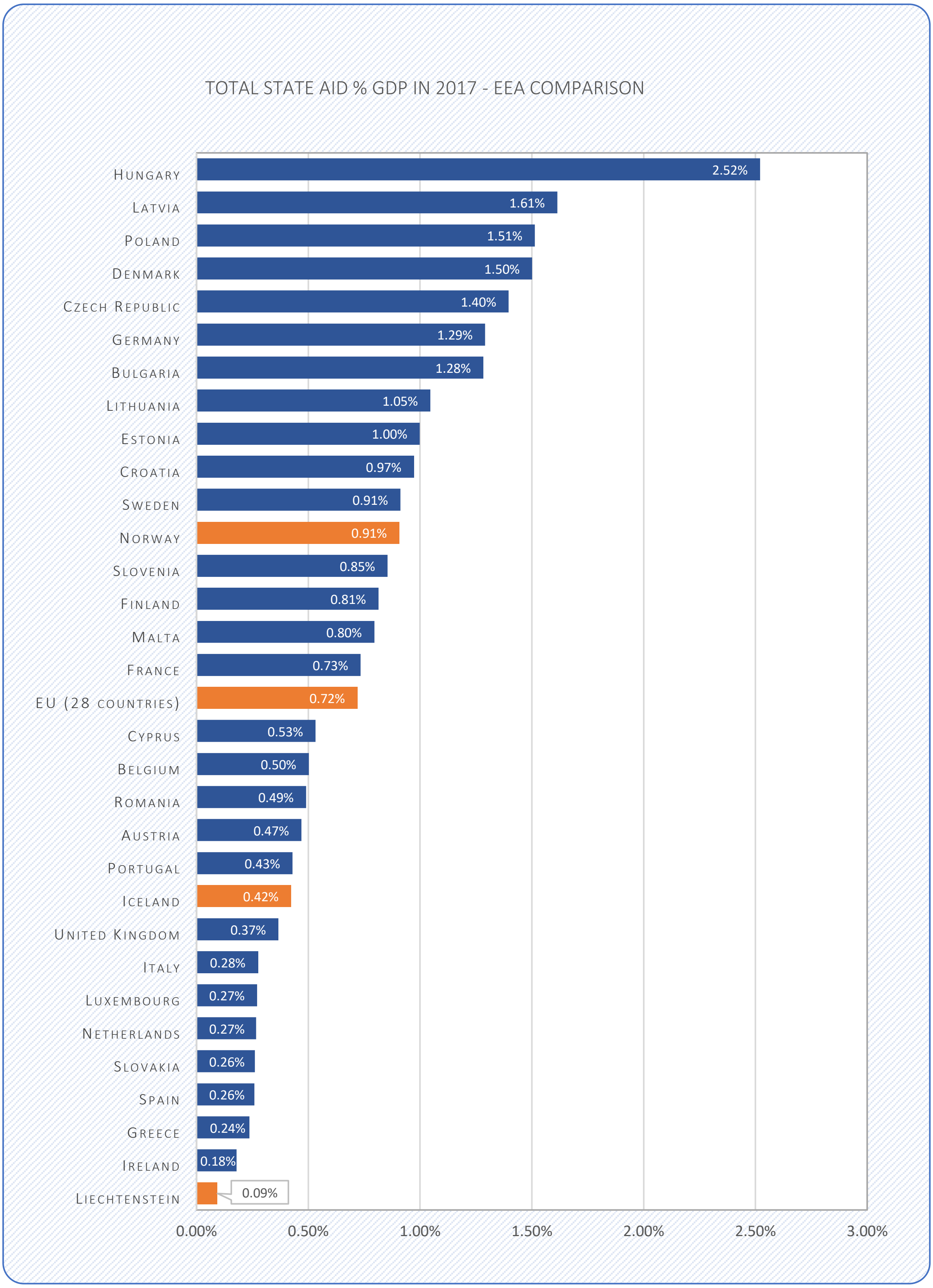
13 The EU numbers have been calculated based on the amount referred to as "non-agricultural aid" in the Commission scoreboard.

14 Funding under the Cohesion Fund, the European Social Fund and the European Regional Development Fund are included in the present statistics; funding under the European Maritime and Fisheries Fund and European Agricultural Fund for Rural Development are excluded. Funding granted under EU programmes managed at EU central level (i.e. COSME, H2020, CEF) is not considered state aid and thus not included.

Figure 3: Total state aid relative to GDP: EEA comparison for 2017[15]



15 The EU numbers have been calculated based on the amount referred to as “non-agricultural aid” in the Commission scoreboard.

3. STATE AID OBJECTIVES

In order for state aid to be compatible with the EEA Agreement, the aid must contribute towards a well-defined objective of common interest within the EEA. The range of potential common-interest objectives is very broad, covering those aimed at supporting consumer welfare and an efficient allocation of resources, to a wide set of social and political objectives, such as sustainable growth, social cohesion and environmental protection.

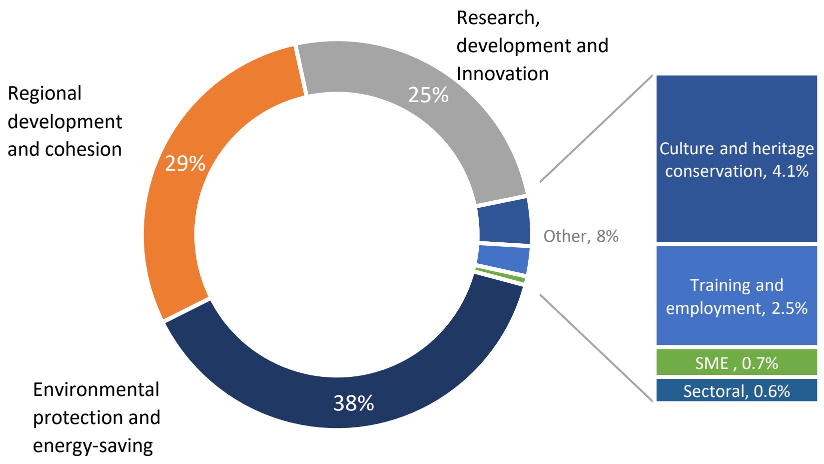
3.1 Main objectives in the EFTA States

During the period under review, the EFTA States implemented aid measures to help achieve a wide variety of objectives. Examples include seed funding for start-ups, broadband roll-out in rural areas, incentive schemes for environmentally friendly technologies, support to carbon-capture and storage facilities, rural harbour infrastructures, regional housing schemes, as well as multipurpose venues and sports arenas.

Figure 4 displays how the aid expenditure in the EFTA States was distributed amongst different categories of aid objectives in 2017. The figure shows that aid measures with environmental protection and energy saving as their main objective received the largest proportion of aid in the EFTA States in 2017, accounting for around 38 percent of all expenditure, followed by aid to regional development and R&D&I, which accounted for 29 and 25 percent respectively. Sectoral aid accounted for only 0.6 percent of the total expenditure.

By comparison, the EU-28 awarded around 55 percent of all non-agricultural aid to environmental protection and energy-saving in 2017, whereas R&D&I and regional development accounted for only around 8 and 9 percent respectively. Sectoral aid granted by the EU-28 accounted for 5 percent of total state aid expenditure.[16] A large share of the spending on environmental objectives in the EU was due to the approval of numerous renewable energy initiatives, aimed at achieving the EU energy and environmental goals of 20 percent renewables by 2020 and 27 percent by 2030 and to make progress on the strategy of a transition to a low-carbon, secure and competitive economy.[17]

Figure 4: State aid expenditure by main objective in the EFTA States in 2017



[16] http://ec.europa.eu/competition/state_aid/scoreboard/state_aid_scoreboard_2018.pdf (ESA calculation)
[17] http://ec.europa.eu/competition/state_aid/scoreboard/state_aid_scoreboard_2018.pdf, page 10

3.1.1 Main objectives in Norway

Figure 5 displays the trend in aid expenditure in Norway during 2011–2017 (in inflation-adjusted amounts) and the distribution of aid by objective in each year. The figure shows that spending increased over the period, albeit with a dip in 2013.

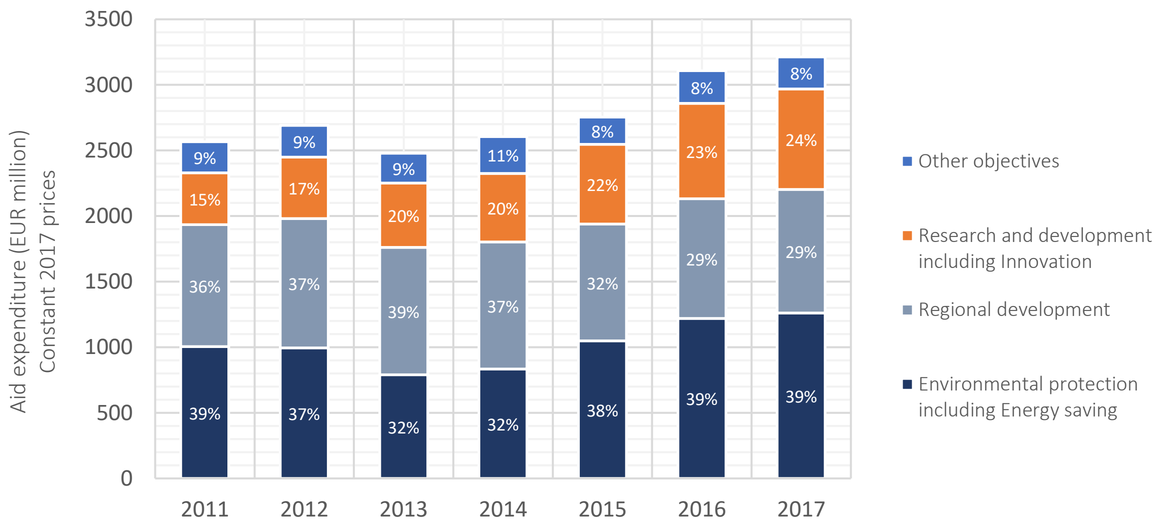
The figure shows that aid promoting environmental objectives has been an important part of Norway's state aid policy during the period and accounted for the largest proportion of all aid in 2017. In total, Norway spent more than EUR 1.3 billion in support of environmental objectives in 2017 (NOK 12 billion), distributed across 34 measures. Most of the aid constituted tax concessions, in particular under the VAT exemption scheme for electric vehicles, while a significant share derived from schemes managed by ENOVA, a government enterprise tasked with promoting the production and consumption of environmentally friendly energy.

The figure further shows that aid supporting regional development accounted for a large proportion of aid expenditure in Norway during the period. This is mainly due to the long-running scheme of "regionally differentiated social security contributions" ("RDSSC"), a scheme aimed at reducing or preventing depopulation in the least inhabited regions of Norway by stimulating employment. In 2017, aid under the scheme amounted to EUR 922 million in foregone state revenue (NOK 8.6 billion), accounting for around 30 percent of all Norwegian state aid expenditure.

Finally, aid to support R&D&I projects accounted for the third largest proportion of expenditure in Norway during the period. The largest measure within this category was "Skattefunn"; a tax credit scheme set up to incentivise businesses to carry out R&D. In 2017, this measure amounted to EUR 461 million (NOK 4.3 billion), representing more than 14 percent of all Norwegian aid expenditure.

Both the RDSSC and the Skattefunn schemes were subject to ex-post evaluations during 2017. The purpose of such evaluations is to assess whether and to what extent the objectives of the scheme has been fulfilled and to determine its impact on competition and trade in the EEA. The evaluations revealed that the schemes worked as intended, but also identified some modifications which could improve their effectiveness.[18,19]

Figure 5: Distribution of aid by main objective in Norway during 2011–2017[20]



18 http://www.samfunnsokonomisk-analyse.no/newly-published/2018/10/17/evaluation-of-the-regionally-differentiated-social-security-contribution-scheme

19 http://www.samfunnsokonomisk-analyse.no/nye-prosjekter/2018/7/2/evaluering-av-skattefunn

20 The aid amounts used in Figure 5 has been adjusted for inflation relative to 2017 using the GDP-deflator from Eurostat.

3.1.2 Main objectives in Iceland

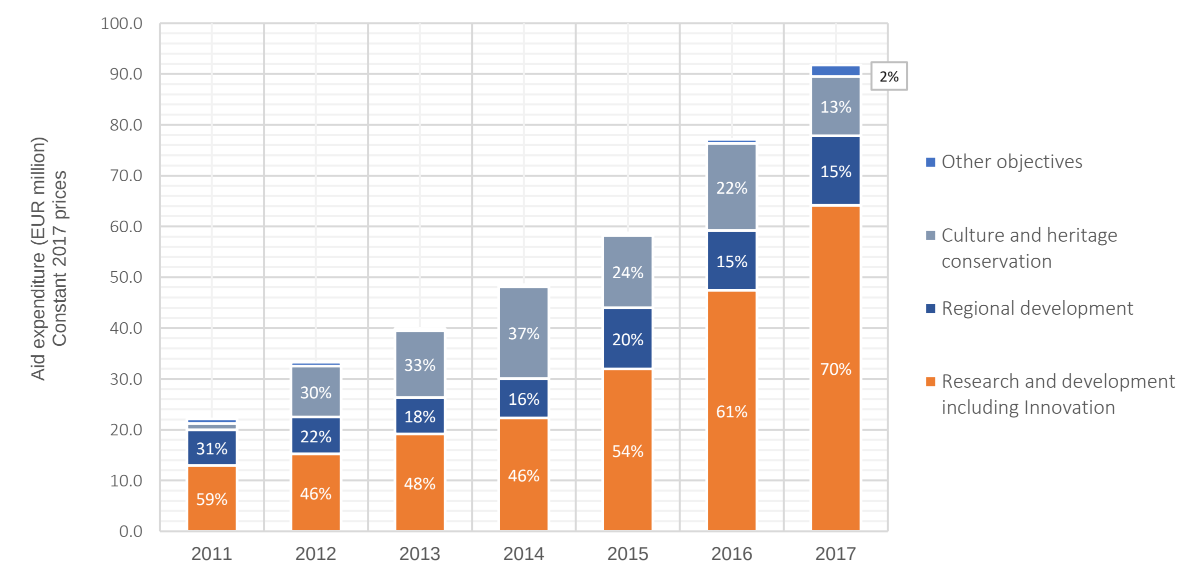
Figure 6 displays the trend in aid expenditure in Iceland during 2011–2017 (in inflation-adjusted amounts) and the distribution of aid by objective in each year. The figure shows that spending increased over the period and that aid to R&D&I accounted for the largest proportion of aid every year (70 percent in 2017). Notably, the Rannís research and technological development funds have made up most of this category over the years. In 2017, the funds collectively distributed EUR 41 million in aid (ISK 5 billion) and accounted for 44 percent of all aid expenditure.

Culture and heritage conservation has traditionally been another important objective in Iceland's state aid policy, in particular with the introduction of a scheme to support the Harpa Concert Hall and Conference Centre in 2011. The Icelandic film support scheme has also accounted for a large share of cultural aid. This arrangement aims to promote the history and nature of Iceland, by reimbursing certain production costs to producers filming in Iceland. In 2017, support for cultural objectives accounted for 13 percent of all aid, an absolute and relative reduction from 2016.

Aid to promote regional development and cohesion also accounted for a significant proportion of state aid expenditure in Iceland during the period. According to the most recently approved regional aid map of Iceland[21], nearly all of Iceland's municipalities are eligible for regional aid due to low population density. The aid distributed to these areas aims to promote local economic development and industries. The Alcoa aluminium smelter in Reyðafirði was the largest recipient of regional aid in 2017, receiving tax concessions equal to EUR 9.5 million (ISK 1.1 billion).

Aid supporting sectoral development was previously a prominent feature in Icelandic state aid policy. However, over the period under review, Iceland did not grant any sectoral aid.

Figure 6: Distribution of aid by main objective in Iceland during 2011–2017[22]



[21] http://www.eftasurv.int/media/decisions/170-14-COL.pdf

[22] The aid amounts used in Figure 6 has been adjusted for inflation relative to 2017 using the GDP-deflator from Eurostat.

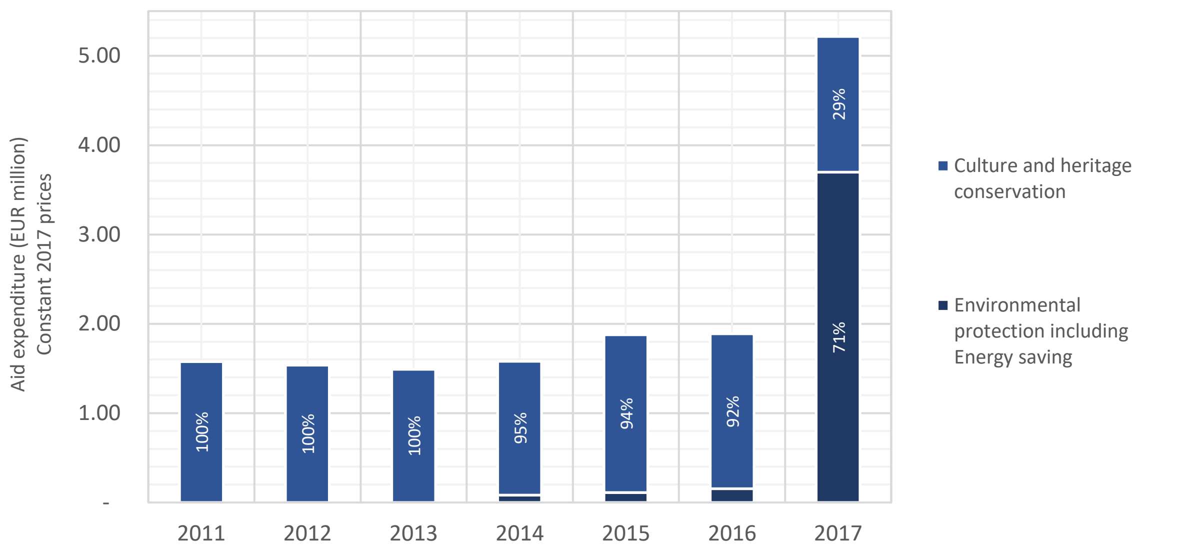
3.1.3 Main objectives in Liechtenstein

Figure 7 displays the overall trend in aid expenditure in Liechtenstein during 2011–2017 (in inflation-adjusted amounts) and the distribution of aid by objective in each year. The figure shows that spending remained stable during the period 2011–2016, but increased sharply in 2017.

For most of the period, Liechtenstein's state aid expenditure was entirely related to one measure, the Media Support Act, a scheme supporting culture and heritage conservation. In particular, the arrangement aims to preserve pluralism of opinions, promote journalistic editorial quality, and facilitate the dissemination of opinion-shaping media in Liechtenstein. In 2017, the measure accounted for 29 percent of all aid expenditure in Liechtenstein, amounting to EUR 1.52 million (CHF 1.69 million).

Liechtenstein introduced two additional state aid measures in 2014, with environmental protection and energy saving as their primary objective. The first involved aid to the Citizens' Co-operative Balzers for district heating and amounted to EUR 0.14 million (CHF 0.16 million) in 2017. The second measure, which was activated in 2017, concerned the Liechtenstein Energy Efficiency Act and amounted to EUR 3.55 million (CHF 3.95 million) in 2017. Collectively, aid to environmental objectives is the largest aid objective in Liechtenstein in 2017, accounting for 71 percent of all aid spending.

Figure 7: Distribution of aid by main objective in Liechtenstein during 2011–2017[23]



23 The aid amounts used in Figure 7 has been adjusted for inflation relative to 2017 using the GDP-deflator from Eurostat.

3.2 Selected EEA comparisons

Figure 8 displays the level of aid expenditure for selected objectives relative to GDP for each of the EFTA States during 2011–2017, together the EU-28.

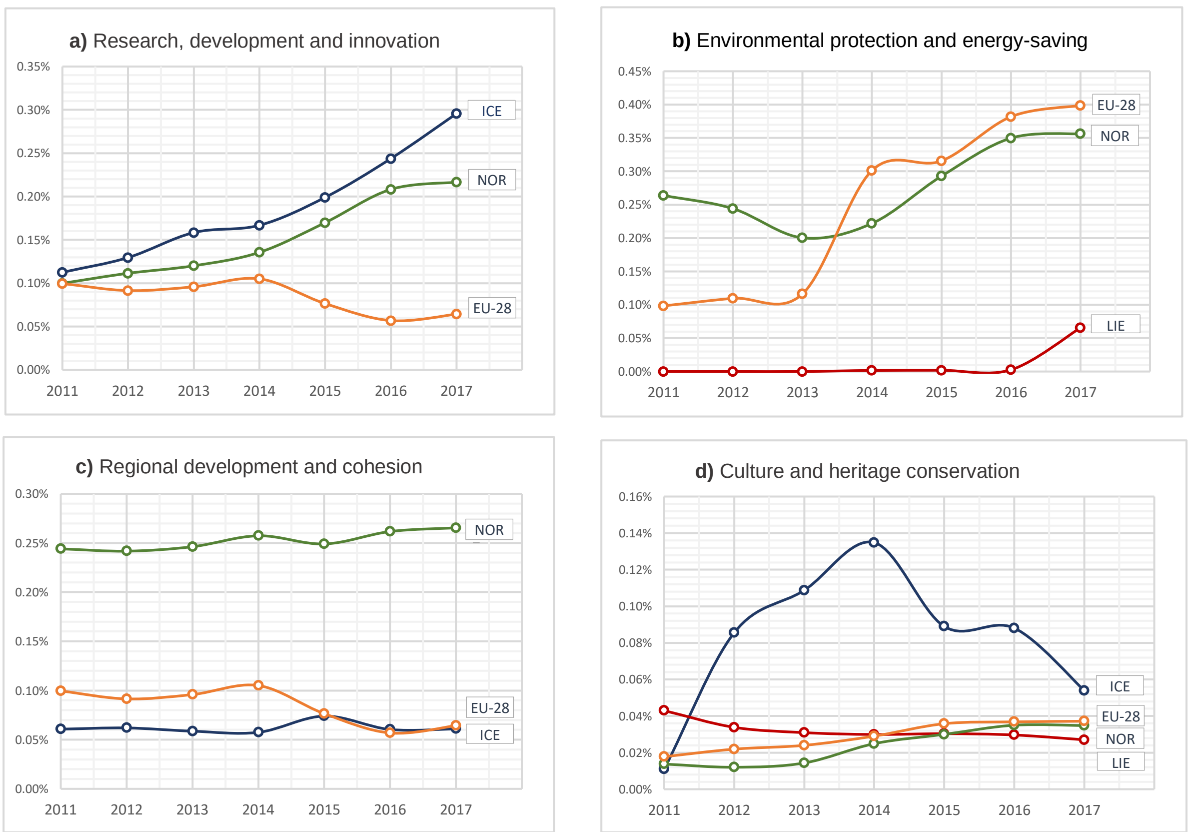
Figure 8a) shows that Iceland and Norway, relative to GDP, spent more on R&D&I than the average of the EU-28 throughout the period. The gap has widened over time, as both Iceland and Norway display upward trends in R&D&I spending, while the EU average show a moderate downward trend from 2014–2016. The increase in relative R&D spending in Iceland from 2014 onwards was due to a significant increase in funding under the Rannís funds. Similarly, the increase in R&D spending in Norway from 2014 onwards was due to an uptake in the SkatteFUNN scheme. In 2017, the average EU level increased moderately, while the level in both Norway and Iceland increased more significantly.

Figure 8b) shows that, relative to GDP, Norway spent more aid on environmental objectives than the average of the EU-28 during 2011–2013, but fell below the EU level in 2014 due to the inclusion of the renewable energy support schemes in the EU numbers. The gap between the EU-28 and Norway narrowed in 2016 when Norway introduced the VAT exemption scheme for electric vehicles, but the gap widened slightly again in 2017.

Figure 8c) shows that, relative to GDP, Norway spent significantly more aid on regional development than the EU-28 throughout the period, while Iceland consistently spent less. However, in 2015, Iceland increased regional aid spending and reached a level comparable to the EU-28, which continued in 2016-2017.

Figure 8d) shows that, relative to GDP, Iceland spent significantly more aid on cultural objectives than the EU-28 from 2012 onwards. A relative reduction in 2015 narrowed the gap considerably, but the difference was still significant in 2017. Liechtenstein also displays a relative spending trend above the EU level for most of the period but settled at a level below the EU from 2015 onwards.

Figure 8: State aid granted for selected aid objectives relative to GDP during 2011–2017



4. AID AWARDED UNDER THE GBER

State funding that meets the criteria of Article 61(1) EEA constitutes state aid. As a rule, the EFTA States must notify new aid to the Authority and await the outcome of the Authority's assessment before putting it into effect. The General Block Exemption Regulation (GBER) exempts, however, certain categories of aid from the requirements of notification and approval, as these categories are deemed, *a priori*, to bring benefits to society that outweigh negative effects on competition and trade. Consequently, GBER enables faster access to aid for the beneficiary and a lower administrative burden on the aid grantor. At the same time, the GBER allows the Authority to focus its attention on cases with the greatest impact on competition and trade within the EEA.

4.1 The revised 2014 GBER

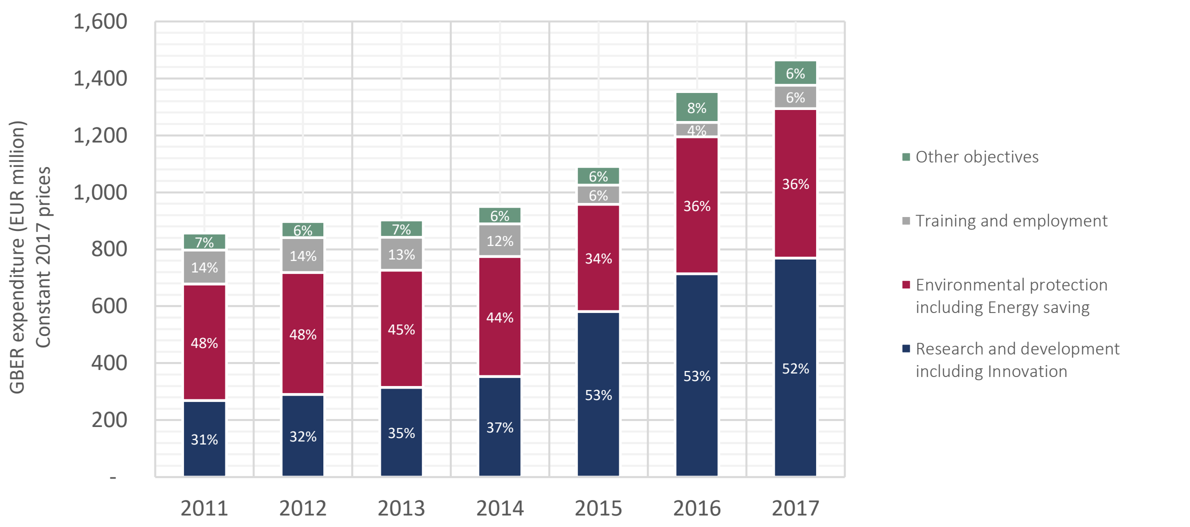
As part of the State Aid Modernisation ("SAM") initiative, in July 2014, the Commission adopted a revised GBER, which was incorporated into the EEA Agreement shortly thereafter.[24] The SAM-revision increased the number of categories eligible for exemption, broadened the scope of the already exempted categories, raised the thresholds for notification and clarified the criteria for exemption. As a result, since mid-2014, the EFTA States have been able to implement more types of aid and grant higher amounts of aid without prior scrutiny.[25]

4.2 GBER uptake by the EFTA States

Until 2013, Norway was the only EFTA State granting aid under the GBER. However, Iceland started to make use of the procedure in 2014[26] and Liechtenstein followed in 2017.

Figure 9 illustrates the overall trend in state aid spending under the GBER in the EFTA States in the period 2011–2017 (in inflation-adjusted amounts), and the distribution of GBER aid by objective in each year. The graph shows that the EFTA States increased GBER expenditure almost every year over the period and in particular after the 2014 GBER was put into effect. In 2017, GBER aid totalled more than EUR 1.4 billion — a real increase of around 8 percent from 2016 and 62 percent from 2013 (i.e. the year before the revised GBER was adopted).

Figure 9: GBER expenditure in the EFTA States during 2011–2017



24 Commission Regulation (EU) N°651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, amended by Commission regulation (EU) 2017/1084

25 A further extension of the GBER was adopted in 2017, which added more categories to the exemption. See footnote 23.

26 Iceland reported a GBER scheme in 2010, but no aid was ever disbursed under the scheme.

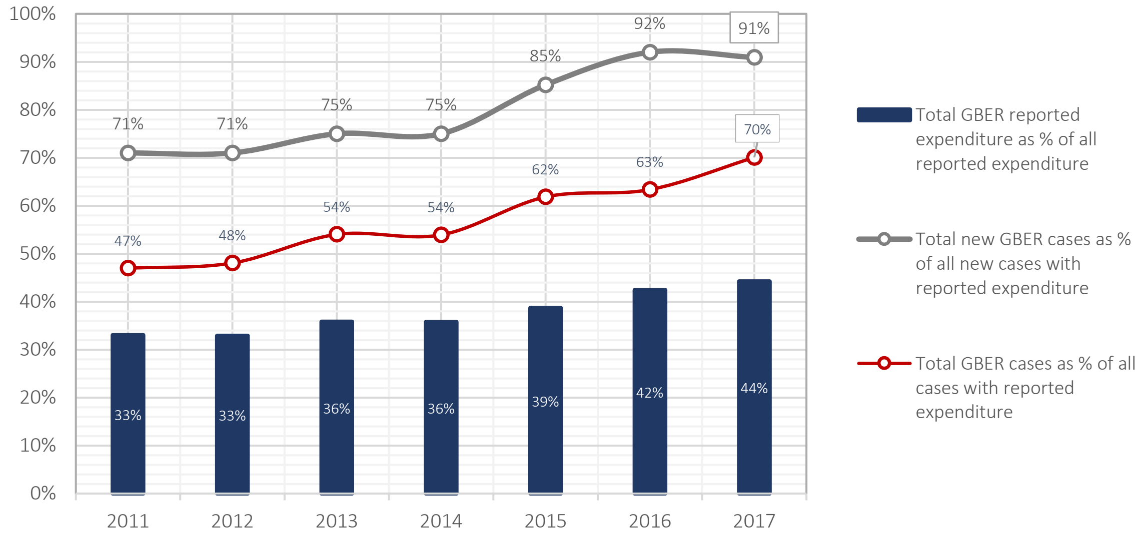
4.3 Impacts of the SAM initiative

Figure 10 provides further details on the uptake of the GBER in the EFTA States.

The figure shows that the number of new GBER measures with reported expenditure relative to *all* new measures with reported expenditure was high and increasing over the period. In 2017, 91 percent of all measures for which expenditure was reported for the first time were exempted from notification and approval under the GBER, an increase of around 16 percentage points since 2013 (i.e. before the implementation of the revised GBER in 2014). Furthermore, in 2017, GBER measures accounted for 70 percent of all measures with reported expenditure in the EFTA States, an increase of around 16 percentage points since 2013. Finally, in terms of expenditure, the proportion of GBER aid to total aid has been increasing over the period and accounted for 44 percent of all state aid spending in 2017, an increase of eight percentage points since 2013.

In comparison, at the EU level, more than 96 percent of new measures in the EU for which expenditure had been reported for the first time were GBER measures in 2017, an increase of 28 percentage points compared to 2013. For all measures with reported expenditure in the EU, 82 percent were GBER measures in 2017, an increase of about 22 percentage points since 2013. In terms of spending, total expenditure on GBER measures in the EU represented about 38 percent of total expenditure in 2017. However, the simple average of the EU Member States shows that the Member States spent on average around 48 percent of their total spending on GBER measures, an increase of about 14 percentage points compared to 2013.[27]

Figure 10: Usage of GBER in the EFTA States during 2011–2017



27 http://ec.europa.eu/competition/state_aid/scoreboard/state_aid_scoreboard_2018.pdf, page 25

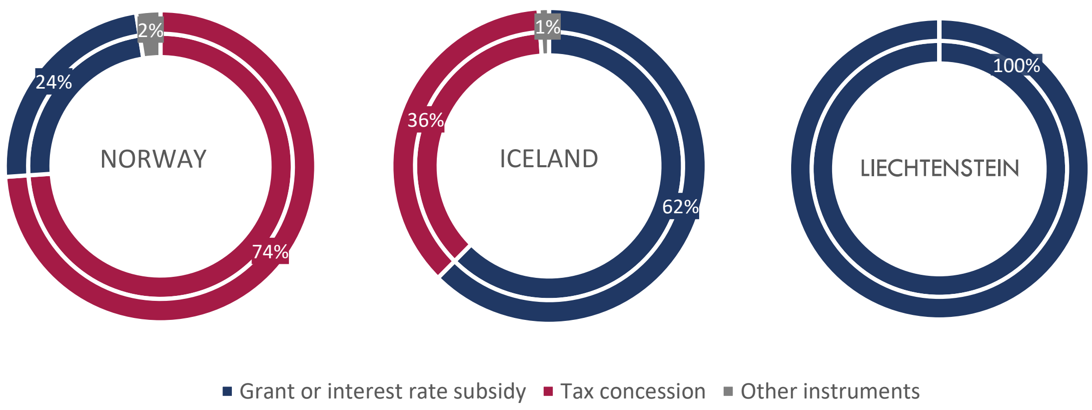
5. STATE AID INSTRUMENTS

State aid represents a cost or a loss of revenue to the state and a financial benefit to the recipient undertaking. The economic transfer can take a number of different forms, for example, direct "lump-sum" grants, exemptions, reductions or deferrals of taxes or other compulsory charges, equity investments on preferential terms, as well as loans and guarantees offered on below-market rates. The choice of instrument is normally made in view of the market failure that the aid seeks to address and should reflect the aim of minimising distortive effects on competition and trade.

Figure 11 illustrates the extent to which the EFTA States made use of different aid instruments in 2017. The figure shows that Norway granted most of its aid via tax concessions (74 percent), followed by direct grants (24 percent). Only 2 percent was awarded via other instruments. Iceland awarded the majority of its aid via direct grants (62 percent), followed by tax concessions (36 percent). Only 1 percent was awarded via other instruments. Finally, Liechtenstein awarded all of its aid via direct grants.

By comparison, at the EU level, direct grants remained the most popular aid instrument as it accounted for 64 percent of all non-agricultural aid expenditure in 2017, followed by tax exemptions, which accounted for 29 percent. Only 7 percent was awarded via soft loans, guarantees, equity investments or other instruments.[28]

Figure 11: Usage of aid instruments in the EFTA States in 2017



[28] http://ec.europa.eu/eurostat/tgm_comp/refreshTableAction.do?tab=table&plugin=1&pcode=comp_ai_sa_02&language=en

6. RECOVERY OF UNLAWFUL AID

New aid that does not qualify for the GBER must be notified to the Authority and the aid grantor must await the outcome of the Authority's compatibility assessment before implementing the aid. If either of those obligations has been breached, the aid is considered "unlawful". If the Authority further finds that the aid is incompatible, the Authority must require the EFTA State concerned to recover the unlawful aid from the beneficiary-undertaking.

The purpose of mandating recovery of unlawful aid is to remove the undue advantage granted to the undertaking and thereby restore the market to the situation that prevailed before the unlawful aid was awarded. As such, recovery of aid is not a penalty, but the logical consequence of the finding that the aid is unlawful and incompatible. The amount to be recovered includes interest and is reimbursed to the authority that initially granted the aid.

6.1 Recovery decision 2011-2017

Table 2 provides details on the Authority's recovery decisions during the period 2011-2017. The table shows that Authority adopted seven recovery decisions during this period; the four addressed to Norway concerned: overcompensation for public transport services carried out by Hurtigruten ASA, sale of land below market value by the Municipality of Asker to Asker Brygge AS, sale of buildings below market value by the municipality of Våler to Haslemoen Leir AS and unlawful operating aid to Nettbuss AS by the county of Aust-Agder. The three decisions addressed to Iceland concerned: unlawful operating aid to savings banks by the Housing Financing Fund, tax relief and sale of buildings below market value to Verne, and finally unlawful investment and/or operating aid to Becromal, Verne, Kísilfélagið, Thorsil and GMR in 2014.

6.2 Developments in 2017

The Authority did not adopt any recovery decisions during 2017. The Investment incentive scheme case was still pending during the year, but the aid has since been recovered (in 2018).[29]

In comparison, during the period 2011-2017, the Commission adopted 84 recovery decisions for the 28 Member States, of which six was taken in 2017.[30] Notably, in October 2017, the Commission found that Luxembourg had granted unlawful state aid to Amazon.com, by way of individualised tax benefits, and thus ordered recovery of EUR 250 million.

Table 2: Overview of recovery cases in the EFTA States during 2011–2017

Decision No.	The working title of the case	EFTA State	Date of Decision	Aid to be recovered	Aid recovered
205/11/COL	Overcompensation to Hurtigruten ASA	NOR	29.06.11	NOK 144 000 000	NOK 0[31]
206/11/COL	The HFF Mortgage Loans Scheme	ICE	29.06.11	Not determined	Aid lost[32]
232/11/COL	Sale of land by the Municipality of Asker	NOR	13.07.11	Not specified in decision	NOK 4 074 953
90/12/COL	Sale of buildings by the Municipality of Våler	NOR	15.03.12	NOK 4 863 713 + interests	NOK 6 462 133
261/12/COL	Sale of buildings and tax exemption to Verne[33]	ICE	04.07.12	Not specified in decision	ISK 320 920 874 + ISK 142 535 573
404/14/COL	Icelandic Investment Incentive Scheme	ICE	08.10.14	Not specified in decision	ISK 9 577 347
179/15/COL	Operating aid to Nettbuss Sør AS	NOR	07.05.15	Not fully determined	NOK 5 000 000

29 In 2015, the Authority brought an action against Iceland for failure to recover aid (Case E-25/15). The EFTA Court confirmed the action in 2016.
30 http://ec.europa.eu/competition/state_aid/studies_reports/recovery.html
31 Norway had decided to grant the aid but had not disbursed it. The amount to be recovered was therefore zero.
32 This case was closed in February 2013 without recovery, as the beneficiaries BYR Savings Bank and Keflavík Savings Bank had ceased all activities.
33 Iceland brought an action against the decision to the EFTA Court (Case E-9/12) and the latter upheld the decision in a judgment delivered in 2013.

7. INFORMATION SOURCES

7.1 Data for the tables and charts in the Scoreboard

The data used in the Scoreboard can be accessed in Excel format on the Authority's website:
http://www.eftasurv.int/state-aid/scoreboard/

Data concerning the EU Member States can be accessed in Excel format from the Commission website:
http://ec.europa.eu/competition/state_aid/scoreboard/index_en.html

7.2 State aid register and GBER information sheets

The state aid register provides an overview of all state aid decision by the Authority since 1994:
http://www.eftasurv.int/state-aid/state-aid-register/

An overview of GBER information sheets submitted by the EFTA States can be found on the Authority's website:
http://www.eftasurv.int/state-aid/gber-information-sheets/

7.3 Annual report and state aid e-news

The Authority publishes annual reports on its activities, which summarise the most important legal developments, decisions and case law during the relevant year. The reports are available at:
http://www.eftasurv.int/press--publications/annual-reports/

State aid e-news is a weekly e-mail service providing updates on the latest developments in the area of state aid, including decisions adopted by the Authority and judgments handed down by the EFTA Court:

http://www.eftasurv.int/state-aid/state-aid-e-news/latest-issue/

Contact information

Any queries or requests for data should be marked "Scoreboard" and should be sent to the general state aid mailbox at State.Aid@eftasurv.int. Alternatively, please contact:

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Table 3: Annex A - Aggregated source data for Norway: 2011–2017

NORWAY							
	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Total State aid (1+2+3), less railways	2609.57	3015.17	2800.61	2814.58	2876.90	3183.67	3606.66
(1) Non-Agrucultural Aid	2417.82	2620.81	2475.90	2611.58	2682.78	2992.38	3214.30
of which (by objective)							
Closure aid	-	-	-	-	-	-	-
Compensation for damages caused by natural disaster	-	-	-	-	-	-	-
Culture	49.31	47.66	56.49	93.80	104.48	117.48	123.20
Employment	100.30	108.25	107.25	104.20	58.73	10.55	10.95
Environmental protection including Energy saving	946.69	969.27	789.30	835.99	1,020.20	1,174.39	1,262.36
Heritage conservation	-	-	-	-	-	-	-
Promotion of export and internationalisation	54.28	60.07	45.97	44.89	2.15	18.50	-
Regional development	875.48	959.73	969.94	969.26	867.56	878.52	940.18
Rescue & Restructure							
Research and development including Innovation	373.28	457.64	490.17	525.21	591.82	699.32	767.13
Sectoral development	-	-	-	-	-	-	-
SME including risk capital	6.27	6.43	6.22	5.95	14.47	36.50	23.22
Social support to individual consumers	-	-	-	-	-	-	-
Training	12.22	11.77	8.51	10.64	7.61	37.98	70.70
Other	-	-	2.05	21.63	15.74	19.15	16.55
of which (by instrument)							
Equity participation	0.07	0.00	-	0.45	0.77	11.65	5.94
Grant	757.34	827.34	668.31	749.82	681.92	727.32	757.45
Guarantee	0.41	0.54	0.17	-	-	-	-
Soft loan	9.66	11.49	10.10	9.21	8.24	9.61	7.30
Tax deferral	-	-	-	-	0.56	2.69	9.11
Tax exemption	1,623.69	1,751.72	1,761.68	1,821.22	1,957.37	2,187.78	2,375.87
Other	26.66	29.73	35.65	30.89	33.93	53.34	58.62
of which							
Co-financed	:	:	:	:	:	:	:
Non co-financed	:	:	:	:	:	:	:
(2) Agricultural Aid	na	na	na	na	na	na	na
of which	na	na	na	na	na	na	na
Agriculture and rural development	na	na	na	na	na	na	na
Aid granted to fisheries and aquaculture	na	na	na	na	na	na	na
(3)Transport aid (exluding railway)	191.75	394.35	324.71	203.00	194.12	191.29	392.36
of which							
Road	-	-	-	-	-	-	-
Maritime transport	191.75	394.35	264.72	202.92	194.12	59.86	193.19
Inland water transport	-	-	-	-	-	-	-
Air transport	-	-	-	-	-	-	-
Other transport	-	-	59.99	0.08	-	131.43	199.17
NORWAY							
	2011	2012	2013	2014	2015	2016	2017
Total subsidies to the railway sector	0.00	0.00	0.00	0.46	0.00	0.00	0.00
of which							
PSO and pensions	-	-	-	-	-	-	-
Infrastructure and other aid	-	-	-	0.46	-	-	-

Table 4: Annex B **-** Aggregated source data for Iceland: 2011–2017

ICELAND							
	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Total State aid (1+2+3), less railways	20.87	32.44	39.83	48.63	57.19	74.28	91.79
(1) Non-Agrucultural Aid	20.87	32.44	39.83	48.63	57.19	74.28	91.79
of which (by objective)							
Closure aid	-	-	-	-	-	-	-
Compensation for damages caused by natural disaster	-	-	-	-	-	-	-
Culture	1.19	9.80	13.12	18.05	13.92	16.50	11.71
Employment	0.87	0.44	0.42	0.43	0.46	0.50	0.56
Environmental protection including Energy saving	-	-	-	-	-	-	-
Heritage conservation	-	-	-	-	-	-	-
Promotion of export and internationalisation	-	-	-	-	-	-	-
Regional development	6.56	7.04	7.18	7.80	11.69	11.32	13.66
Rescue & Restructure	-	-	-	-	-	-	-
Research and development including Innovation	12.25	14.85	19.11	22.34	31.12	45.67	64.16
Sectoral development	-	-	-	-	-	-	-
SME including risk capital	-	-	-	-	-	0.30	0.62
Social support to individual consumers	-	-	-	-	-	-	-
Training	-	-	-	-	-	-	1.09
Other	-	0.31	-	-	-	-	-
of which (by instrument)							
Equity participation	-	-	-	-	-	-	-
Grant	12.47	20.72	26.91	34.09	39.62	52.98	57.33
Guarantee	-	-	-	-	0.41	0.38	0.97
Soft loan	-	-	-	-	-	-	-
Tax deferral	-	-	-	-	-	-	-
Tax exemption	-	-	-	-	-	-	-
Other	8.40	11.72	12.93	14.54	17.16	20.93	33.50
of which							
Co-financed	:	:	:	:	:	:	:
Non co-financed	:	:	:	:	:	:	:
(2) Agricultural Aid	na	na	na	na	na	na	na
of which	na	na	na	na	na	na	na
Agriculture and rural development	na	na	na	na	na	na	na
Aid granted to fisheries and aquaculture	na	na	na	na	na	na	na
(3)Transport aid (exluding railway)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
of which							
Road	-	-	-	-	-	-	-
Maritime transport	-	-	-	-	-	-	-
Inland water transport	-	-	-	-	-	-	-
Air transport	-	-	-	-	-	-	-
Other transport	-	-	-	-	-	-	-

ICELAND							
	2011	2012	2013	2014	2015	2016	2017
Total subsidies to the railway sector	0.00	0.00	0.00	0.00	0.00	0.00	0.00
of which							
PSO and pensions	-	-	-	-	-	-	-
Infrastructure and other aid	-	-	-	-	-	-	-

Table 5: Annex C **-** Aggregated source data for Liechtenstein: 2011–2017

Liechtenstein							
	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Total State aid (1+2+3), less railways	1.48	1.50	1.49	1.58	1.83	1.82	5.22
(1) Non-Agrucultural Aid	1.48	1.50	1.49	1.58	1.83	1.82	5.22
of which (by objective)							
Closure aid	-	-	-	-	-	-	-
Compensation for damages caused by natural disaster	-	-	-	-	-	-	-
Culture	1.48	1.50	1.49	1.50	1.72	1.67	1.52
Employment	-	-	-	-	-	-	-
Environmental protection including Energy saving	-	-	-	0.08	0.11	0.15	3.70
Heritage conservation	-	-	-	-	-	-	-
Promotion of export and internationalisation	-	-	-	-	-	-	-
Regional development	-	-	-	-	-	-	-
Rescue & Restructure	-	-	-	-	-	-	-
Research and development including Innovation	-	-	-	-	-	-	-
Sectoral development	-	-	-	-	-	-	-
SME including risk capital	-	-	-	-	-	-	-
Social support to individual consumers	-	-	-	-	-	-	-
Training	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
of which (by instrument)							
Equity participation	-	-	-	-	-	-	-
Grant	1.48	1.50	1.49	1.58	1.83	1.82	5.22
Guarantee	-	-	-	-	-	-	-
Soft loan	-	-	-	-	-	-	-
Tax deferral	-	-	-	-	-	-	-
Tax exemption	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
of which							
Co-financed	:	:	:	:	:	:	:
Non co-financed	:	:	:	:	:	:	:
(2) Agricultural Aid							
of which							
Agriculture and rural development	na	na	na	na	na	na	na
Aid granted to fisheries and aquaculture	na	na	na	na	na	na	na
Transport aid (exluding railway)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
of which							
Road	-	-	-	-	-	-	-
Maritime transport	-	-	-	-	-	-	-
Inland water transport	-	-	-	-	-	-	-
Air transport	-	-	-	-	-	-	-
Other transport	-	-	-	-	-	-	-

Liechtenstein							
	2011	2012	2013	2014	2015	2016	2017
Total subsidies to the railway sector							
of which							
PSO and pensions	-	-	-	-	-	-	-
Infrastructure and other aid	-	-	-	-	-	-	-

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