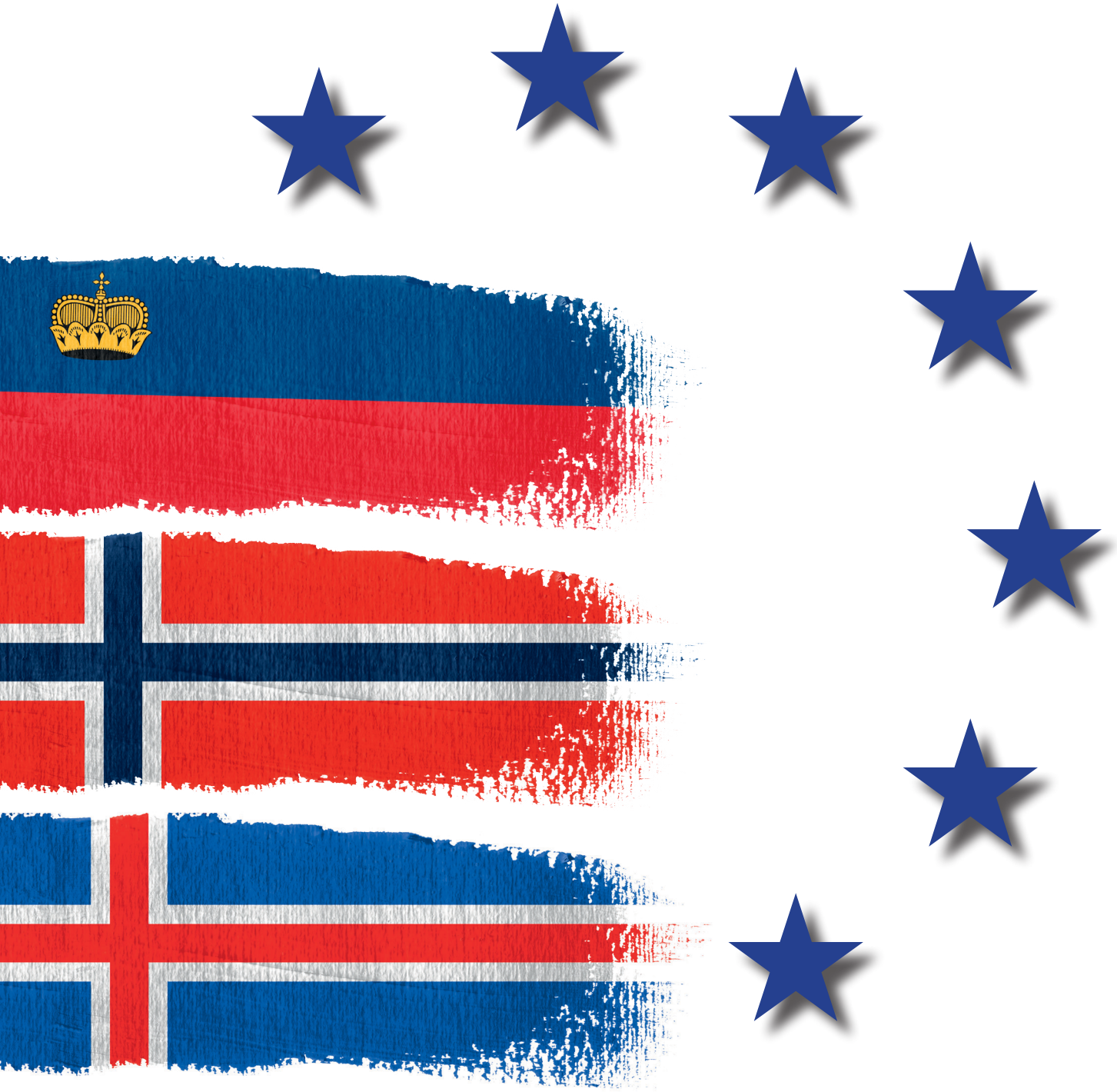

EEA EFTA States

State Aid Scoreboard 2010

Published by the EFTA Surveillance Authority Winter 2012

EFTA SURVEILLANCE AUTHORITY

State Aid Scoreboard for 2010
for the European Economic Area EFTA States

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Contents

Introduction

This state aid scoreboard provides an overview on the amount of state aid granted in Iceland, Liechtenstein and Norway (the "EFTA States"). This latest scoreboard contains information on state aid granted in the EFTA States over the seven-year period between 2004 and 2010. The accuracy of data referred to in previous scoreboards has also been reviewed and, where necessary, corrected.

The scoreboard is a benchmarking tool for measuring the volume and type of aid granted within the EFTA States. It measures the extent to which overall state aid is reduced or increased as well as the extent to which aid is granted to support certain horizontal objectives such as research and development, innovation and risk capital, which is viewed more positively than sectoral aid for certain industries.

Purpose, scope and content

The scoreboard has been prepared in co-operation with the European Commission. The statistics have been calculated using a methodology similar to that applied by the European Commission, which should facilitate easy comparison between the two scoreboards and enable readers to obtain an overview of all aid granted across the EEA. In addition, the close co-operation with the European Commission has made it possible to include comparisons between the amount of state aid granted by EFTA States with aid granted by comparable EU Member States and the EU average. The EU Member States chosen are comparable to the relevant EFTA States in terms of GDP, public spending, employment and population.

The scoreboard prepared by the Authority differs from that of the European Commission due to the more limited scope of the EEA Agreement. The agricultural and fishery policies of the European Union are not part of the EEA Agreement and aid to these sectors is not, therefore, included in the scoreboard.

The high volumes of aid related to the financial crisis would distort the overall picture on the type of aid granted, if it would be included in the scoreboard. In order to be able to demonstrate how the granting of state aid has developed over the period reviewed, most tables and graphs in this scoreboard therefore exclude financial crisis aid. However, the Authority has included a short summary on the influence of the crisis on the analysis of state aid and other relevant factors such as fluctuations in currency exchange rates.

Another important area of state aid control concerns compensation for the provision of public service obligations. In its judgment in the *Altmark* case, the European Court of Justice ruled that compensation to undertakings that perform public service obligations does not constitute state aid, provided that certain conditions are fulfilled. Compensation for public service obligations which fulfil the *Altmark* criteria is, therefore, excluded from the scoreboard. Conversely, public funding for public

service obligations not fulfilling the *Altmark* criteria is, in principle, covered by the scoreboard.

The scoreboard covers existing aid (i.e. aid authorised by the Authority or aid based on measures introduced prior to the entry into force of the EEA Agreement), but not pending cases. It does not take into account funding granted in line with the rules for *de minimis* support, which does not constitute state aid within the meaning of Article 61(1) of the EEA Agreement. The scoreboard covers both aid granted under schemes and *ad hoc* aid but does not include non-notified aid until a decision of the Authority has been adopted on the measure. This is particularly relevant for financial crisis aid granted in Iceland which was formally notified to the Authority only in 2010 – two years after the outbreak of the financial crisis and which is still subject to formal investigations.

The scoreboard gives an overview of the state aid reported by the EFTA States from the beginning of 2004 to the end of 2010. The scoreboard is divided into four main parts. **Part One** looks at the overall amount and type of state aid awarded by the EFTA States. **Part Two** provides an overview of legislative and policy developments within the area of state aid. **Part Three** reports on progress in recovery of unlawful and incompatible state aid cases and provides an overview of pending cases in that regard. Finally, **Part Four** sets out the information sources and methodology used in compiling the scoreboard.

Main findings

The grant of aid in Norway in 2010, excluding financial crisis aid and transport aid, remained at the high level of 2009 (0.91% of GDP) and concerned mainly an increase in the form of tax concessions for regional aid purposes, aid to the maritime sector or an increase in funds for the Test Centre Mongstad, which tests carbon capture technologies. Aid in Iceland (not including transport and crisis aid) amounted to 0.25% of GDP. As regards Liechtenstein, it is the country which grants less state aid as a % of its GDP (only 0.04%)**.**

In 2010 all three EFTA States granted most of their aid for horizontal purposes. Norway granted the vast majority of aid (96%) for horizontal objectives (approximately 38% of total aid granted was regional aid). The proportion of aid granted to R&D&I in Norway (22.4%) has been high in comparison to the EU-27 average (17.3% of total aid). In 2010 Norway granted a higher percentage of aid for environmental purposes than the EU-27 average: 25.8% as opposed to 23.7% EU-27 average. In Iceland approximately 71% of aid was awarded for horizontal objectives, within which around 41% (of total aid granted) was directed at research and development and innovation. Iceland does not report the grant of any aid for environmental purposes. Liechtenstein only granted aid for horizontal purposes in the form of cultural and heritage objectives.

A comparison with the EU-27 average including financial crisis aid (9.6% of its GDP) in the level of aid granted shows little expenditure by the EFTA States. Regarding the financial crisis, in the case of Iceland, aid granted in 2008/2009 was only notified

in 2010. The Authority has opened the formal investigation procedure in several of these cases which means that a substantial amount of financial crisis aid granted in Iceland is not reflected in this scoreboard. The Authority approved several rescue aid operations in 2010 subject to the submission of restructuring/liquidation plans within six months. The Icelandic authorities have not yet submitted such plans in all relevant cases.

The scoreboard is available online at the homepage of the Authority:
http://www.eftasurv.int/press--publications/scoreboards/state-aid-scoreboards/

1. Part One: overall state aid granted in 2004 – 2010

The objective of the State Aid Action Plan[1] is to reduce overall state aid and increase the focus on aid to encourage horizontal objectives such as research and development and environment.

This chapter provides an overview of state aid granted in the EFTA States from 2004 to 2010 included as well as of underlying trends. Broadly speaking, the overall state aid level in the EFTA States has increased in absolute terms over the period reviewed. This is largely because Norway has granted more aid during the period reviewed, in particular during the last four years. Both Iceland and Liechtenstein initially showed some signs of granting less aid between 2004 and 2007, but since then the trend has been increasing.

In all EFTA States there was a trend between 2005 and 2008 of granting a higher proportion of "better targeted" aid. While this trend was slightly reversed in 2009, the EFTA States granted again more horizontal and less sectoral aid in 2010.[2]

Finally, in terms of how EFTA States stand in relation to EU Member States; a comparative review reveals that, if aid related to the financial crisis is *excluded*, Norway granted 0.76% of its GDP while the EU-27 average was 0.6%, thus less than Norway. However, if financial crisis aid is *included* in the level of aid granted, the aid level for Norway does not change significantly (still 0.76% of its GDP), while the EU-27 average spent considerably more (9.6% of its GDP). Liechtenstein is among the countries that have granted the least amount of aid as a proportion of GDP in the EEA, irrespective of whether financial crisis aid is taken into account. The situation in Iceland is special since several non-notified aid measures are still subject to open formal investigations and therefore aid grants not yet included in the statistics.

In the following graphs and tables, aid for various purposes is either calculated as a percentage of the overall level of state aid granted, or is measured as a proportion of GDP. Chapter 1 excludes transport aid except for sections 1.1 (on total aid amounts), and 1.2 (on sectoral aid). Transport aid essentially covers aid for services. Transport aid is therefore referred to as transport services in section 1.2 on sectoral aid.

All data in the scoreboard are set out in million Euro.[3] Due to the financial crisis, there has been a significant fluctuation in the Icelandic Krona-Euro exchange rate since 2008. This has to some extent affected the Euro amount of aid granted in Iceland.[4]

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1 State aid Action plan.

2 See Graphs C (1) and (2) below which shows that Norway and Iceland granted less horizontal aid and more sectoral aid in 2009 but reduced the share of such aid in 2010. Liechtenstein granted only aid to horizontal objectives.

3 With the exception of Table 7 which sets out an overview of recovery amounts.

4 See Scoreboard 2008 and 2009 for further explanation.

1.1. State aid in absolute and relative terms

Table 1(a): EFTA States from 2004 to 2010 inclusive: Total state aid including crisis aid in current prices (in million Euro, using annual average exchange rates)[5]

EFTA States	2004	2005	2006	2007	2008	2009	2010
Iceland	17.40	18.75	24.10	17.24	23.04	25.28	72.20
Liechtenstein	1.13	1.08	0.84	0.86	1.11	1.19	1.34
Norway	1,121.93	1,213.80	1,232.84	1,900.11	2,202.22	2,842.51	2,848.42
Total state aid EFTA States	1,140.46	1,233.63	1,257.79	1,918.22	2,226.37	2,868.98	2,921.95
Transport	223.83	262.20	308.91	550.22	535.48	460.72	472.59
Norway - less Transport*	916.63	971.43	948.88	1,368.00	1,690.90	2,381.79	2,375.83

* In Iceland and Liechtenstein the total volume of state aid is the same, irrespective of whether transport is included, since neither granted aid for this purpose.

Table 1(b): EFTA States from 2004 to 2010 inclusive: Total state aid in constant prices (reference year 2000, re-referenced to 2010, in million Euro using annual average exchange rates)[6]

EFTA State	2004	2005	2006	2007	2008	2009	2010
Iceland	26.63	27.91	32.97	22.32	26.67	27.02	72.20
Liechtenstein	1.37	1.27	0.93	0.93	1.14	1.27	1.34
Norway	1,512.44	1,501.97	1,395.53	2,009.11	2,286.17	3,023.04	2,848.42
Total State aid EFTA States	1,540.45	1,531.15	1,429.44	2,032.36	2,313.98	3,051.34	2,921.95
Transport	277.51	300.58	315.59	497.91	544.67	489.98	472.59
Norway - less Transport*	1,234.93	1,201.39	1,079.94	1,511.19	1,741.49	2,533.06	2,375.83

*In Iceland and Liechtenstein the total volume of state aid is the same for the years 2004-2010, irrespectively of whether transport is included, since neither granted aid for this purpose.

Table 1(a) provides an overview of state aid granted in current prices (the price when the aid was granted) in the EFTA States i.e. in absolute terms for each year concerned. Table 1(b) shows state aid granted in constant prices in the EFTA States i.e. in relative terms taking out the effect of inflation over the period.

[5] The annual average exchange rates are published by Eurostat.

[6] The figures in table 1(b) are converted into constant prices and Euro based on the GDP and the annual average exchange rate published by Eurostat. In principle, this is similar to the approach of the European Commission. While the European Commission statistics use GDP deflators published by Eurostat, equivalent GDP deflators are not published for all EFTA States. However, the Authority has calculated an equivalent deflator on the basis of the GDP figures issued by Eurostat.

In other words, Table 1(a) shows the amounts of aid as they were reported by EFTA States to the Authority each year, and Table 1(b) shows the aid volumes after they have been adjusted to take into account general price changes. This enables a comparison of the aid amounts granted by the individual EFTA States in each year in real terms.

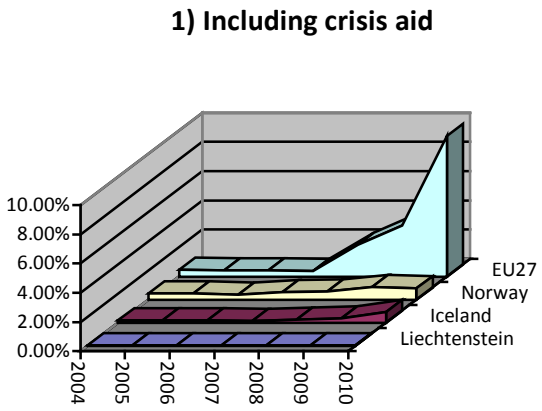
Table 1(b) shows that while Norway decreased the amount of aid granted in real terms between 2004 and 2006, it increased significantly between 2006 and 2009 by more than the double (approximately 117%). For 2010 it remained at the high level of 2009. Taken into account that Norway did not spend any funds on crisis measures in 2010, the continuously high aid level is mainly due to an increase in the form of tax concessions for regional aid purposes,[7] state aid to the maritime sector,[8] for mining, quarrying, oil and gas extraction[9] as well as an increase in funds for the Test Centre Mongstad,[10] which tests carbon capture technologies.

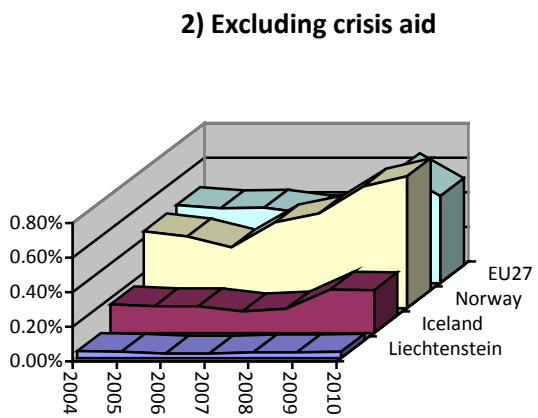
Table 1(b) further shows that aid in **Iceland** increased sharply in 2010 due to the financial crisis aid for the savings banks amounting to approximately € 48.83 million.[11]

As regards **Liechtenstein**, after having decreased the overall amount of aid from 2004 to 2007, state aid expenditures increased since 2008 mainly due to an increase in funds for Liechtenstein's only notified and approved aid scheme, which supports local media in order to promote local culture and heritage. Spending for this scheme has increased to around € 1.3 million in 2010**.**

[7] Decision 228/06/COL of 19.7.2006.
[8] Decision 407/10/COL of 27.10.2010.
[9] Decision 149/04/COL of 30.6.2004.
[10] Decision 503/08/COL of 16.7.2008.
[11] Decision 253/10/COL of 21.6.2010.

Graph A: Total state aid (not including transport aid) as a proportion of GDP from the beginning of 2004 to the end of 2010: EFTA States and EU-27 average[12]





Graphs A(1) and (2) and Table 2 show the total state aid awarded in the EFTA States and the average of the EU Member States as a proportion of GDP.

Due to the significant effect that the financial crisis has had on the total amount of aid granted two graphs have been prepared; one which *includes* financial crisis aid measures (Graph A(1)); and one which *excludes* such aid (Graph A(2)).

Graph A(1) shows that the amount of state aid granted by Norway in relation to GDP slightly exceeded the EU average until the financial crisis in 2008, from which point the EU average far exceeded aid granted by Norway. By contrast, if financial crisis aid is *excluded*, Graph A(2) shows that Norway exceeded the EU average in 2010. This is also confirmed by Table 2.

Graph A(2) on state aid not including transport aid or crisis aid shows that Iceland is one of the EEA countries that has granted the least amount of state aid in relation to GDP, whereas Liechtenstein was the country that has granted the least aid of all EEA States.

Table 2: State aid (not including transport aid or crisis aid) as a proportion in percentage of GDP in 2010: EFTA States and EU Member States[13]

States	Aid as % of GDP
Liechtenstein	**0.04**
Bulgaria	0.15

[12] GDP (in current prices and converted into Euro at annual average exchange rates) for the EFTA States in 2009; Norway € 272,789.36 million; Iceland € 8,691.52 million and Liechtenstein € 3,579.47 million. Source: Eurostat.

[13] Aid for agriculture and fisheries is not included in the data for the EU Member States and, as mentioned above, it is also not included for the EFTA States.

Luxembourg	0.23
Romania	0.25
Iceland	**0.25**
Estonia	0.29
Italy	0.29
United Kingdom	0.29
Slovakia	0.46
Spain	0.47
Netherlands	0.53
Lithuania	0.58
EU-27	**0.60**
Belgium	0.61
Germany	0.64
Cyprus	0.67
Austria	0.79
Greece	0.80
France	0.80
Czech Republic	0.82
Sweden	0.83
Denmark	0.91
Poland	0.91
Portugal	0.91
Norway	**0.91**
Latvia	0.94
Ireland	1.02
Slovenia	1.10
Finland	1.14
Malta	1.42
Hungary	2.28

1.2. Sectoral aid

State aid may be earmarked for one or more specific industrial sectors. The sectors used in the scoreboard are: the manufacturing industry, other industries, transport services and other services. Aid which also pursues horizontal objectives is not considered as sectoral aid even if a certain sector might benefit from the aid more than other sectors.

Aid for transport services represented 97.7% (€ 472.59 million) of total sectoral aid, while aid for other industries received 1.9% (€ 9.03 million) and other services accounted for 0.5% (€ 2.29 million) of the total sectoral aid. The manufacturing industry did not receive any aid earmarked as sectoral aid in 2010.

Table 3 below provides an overview of the grant of sectoral aid on an individual EFTA State basis.

Table 3: Sectoral aid and aid for horizontal objectives as a percentage of total aid (less transport aid) in 2010 (Crisis aid excluded)

Aid with SECTORAL objectives	EFTA States	Norway	Iceland	Liechtenstein
Manufacturing industry	0.00%	0.00%	0.00%	0.00%
Other services	3.58%	3.62%	0%	0.00%
Other industries	0.38%	0.10%	28.86%	0.00%
Total aid with sectoral objectives	3.95%	3.71%	28.86%	0.00%
Total aid with HORIZONTAL objectives	**96.05%**	**96.29%**	**71.14%**	**100.00%**
Total aid less transport in million Euro	**2,400.53**	**2,375.83**	**23.36**	**1.34**

Table 3 shows that Iceland spent a considerable part of its total aid on sectoral objectives. The aid was mainly granted to the energy sector.[14] By contrast, Norway granted only a small part of its total aid to sectoral objectives and Liechtenstein did not grant any sectoral aid at all.

1.3. State aid for horizontal objectives

State aid granted for horizontal objectives, such as aid for the purposes of encouraging research and development, safeguarding the environment, supporting small and medium-sized enterprises, employment and training, is considered to target market failures or other beneficial objectives. Horizontal aid is, therefore, generally considered to be less distortive of competition than sectoral aid or ad-hoc aid.[15] In the present scoreboard, horizontal aid which also pursues sectoral objectives is still considered as horizontal aid even if a certain sector might benefit from the aid more than other sectors. This approach is consistent with the way the European Commission publishes its scoreboard.

Table 4 below provides an overview of the grant of horizontal aid on an individual EFTA State basis.

Table 4: Horizontal aid compared with aid for Sectoral objectives as a percentage of total aid in 2010 (excluding transport aid and financial crisis aid)

	EFTA States	Norway	Iceland	Liechtenstein
Total Aid with SECTORIAL objectives	3.98%	3.71%	28.85%	100%
Aid with HORIZONTAL objectives				
R&D	22.50%	22.29%	40.92%	0%
Environment and energy saving	25.51%	25.73%	0.00%	0%

[14] Decision 302/09/COL of 8.7.2009

[15] As referred to in the introduction to this scoreboard, the Lisbon Agenda objectives of growth and competitiveness are cornerstones in the State Aid Action Plan.

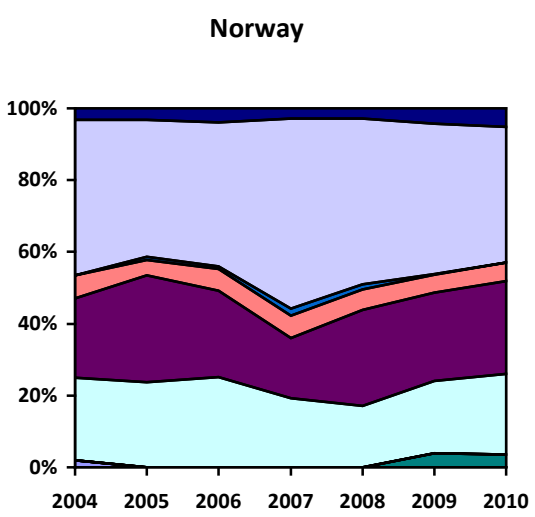
SME	5.10%	5.15%	0.00%	0%
Employment	0.06%	0.01%	4.64%	0%
Regional development	37.64%	37.91%	18.32%	0%
Other horizontal objectives*	5.21%	5.20%	7.28%	100%
Total Aid with horizontal objectives	**96.02%**	**96.29%**	**71.15%**	**100%**
Total aid less transport and less crisis in million Euro	**2,396.35**	**2,375.83**	**23.36**	**1.34**

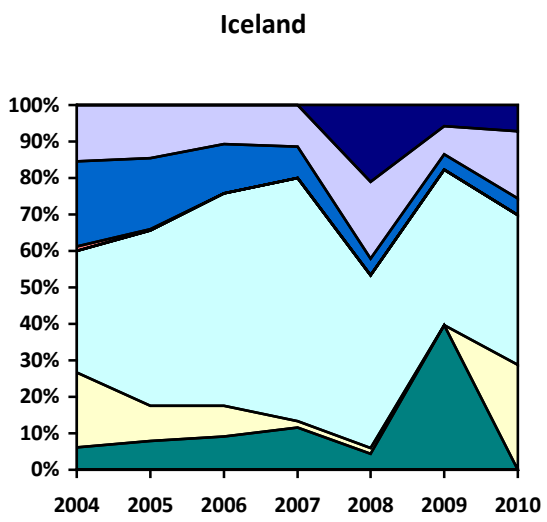
* Other horizontal aid covers cultural and heritage objectives and natural disasters.

Table 4 shows that in 2010 all three EFTA States granted most of their aid for horizontal purposes. Norway granted the vast majority of aid (96%) for horizontal objectives, within which approximately 38% (of total aid granted) was regional aid.[16] In Iceland approximately 71% of aid was awarded for horizontal objectives, within which around 41% (of total aid granted) was directed at research and development and innovation. Liechtenstein only granted aid for horizontal purposes in the form of cultural and heritage objectives.

Graphs C(1) and C(2) show the trends on the spread of horizontal and sectoral aid granted by Iceland and Norway as a percentage of total aid over the period reviewed.

Graphs C(1) and C(2): Types of horizontal and sectoral aid as a percentage of total aid (excluding transport aid and financial crisis aid) from the beginning of 2004 to the end of 2010





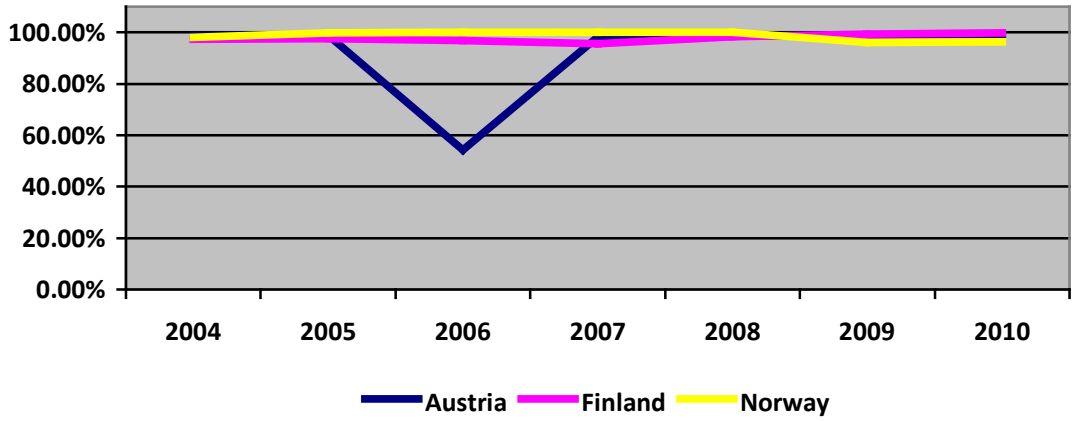
[16] Strictly speaking regional aid is a category of its own. However, regional aid implies also a general (non-sector specific) aspect (i.e. it is directed at the "general economic development") and it is therefore classified under horizontal objectives in Tables 3 and 4.

Manufacturing industry | Other services | Other industries
R&D | Environment and energy saving | SME
Employment | Regional development | Other horizontal objectives*

Graphs C(1) and C(2) show that Norway and Iceland had granted increasingly "better targeted" horizontal aid until 2008 but in 2009 they granted more sectoral aid at the expense of horizontal aid. As regards the Norwegian figures for 2010, although Norway spent almost all of its aid for horizontal objectives (96%), the country paid slightly more aid in absolute terms for sectoral objectives in the form of "other services".[17] However, in spite of a slight increase of sectoral aid in absolute terms, it remains on a moderate level in relative terms, due to an increase in the overall spending on horizontal objectives. As regards the Icelandic figures for 2010, although it spent a considerable amount of aid to sectoral objectives (29%), Iceland reduced its overall spending on sectoral aid mainly as a result of the reduction in aid in the form of state guarantees for two state owned electricity companies.[18]

Finally, as in last year's scoreboard, Norway has been compared to a group of EU Member States as depicted in Graph D below.

Graph D: Overview of the grant of aid for horizontal objectives as a percentage of total aid (excluding transport aid and financial crisis aid) from the beginning of 2004 to the end of 2010: Norway and selected EU Member States



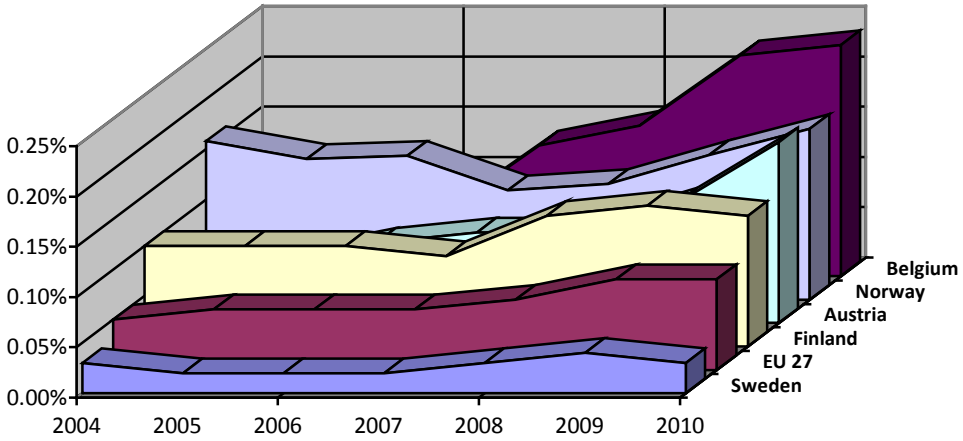
Graph D shows that the proportion of horizontal aid granted by Norway is fairly close to the level awarded by comparable EU States over the period reviewed.

[17] This was mainly due to an increase in aid for fitness studios organised by student welfare organisations in 2010: Decision No. 537/09/COL of 16.12.2009.

[18] Decision 302/09/COL of 8.7.2009. The aid is existing aid which the Icelandic authorities are in the process of abolishing as required by the decision.

1.4. State aid for research and development and innovation ("R&D&I")

Graphs E(1) and E(2) provide an overview of aid granted by the EFTA States for R&D&I purposes as a percentage of GDP compared to a group of comparable EU Member States.



Graph E(1): Overview of aid for R&D&I as a percentage of GDP from the beginning of 2004 to the end of 2010: Norway and selected EU Member States

Graph E(1) shows that while Norway's share of aid granted to R&D&I decreased between 2006 and 2007, it levelled out and started increasing in 2008 up to a total of € 532 million in 2010. Overall, the proportion of aid granted to R&D&I in Norway has been high in comparison to the EU-27 average. As a proportion of total state aid, Norway granted 22.4% of total aid (excluding transport and financial crisis aid) for R&D&I purposes in 2010, while the EU-27 average (excluding transport and financial crisis aid) was 17.3% of total aid.[19]

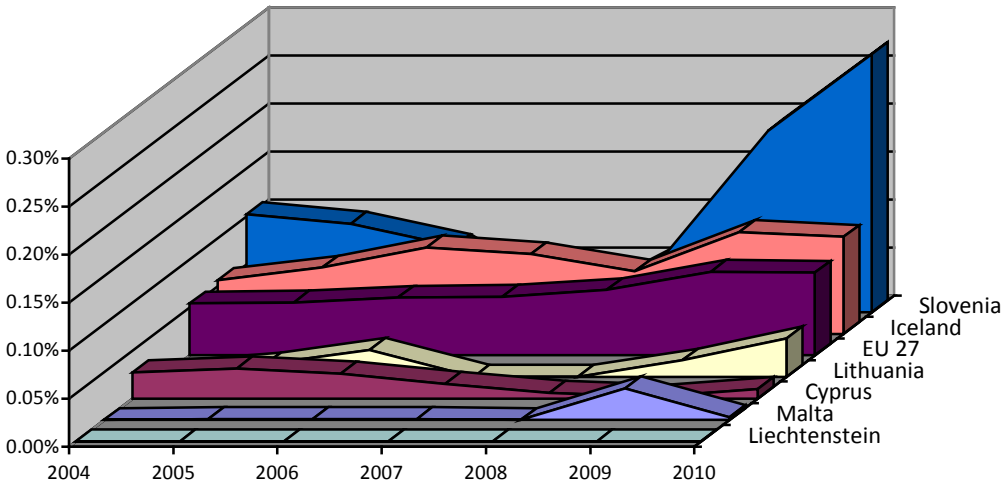
As regards the other two EFTA States, Graph E(2) shows that despite the share of aid awarded for R&D&I in Iceland decreasing significantly between 2006 and 2008, Iceland still granted a considerably higher proportion of its aid to R&D&I in 2010 compared to the group of selected EU Member States (with the exception of Slovenia). In terms of aid as a percentage of the GDP Iceland is also in line with the EU-27 average. As a percentage of total aid (excluding transport and financial crisis aid) Iceland granted 40.9% of its total aid for R&D&I purposes in 2010 which is more than double the EU-27 average of 17.3% of total aid. Liechtenstein has not granted any aid for R&D&I purposes.

Finally, it should be noted that while Graphs E(1) and (2) may give the impression that the proportion of state aid directed towards R&D&I is relatively small in the countries subject to review, this does not necessarily mean that

[19] See also the data published in the report accompanying the scoreboard at section 2.2.3 on aid for research and development by the European Commission, autumn 2011.

levels of public funding for R&D&I in these countries is low. Public funding for R&D&I does not always involve state aid within the meaning of the EEA Agreement or the Treaty on the Functioning of the European Union (TFEU). As is apparent from data included in the scoreboard published by the European Commission, the level of public funding for R&D&I, which is not state aid, is generally much higher than public assistance in the form of state aid for R&D&I purposes.[20]

Graph E(2): Overview of aid for R&D&I as a percentage of GDP from the beginning of 2004 to the end of 2010: Iceland and Liechtenstein and selected EU Member States



1.5. State aid for the protection of the environment and energy saving

Norway was the only EFTA State which granted aid for the protection of the environment and energy saving purposes.[21]

Graph F(1) reveals that Norway in recent years has granted aid for environmental protection in proportion of the GDP well above the EU-27 average. In 2010 Norway granted a higher percentage of aid out of the total aid for environmental purposes than the EU-27 average: 25.8% of the total aid (€ 611.19 million) as opposed to the EU-27 average which was 23.7% of total aid (excluding transport and financial crisis aid).[22] The graph below shows that

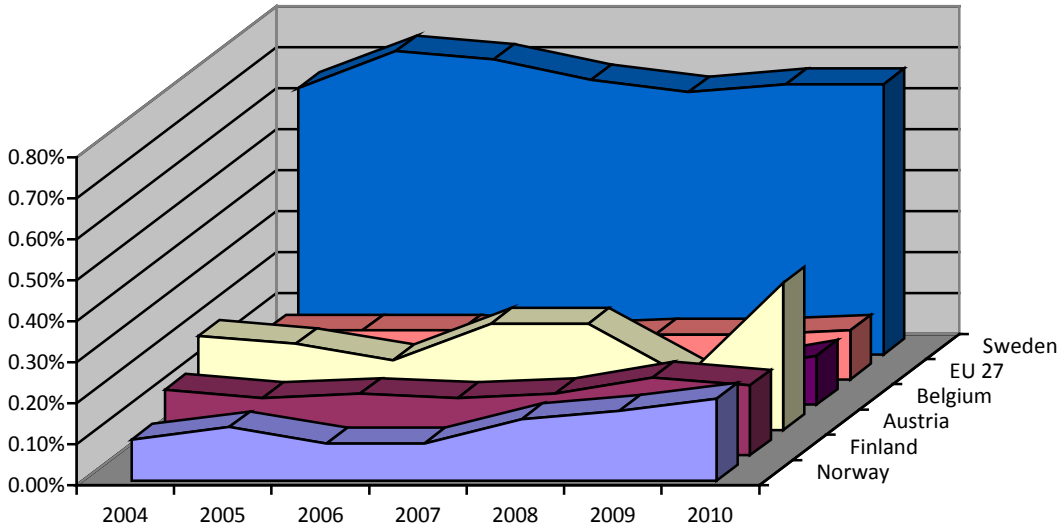
[20] See also the data published in the report accompanying the scoreboard at section 2.2.3 on aid for research and development by the European Commission, autumn 2011.

[21] The amount of aid for environmental purposes reflects all aid directed at the environment irrespective of whether protecting the environment is the primary or secondary objective of an aid measure. This means that the amount of aid to the environment in Graphs F (1-2) is not necessarily the same as the amount of aid for the environment included in Table 4 on page 12.

[22] See also the data published in the report accompanying the scoreboard at section 2.2.4 on aid for environmental protection by the European Commission, autumn 2011.

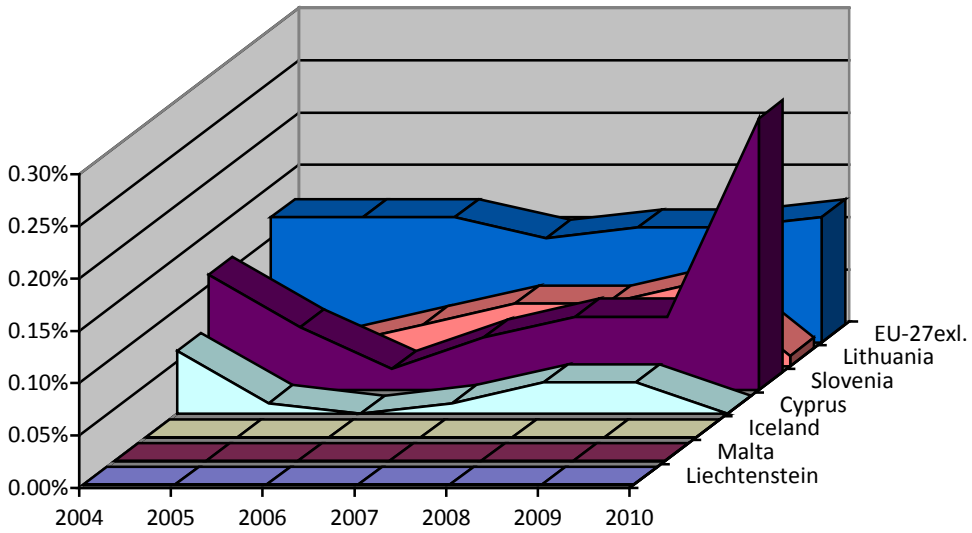
Norway granted environmental aid worth 0.2% of its GDP compared to 0.12% for the EU-27.

Graph F(1): Overview of aid for environmental protection and energy saving purposes as a percentage of GDP from the beginning of 2004 to the end of 2010: Norway and selected EU Member States



Graph F(2) shows that Iceland and Liechtenstein did not grant any aid for purposes of the environment, meaning that their approach differs from most in the group of comparable EU Member States.

Graph F(2): Overview of aid for environmental protection and energy saving purposes as a percentage of GDP from the beginning of 2004 to the end of 2010: Iceland and Liechtenstein and selected EU Member States



1.6. State aid supporting regional development and cohesion

Regional development aid is a prominent feature in Norwegian state aid policy. Norway granted aid for regional development that was equal to 0.3% of GDP in 2010 less financial crisis and transport aid. The equivalent figures for EU-27 was 0.1%. Table 4 on page 11 above shows that in 2010 approximately 38% of the total aid awarded by Norway was regional aid. This is higher than the EU-27 average of 24% of total aid. Graph C(1) on page 14 above shows, however, that the share of Norwegian regional aid decreased slightly between 2007 and 2010 as a result of the introduction of more sectoral aid.

Iceland granted less regional aid in proportional terms than Norway in 2010 (only around 18% of total aid), which is lower than the EU average (excluding financial crisis aid). However, Graph C(2) on page 14 above shows that Iceland has increased its share of aid granted for regional purposes between 2009 and 2010. Liechtenstein did not grant any regional aid from 2004 to the end of 2010.

1.7. Financial crisis aid

Regarding the financial crisis, in the case of Iceland, aid was granted in October 2008 and September 2009 to the three main Icelandic banks (Islandsbanki, Arion and NBI) but only notified in 2010. The Authority opened the formal investigation procedure in each of these cases on 15.12.2010. This means that a substantial amount of aid granted in Iceland is not reflected in this scoreboard.

At the same time, Iceland granted rescue aid in 2010, which was notified to and approved by the Authority, involving the settlement of claims owned by the Central Bank of Iceland on savings banks.[23] Following the decision authorising the granting of the rescue aid, the Icelandic authorities were bound to submit restructuring plans within six months. The Icelandic authorities have not yet submitted such restructuring/liquidation plans. This aid, as well as previous aid from 2008 and 2009, is included in the scoreboard.[24]

Norway granted crisis aid to fundamentally sound banks in 2009 but no further aid was granted in 2010.[25] Liechtenstein has not, to date, notified any aid measures linked to the financial crisis.

1.8. Aid awarded under the block exemption regulations

The five previous block exemptions were consolidated and harmonised into one General Block Exemption Regulation[26] which entered into force on 8 November

[23] Decision 253/10/COL of 21.6.2010.

[24] Decision 168/09/COL of 27.3.2009 on a mortgage scheme under which aid was granted in 2009. However, no further aid was paid in 2010 under this scheme.

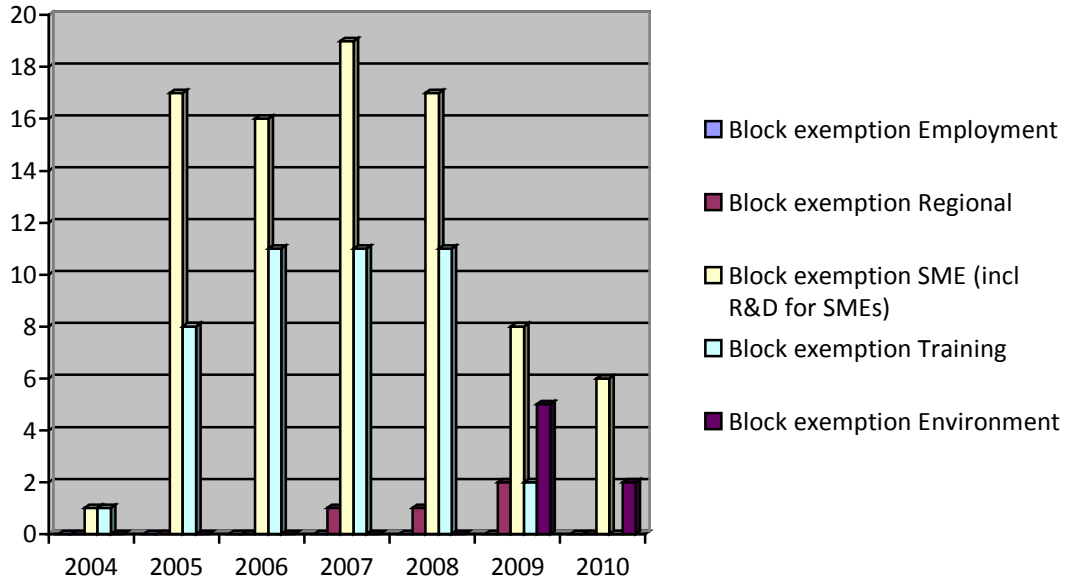
[25] Decision 205/09/COL of 8.5.2009.

[26] The Regulation was incorporated into the EEA Agreement by Joint Committee Decision No. 120/2008, OJ No L 339, 18.12.2008, p. 111 and EEA Supplement No 79, 18.12.2008, p.20.

2008. The General Block Exemption increased the number of categories eligible for exemption (for example to research & development & innovation, environmental protection and the creation of enterprises by female entrepreneurs). Graph G below illustrates the categories of aid under the previous block exemptions and the General Block Exemption.[27]

Norway is the only EFTA State that has made use of the possibility to grant aid under block exemption. Graph G shows that the number of aid measures applied under block exemption has increased significantly over the period reviewed, particularly from 2005 onwards. However, since 2009 the use of block exemption is less pronounced than before. The table shows that Norway made most use of block exemption to grant aid for SMEs and environmental protection.

Graph G: Number of block exemptions used from 2004 to 2010 in Norway



1.9. State aid instruments

Graph H and Table 5 below show the extent to which the EFTA States made use of different state aid instruments in 2010. It shows that the EFTA States awarded 60% of total aid in the form of derogations from obligations to pay taxes or social security charges and around 37% in the form of grants. On the whole, less than 3% of total aid awarded by the three EFTA States in 2010 was awarded by means of other aid instruments (i.e. guarantees, equity participation, reimbursable grants or soft loans).

[27] Although one scheme has been reported under the General Block Exemption, no aid was granted in 2008 under this scheme.

Graph H: Aid instruments as a percentage of total aid (including transport aid and excluding financial crisis aid) in 2010 in the EFTA States

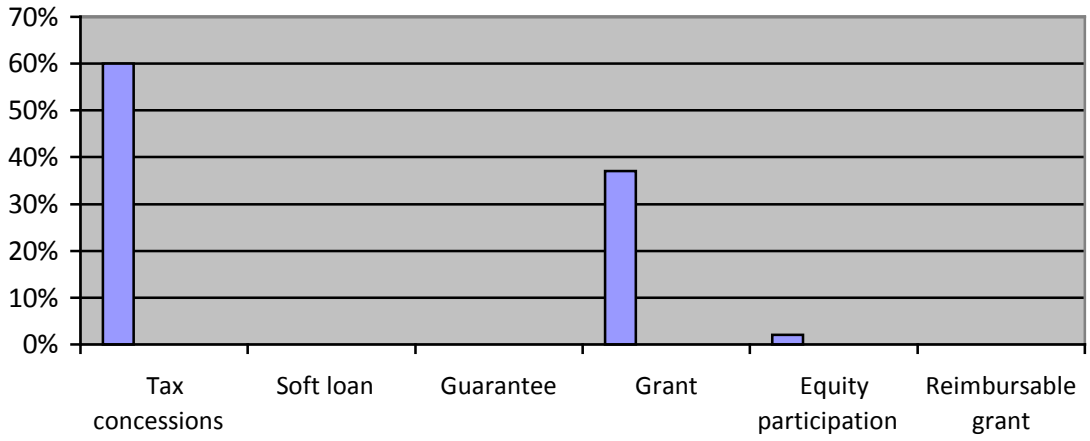


Table 5: Aid instruments as a percentage of total aid (including transport aid and excluding financial crisis aid) in 2004-2010 in the EFTA States

	2004	2005	2006	2007	2008	2009	2010
Tax concessions	55.21%	57.66%	56.08%	67.10%	68.65%	60.26%	60.26%
Soft loan	1.38%	0.86%	0.75%	0.38%	0.69%	0.44%	0.44%
Guarantee	0.04%	0.04%	0.04%	0.02%	0.00%	0.24%	0.24%
Grant	43.27%	41.32%	42.95%	32.39%	30.74%	37.35%	37.35%
Equity participation	0.01%	0.00%	0.00%	0.01%	0.00%	1.67%	1.67%
Reimbursable grant	0.09%	0.11%	0.18%	0.11%	0.04%	0.04%	0.04%
Total aid	1,141.14	1,233.154	1,251.113	1,836.839	2,316.073	2,395.65	2,921.95

2. Part two: Legislative and policy developments

2.1. Measures adopted in light of the State Aid Action Plan

In June 2005 the Commission launched the State Aid Action Plan.[28] The State Aid Action Plan outlined guiding principles for a comprehensive reform of the state aid rules to be undertaken through a variety of legislative measures to be adopted over a five-year period. Although the State Aid Action Plan is mainly a strategy set for the European Union, the EFTA States in the Joint Committee and the Authority adopt measures for implementing the state aid rules which are similar to those applied in the European Community.[29] Measures derived from the State Aid Action Plan have therefore also been incorporated in the EEA Agreement.

In 2010, guidelines setting out the criteria for an in-depth assessment of regional aid to large investment projects have been adopted (2010).[30] New guidelines have also been adopted on the deployment of broadband networks and revisions have been made to the guidelines on broadcasting (2010).[31] The provisions for the application of state aid rules to short-term export-credit insurances have been amended.[32]

2.2. Measures adopted regarding the financial crisis

Measures to assist financial institutions

Finally, the four sets of temporary guidelines on support to financial institutions within the EFTA States (Guidelines on the application of the state aid rules to measures taken in relation to the financial institutions (commonly referred to as "the "Banking Guidelines"),[33] Guidelines on recapitalisation of financial institutions in the financial crisis ("the Recapitalisation Guidelines"),[34] Guidelines

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28 State aid Action plan.

29 The EEA Joint Committee ensures the effective implementation and operation of the EEA Agreement and is composed of representatives of the EEA States and the European Commission. The EEA Joint Committee is therefore responsible for the incorporation into the EEA legal framework of relevant EU legislation, such as block exemptions.

30 Decision 98/10/COL on in-depth assessment of regional aid to large investment projects of 24.3.2010. The decisions have not been yet been published in the Official Journal but is available on the Authority's website. The Commission's communication is published in O J C 223, 16.9.2009, p.3.

31 Decision Nos. 34/10/COL on the deployment of broadband networks and 35/10/COL on state aid for broadcasting of 3.2.2010. The decisions have not yet been published in the Official Journal but are available on the Authority's website. The Commission guidelines are published in OJ C 235, 30.9.2009, p. 7; and OJ C 257 of 27.10.2009, p. 1.

32 Decision No. 484/10/COL of 15.12.2010. The decision has not yet been published in the Official Journal but is available on the Authority's website. The Commission Communication is published in the OJ C 329, 7.12.2010, p.6.

33 Decision 28/09/COL of 29.1.2009 on the application of the state aid rules to measures taken in relation to the financial institutions in the context of the current financial crisis; OJ L 17, 20.1.2011, p. 1; EEA Supplement No.3 of 20.1.2011.

34 Decision 28/09/COL of 29.1.2009 on recapitalisation of financial institutions in the current financial crisis; OJ L 17, 20.1.2011, p. 1; EEA Supplement No.3 of 20.1.2011.

on the treatment of impaired assets in the banking sector ("the Impaired Assets Guidelines")[35] and Guidelines under the framework of the Banking Guidelines on restructuring and the return to viability of banks that are not fundamentally sound ("the Restructuring Guidelines")[36]) were prolonged and amended by adding a new Chapter. While the Banking Guidelines, the Recapitalisation Guidelines and the Impaired Assets Guidelines do not have an expiry date, the initial expiry date of the Restructuring Guidelines was prolonged until 31 December 2011. [37]

Measures for the real economy

The guidelines for assisting the real economy[38] have been amended and were extended until 31 December 2011.[39]

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[35] Decision 191/09/COL of 22.4.2009 on the treatment of impaired assets in the banking sector; OJ L 23 of 27.1.2011, p. 31; EEA Supplement No 4 of 27.1.2011.

[36] Decision 472/09/COL of 25.11.2009 on the return to viability and the assessment of restructuring measures in the current crisis under the state aid rules; OJ L 292 of 10.11.2011; EEA Supplement No. 61 of 10.11.2011.

[37] Initially the Commission had prolonged its rules through a Communication (OJ C 329 of 7.12.2010) and the Authority adopted the Communication through Decision No. 484/10/COL (not yet published but available on the Authority's website). The Authority then added a new chapter through incorporated the Decision 57/11/COL of 2.3.2011 "Part VIII: Temporary Rules Regarding Financial Crisis". The decision has not yet been published in the Official Journal but is available on the Authority's website.

[38] Decision 28/09/COL of 29.1.2009 on aid measures to support access to finance in the current financial and economic crisis; OJ L 17 of 20.1.2011, p. 1; EEA Supplement No.3 of 20.1.2011.

[39] Decision 484/10/COL of 15.12.2010. The decision has not yet been published. Equivalent Commission guidelines have also been extended until 31.12.2011 (OJ C 6 of 11.1.2011, p.5).

3. Part Three: Recovery

3.1. The rules on recovery of unlawful and incompatible state aid

Article 14 of Part II of Protocol 3 to the Surveillance and Court Agreement provides that *"where negative decisions are taken in cases of unlawful aid, the Authority shall decide that the EFTA State concerned shall take all necessary measures to recover the aid from the beneficiary."*[40]

The Authority has included a new Chapter on recovery of unlawful and incompatible state aid in its State Aid Guidelines, which sets out detailed rules applicable to recovery cases. Recovery of illegal and incompatible state aid is usually a lengthy process in the EFTA States and generally the cases are not completed within the time-limits set out in the relevant legislation and the recovery decisions. That is the case in spite of the fact that Article 14(3) of Protocol 3 to the Surveillance and Court Agreement provides that *"recovery shall be affected without delay and in accordance with the procedures under the national law of the EFTA State concerned, provided that they allow the immediate and effective execution of the EFTA Surveillance Authority's decision."*[41]

3.2. State of play of pending recovery cases

In the period between 2004 and July 2011, the Authority adopted 13 recovery decisions concerning the EFTA States of which 5 remain pending (Tables 6 and 7).

The oldest unresolved recovery case dates back to February 2004 and concerns an Icelandic scheme in favour of International Trading Companies.[42] in 2010, the Authority adopted negative decisions requesting recovery of two taxation schemes in Liechtenstein: special tax rules in favour of captive insurance companies and favourable taxation for certain types of investment undertakings.[43] Three more recovery cases were commenced in 2011 on Norwegian aid for the ferry service operator Hurtigruten[44], the Icelandic HFF Mortgage Loans Scheme[45] and on Norwegian aid in the form of sale of land in the municipality of Asker.[46]

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40 Protocol 3 to the Agreement between the EFTA States on the Establishment of a Surveillance Authority and a Court of Justice.

41 This rule corresponds to Article 14(3) of Council Regulation No. 659/1999 of 22.3.1999 laying down detailed rules for the application of Article 93 (now Art. 108 TFEU) of the EC Treaty, OJ L 83/1, 27.03.1999, p.1. Emphasis added.

42 Decision 21/04/COL of 25.2.2004. Upon submission of the case by the Authority to the EFTA Court, the latter ruled on 25.11.2005 that the aid had to be recovered (Case E-2/05).

43 Decision 97/10/COL of 24.3.2010 and Decision 416/10/COL of 2.11.2010.

44 Decision 205/11/COL of 29.6.2011.

45 Decision 206/11/COL of 29.6.2011.

46 Decision 232/11/COL of 13.7.2011.

In 2010, the Authority closed a recovery case on a Norwegian wood scheme commenced in 2008[47] and a recovery case involving the Norwegian road construction and maintenance company (Mesta) which had started in 2009.[48]

The Authority continues its efforts to ensure effective recovery. If EFTA States do not take all measures available to implement recovery decisions, the Authority will actively pursue non-compliance under the procedures provided for in the Surveillance and Court Agreement.

Table 6: Recovery cases by EFTA State, until July 2010

	Iceland		Liechtenstein		Norway		Total	
	New cases	Cases closed	New cases	Cases closed	New cases	Cases closed	New cases	Cases closed
Situation 31/12/03	0	0	0	0	0	0	**0**	**0**
2004	1[a]	0	0	0	1[b]	0	**2**	**0**
2005	0	0	0	0	1[c]	0	**1**	**0**
2006	0	0	0	0	1[d]	1[c]	**1**	**1**
2007	0	0	0	0	1[e]	0	**1**	**0**
2008	0	0	0	0	1[f]	1[e]	**1**	**1**
2009	0	0	0	0	2[g, h]	2[b, g]	**2**	**2**
2010	0	0	2[i, j]	0[i]	0	2[h, f]	**2**	**2**
2011	1[k]	0	0	0	2[l, m]	1[d]	**3**	**1**
Cases pending 31/12/11	2		2		2		**6**	

a) International Trading Companies
b) Electricity tax (closed)
c) Entra (closed)
d) Enova (closed)
e) VAT compensation (closed)
f) Woodscheme (closed)
g) Norwegian Aviation College AS (closed)
h) Mesta (closed)
i) Captives
j) Investments undertakings
k) Mortgage Loan Scheme
l) Hurtigruten service
m) Sale of land in Asker

[47] Decision 28/08/COL of 23.1.2008.
[48] Decision 390/09/COL of 7.10.2009.

Table 7: Overview of recovery cases indicating amounts to be recovered and amounts recovered up to December 2010

Decision Number	Working title of case	EFTA State	Date of Decision	Amount to be recovered	Amount effectively recovered	Recovery case pending
148/04/COL	Electricity taxes	Norway	30 June 2004	NOK 132,158,641	NOK 132,158,641	No
21/04/COL	ITC	Iceland	25 February 2004	ISK 18,608,233 and other unknown amounts	ISK 0	Yes
318/05/COL	Entra	Norway	14 December 2005	NOK 99,088,462	NOK 99,088,462	No
125/06/COL	Enova	Norway	3 May 2006	NOK 19,303,572 (incl. interest and compound interest)	NOK 12,018,838 (incl. interest and compound interest)[49].	No
155/07/COL	VAT Compensation	Norway	3 May 2007	NOK 43,199,304	NOK 43,199,304	No
28/08/COL	Wood scheme	Norway	23 January 2008	NOK 5,049,647 (plus interest until effective recovery)	NOK 583,077 (the rest is pending on a process of liquidation)	No
290/09/COL	Norwegian Aviation School	Norway	1 July 2009	NOK 4.5 million and other unknown amounts	Bankrupt	No
390/09/COL	Mesta	Norway	7 October 2009	NOK 101.4 million + interest per 1.6.2010 (25.8 million)	NOK 127.2 million	No
97/10/COL	Captives	Liechtenstein	24 March 2010	CHF 20,827,286	CHF 20,827,286	No
416/10/COL	Investment undertakings	Liechtenstein	2 November 2010	To be determined	CHF 1,669,279	Yes

[49] The difference is due to recalculation of amount to be recovered in the national complaint possess and due to bankruptcy.

205/11/COL	Hurtigruten	Norway	29 June 2011	To be determined	open	Yes
206/11/COL	HFF Mortgage Loans Scheme	Iceland	29 June 2011	To be determined	open	Yes
232/11/COL	Sale of land at Asker	Norway	13 July 2011	To be determined	open	Yes

4. Part Four: Information sources and methodology

4.1. State aid register – a second transparency tool

The Authority's state aid register is an online service which provides an overview of all state aid cases which have been the subject of a decision by the Authority since 1 January 1994:
http://www.eftasurv.int/state-aid/state-aid-register/

4.2. Annual report and state aid e-news

The Authority publishes an Annual Report on its activities which summarises the most important legal developments, decisions, and case-law during the relevant year. It is available on the website of the Authority:
http://www.eftasurv.int/press--publications/annual-reports/

State aid e-news, which was first published in 2006, is an online service available by e-mail and the website of the Authority. It is a weekly update providing an overview of state aid decisions adopted by the Authority (and their publication details), and of court judgments handed down by the EFTA Court:
http://www.eftasurv.int/state-aid/state-aid-e-news/

It is also available as part of the State Aid Weekly Newsletter published by the European Commission.[50]

4.3. Methodology

This scoreboard is published in accordance with Article 6 of Decision No. 195/04/COL of 14 July 2004,[51] which provides that the Authority shall publish a scoreboard, containing a synthesis of the information in the annual reports submitted by the individual EFTA States in compliance with Article 21 of Part II of Protocol 3 to the Surveillance and Court Agreement.

All data about the EFTA States have been obtained from the annual reports provided by the EFTA States, and from reports provided by the states, under the block exemptions. Cases which are still being examined are not included.

State aid data collected for the scoreboard is grouped according to primary objectives which may be either horizontal (for example, research and development, or for small and medium-sized enterprises) or sector-specific (for example the maritime sector, or the manufacturing sector). Unless otherwise indicated, information has been included according to the objective of the aid as opposed to the identity of the aid recipients. For example, if the aid is earmarked for small and medium-sized enterprises it will be classified as having small and medium-sized enterprises as its primary objective irrespectively of the sectors

[50] http://ec.europa.eu/comm/competition/state_aid/newsletter/index.html

[51] Decision 195/04/COL of 14.7.2004 on the implementing provisions referred to under article 27 in Part II of Protocol 3 to the Agreement between the EFTA States on the establishment of a Surveillance Authority and a Court of Justice, OJ L 123, 10.5.2006, p. 37.

which beneficiaries belong to. Also, as an example aid granted under a regional development scheme may ultimately benefit small and medium-sized enterprises, but if the scheme is open to all sizes of enterprises in the particular region it will be classified as regional aid.

As regards information concerning the 27 EU Member States, the data was obtained from the scoreboard issued by the European Commission published in December 2011.[52]

Contact

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

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[52] http://ec.europa.eu/competition/state_aid/studies_reports/2011_autumn_en.pdf

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