



STATE AID SCOREBOARD



**State Aid Scoreboard for 2011
for the European Economic Area
EFTA States**

Published March 2013

EFTA SURVEILLANCE
AUTHORITY

Contents

Introduction	3
1. Overall state aid granted in 2005 - 2011	5
1.1 State aid in absolute and relative terms	5
1.2 Sectoral aid.....	9
1.3 State aid for horizontal objectives	10
1.4 State aid for research and development and innovation (“R&D&I”)	12
1.5 State aid for the protection of the environment and energy saving	14
1.6 State aid supporting regional development and cohesion.....	15
1.7 Financial crisis aid.....	15
1.8 Aid awarded under the block exemption regulations.....	16
1.9 State aid instruments	17
2. Legislative and policy developments	18
3. Recovery	19
4. Information sources and methodology	22

Introduction

This state aid scoreboard provides an overview on the volume of state aid granted in Iceland, Liechtenstein and Norway (the “EFTA States”)¹. This latest scoreboard contains information on state aid granted in the EFTA States over the seven-year period between 2005 and 2011. 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 environmental protection or regional development, 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 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 EFTA Surveillance Authority (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 tend to distort the overall picture on the type of aid granted. 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, separate tables and graphs are provided for aid including crisis aid and further explanation of crisis aid is provided in Chapter 1.7.

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. At the same time, aid to Services of General Economic Interest (SGEI) which fulfils the conditions for an SGEI measure is also excluded from the Scoreboard due to lack of comparable data. However, any aid amount beyond the SGEI-covered compensation is included.

¹ Switzerland is an EFTA State, but not part of the EEA. However, for the purposes of this scoreboard, the term “EFTA States” refers to Iceland, Liechtenstein and Norway. This approach is in line with Article 2 (b) of the EEA Agreement.

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 aid under 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. Some of these measures were partly approved in 2012 while others are still subject to investigations.

The scoreboard gives an overview of the state aid reported by the EFTA States from the beginning of 2005 to the end of 2011. 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 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

Norway increased its overall state aid expenditure in 2011 mainly due to a significant increase in environmental aid, which notably outweighed a decrease in aid for research and development. Iceland also increased its overall aid expenditure (less crisis aid), but decreased sectoral aid for certain industries. As regards Liechtenstein, the overall aid decreased in CHF values, but due to changes in the exchange rate the aid slightly increased in EUR values.

In 2011 Norway and Liechtenstein granted all of their aid for horizontal purposes. Norway granted most of its aid for the promotion of regional development and environmental objectives, while Liechtenstein granted aid exclusively for cultural and heritage objectives. Iceland still grants some of its aid for sectoral purposes in the form of guarantees to energy producers.

A comparison with the EU-27 average including financial crisis aid shows that the average aid expenditure of the EFTA States in 2011 is relatively small, partly because Iceland, which is the only EFTA State that had granted crisis aid, significantly reduced these payments in 2011. However, if financial crisis aid is excluded, the comparison shows that Norway's aid expenditure is significantly above the EU-27 average, Iceland's expenditure is well below the EU-27 average and Liechtenstein's aid expenditure is the lowest of all states in the EEA.

The scoreboard is available online at the homepage of the Authority:

<http://www.eftasurv.int/press--publications/scoreboards/state-aid-scoreboards/>

1. Overall state aid granted in 2005 - 2011

This chapter provides an overview of state aid granted in the EFTA States from 2005 to 2011 as well as of underlying trends.

1.1 State aid in absolute and relative terms

Iceland and Norway increased their state aid expenditure (less crisis and transport aid) in 2011, Iceland from €23.37 million (2010) to €31.72 million (2011) and Norway from €2 375.83 (2010) million to €2 557.99 million (2011). Liechtenstein decreased its aid in CHF values, but due to changes in the exchange rates, the aid expenditure increased in EUR values from €1.34 million (2010) to €1.49 million (2011).

At the same time, the EFTA States saw different developments for their respective GDPs. For Iceland the GDP rose from €9 509.60 million (2010) to €10 098.60 (2011), for Liechtenstein it fell from €3 676.12 million (2010) to €3 456.25 million (2011)² and for Norway it rose from €311 854.60 million (2010) to €349 077.30 million (2011). Consequently, even though aid for some objectives decreased in relative terms (i.e. as proportion of total aid or of GDP), it might still have increased in absolute terms and vice-versa.

Table 1(a): Total state aid in the EFTA States from 2005 to 2011 including crisis aid
Current prices in million Euros, using annual average exchange rates³

EFTA States	2005	2006	2007	2008	2009	2010	2011
Iceland	18.75	24.10	17.24	594.55	1,702.70	312.48	35.87
Liechtenstein	1.08	0.84	0.86	1.11	1.19	1.34	1.49
Norway	1 213.80	1 232.84	1 900.11	2 202.22	2 842.51	2 596.06	2 786.88
Total state aid EFTA States	1 233.63	1 257.79	1 918.22	2 797.88	4 546.40	2 909.87	2 824.24
Crisis aid Iceland	0.00	0.00	0.00	580.37	1,680.98	289.12	4.15
Iceland less crisis aid	18.75	24.10	17.24	14.18	21.72	23.37	31.72
Transport aid Norway	242.37	283.97	532.11	511.32	460.72	220.23	228.89
Norway - less Transport*	971.43	948.88	1 368.00	1 690.90	2 381.79	2 375.83	2 557.99

*In Iceland and Liechtenstein the total volume of state aid is the same for the years 2005-2011, irrespectively of whether transport is included, since neither granted aid for this purpose.

The table 1(a) above shows the amounts of aid as reported by the EFTA States to the Authority each year, including financial crisis aid. Iceland is the only EFTA State which has so far disbursed financial crisis aid. The Authority notes that the figures for financial crisis aid included in the scoreboard represent the gross commitments of the Icelandic state but not the grant equivalents of those measures, which have not

² The Liechtenstein GDP for 2010 and 2011 was calculated with the Swiss growth index since actual figures were not yet available.

³ The annual average exchange rates are published by Eurostat.

been reported.⁴ . For further clarification regarding financial crisis aid, see Chapter 1.7 below.⁵ In any case, the overall aid granted by Iceland significantly decreased in 2010 and 2011 due to a decrease in financial crisis aid.

As regards Liechtenstein, it is worth noting that the overall aid amount decreased in CHF values but due to a decrease in value of the EUR vis-a-vis the CHF, the aid granted by Liechtenstein slightly increased in EUR-terms.

As regards Norway, it should be noted that the 2010 figures for Norway initially included estimates for aid in the form of tax breaks for the maritime transport sector. However, due to considerably reduced income from shipping activities, these figures proved to be too high and the Authority corrected the 2010 figures for Norway accordingly.

**Table 1(b): Total state aid in the EFTA States from 2005 to 2011 including crisis aid
Constant 2011 prices in million Euro using annual average exchange rates⁶**

EFTA States	2005	2006	2007	2008	2009	2010	2011
Iceland	14.90	15.73	13.39	619.38	2,362.71	322.29	35.87
Liechtenstein	1.46	1.12	1.16	1.44	1.47	1.50	1.49
Norway	1 715.03	1 545.44	2 387.66	2 495.36	3 613.07	2 847.20	2 786.88
Total state aid EFTA States	1 731.39	1 562.29	2 402.21	3 116.18	5 977.25	3 170.99	2 824.24
Transport	342.45	355.97	668.65	579.39	585.62	241.54	228.89
Norway - less Transport*	1 372.58	1 189.47	1 719.01	1 915.97	3 027.45	2 605.66	2 557.99

Table 1 (b) shows state aid granted in constant prices in the EFTA States. In other words, while Table 1(a) shows the amounts of aid as they were reported by EFTA States to the Authority each year, Table 1(b) shows the aid volumes after they have

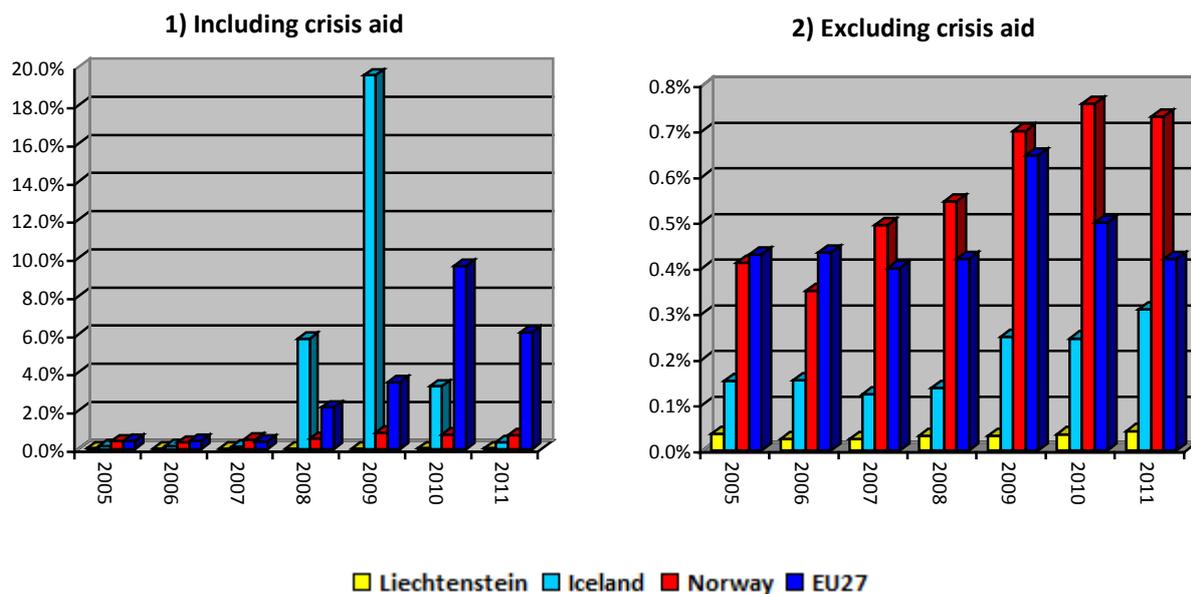
⁴ The Icelandic authorities also provided additional backing of deposits not in the form of an explicit guarantee but by an announcement of the Prime Minister that deposits in domestic commercial and savings banks would be fully covered. The scoreboard does not include any quantification of this measure.

⁵ Figures on financial crisis aid were not included in the Authority's previous scoreboards, because the measures were – at the time – not approved. However, in 2012 the Authority approved restructuring aid awarded by Iceland to various financial institutions in 2008-2010. Figures for those years appearing in previous scoreboards have therefore been corrected to include aid under the recently approved financial crisis measures.

⁶ The figures in table 1(b) are converted into constant prices (reference year 2000, re-referenced to 2011) 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

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) notably shows that while Norway decreased the amount of aid in constant prices between 2005 and 2006, it increased significantly between 2007 and 2009, but decreased again since 2010.

Graph A: Total state aid (excluding transport aid) as a proportion of GDP from 2005 to 2011: EFTA States and EU-27 average⁷



Graphs A(1) and (2) show the total state aid awarded in the EFTA States and the average of the EU Member States as a proportion of GDP (excluding transport aid). Due to the significant effect that the financial crisis has had on the total amount of aid granted, two graphs have been prepared, i.e. one including financial crisis aid measures and one excluding such aid.

Graph A (1) shows that Iceland reduced its crises aid significantly in 2010 and 2011, but Norway and Liechtenstein did not grant any crisis aid. Furthermore, on average, the EU Member States significantly reduced the total crisis aid in 2011.

Graph A (2) shows that if crisis aid is excluded, Iceland pays less aid as a percentage of GDP than the average of the EU Member States. Liechtenstein grants significantly less aid than the average of the EU Member States, while Norway grants significantly more aid than the average of the EU Member States.

⁷ GDP (in current prices and converted into Euro at annual average exchange rates) for the EFTA States in 2011; Norway € 349 077.30 million; Iceland € 10 098.60 million. Source: Eurostat. The Liechtenstein GDP for 2010 and 2011 was calculated with the Swiss growth index since actual figures were not yet available.

Table 2: State aid (excluding transport aid or crisis aid) as a percentage of GDP in 2011: EFTA States and EU Member States⁸

States	Aid as % of GDP
Malta	1.43%
Portugal	1.02%
Greece	1.01%
Slovenia	0.91%
Hungary	0.86%
Czech Republic	0.76%
Norway	0.73%
Sweden	0.72%
Poland	0.58%
Finland	0.56%
Cyprus	0.54%
France	0.52%
Austria	0.50%
Germany	0.48%
Ireland	0.43%
EU-27	0.42%
Lithuania	0.40%
Denmark	0.35%
Spain	0.35%
Belgium	0.34%
Iceland	0.31%
Netherlands	0.30%
Latvia	0.29%
United Kingdom	0.24%
Slovakia	0.23%
Romania	0.21%
Luxembourg	0.19%
Italy	0.18%
Estonia	0.11%
Bulgaria	0.05%
Liechtenstein	0.04%

⁸ 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

Table 2 provides a more detailed overview of the amount of aid granted by the EU Member States and the EFTA States in proportion to their respective GDP. It confirms that the state aid expenditure of Norway is among the higher ones in the EEA, while Iceland is below average and Liechtenstein grants the lowest amount of aid in relation to its GDP of all EFTA and EU Member States.

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. This approach is consistent with the way the European Commission publishes its scoreboard.

Table 3: Sectoral aid and aid for horizontal objectives as a percentage of total aid (less transport and crisis aid) in 2011

Aid with SECTORAL objectives	EFTA States	Norway	Iceland	Liechtenstein
Aid with SECTORIAL objectives	0.00%	0.00%	0.00%	0.00%
Manufacturing industry	0.00%	0.00%	0.00%	0.00%
Other services	0.00%	0.00%	0.00%	0.00%
Other industries	0.18%	0.00%	15.00%	0.00%
Total aid with sectoral objectives	0.18%	0.00%	15.00%	0.00%
Total aid with horizontal objectives	99.82%	100.00%	85.00%	100.00%
Total aid (excl. transport and crisis aid) in mill. Euro	2 591.20	2 557.99	31.72	1.49

Table 3 details the amount of sectoral aid granted by the EFTA States. In 2011 only Iceland granted sectoral aid without any horizontal objective. The aid accounted for 15% (€ 4.76 million) of the total aid (excluding transport and crisis aid) and was granted in the form of state guarantees to energy producers.⁹ By contrast, neither Norway nor Liechtenstein granted any aid which was purely sectoral.

It should be noted that the sectoral aid depicted in the table above accounted for only about 2% of all sectoral aid granted by EFTA States (including transport aid). Aid for transport services, which is not included in the table above, accounted for 98% (€ 233.65 million) of all sectoral aid, and thus represented the bulk of the sectoral aid granted in 2011.

⁹ 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.

1.3 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 as well as 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.¹⁰ As indicated above, 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.

Table 4: Horizontal aid compared with aid for Sectoral objectives as a percentage of total aid in 2011 (excluding transport and financial crisis aid)

Aid with HORIZONTAL objectives	EFTA States	Norway	Iceland	Liechtenstein
R&D	15.17%	14.89%	38.62%	0%
Environment and energy saving	39.33%	39.84%	0.00%	0%
SME	0.70%	0.71%	0.00%	0%
Employment	3.90%	3.92%	2.74%	0%
Regional development	35.79%	35.79%	37.49%	0%
Other horizontal objectives*	4.92%	4.85%	6.15%	100%
Total Aid with horizontal objectives	99.82%%	100.00%	85.00%	100%
Total aid with sectoral objectives	0.18%	0.00%	15.00%	100%
Total aid (excl. transport and crisis aid) in mill. Euro	2 591.20	2 557.99	31.72	1.49

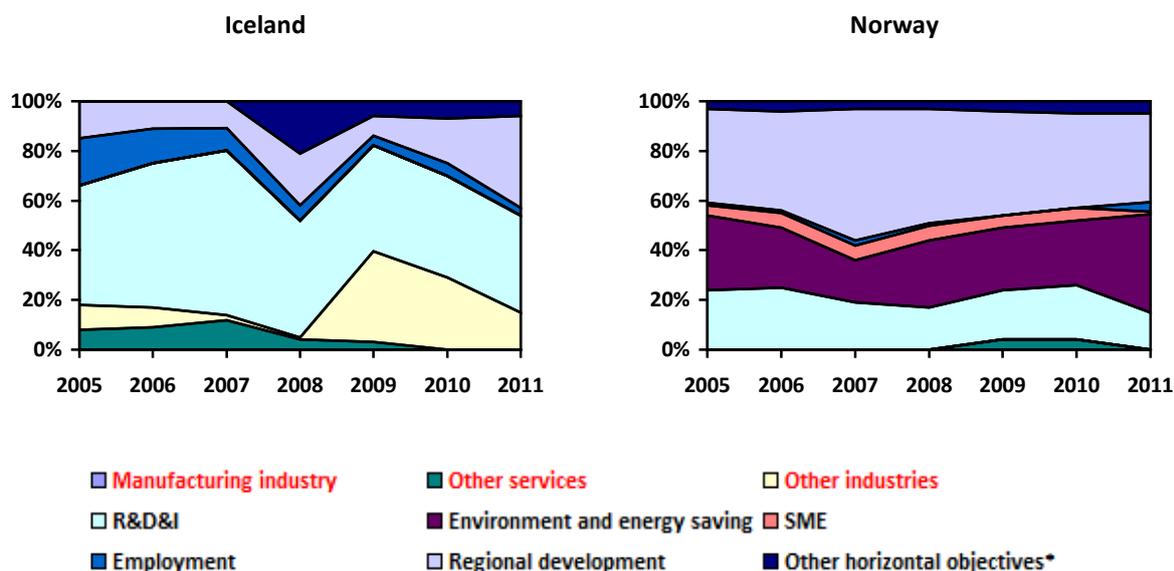
* Other horizontal aid covers cultural and heritage objectives and natural disasters.

Table 4 above provides an overview of horizontal aid on an individual EFTA State basis. It shows that in 2011 Iceland granted the majority of aid (85%) for horizontal objectives, within which approximately 38.62% was granted for research and development projects, while an additional 37.49% was regional aid.¹¹ Liechtenstein and Norway only granted aid for horizontal purposes. Liechtenstein granted aid for cultural and heritage objectives. Norway granted most of its aid for environmental protection and energy saving (39.84%) and for regional development (35.79%).

¹⁰ The Lisbon Agenda objectives of growth and competitiveness are cornerstones in the State Aid Action Plan.

¹¹ 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.

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 2005 to 2011



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

Graphs C(1) and C(2) show the trends in the distribution over the seven-year period of horizontal and sectoral aid granted by Iceland and Norway as a percentage of total aid over the period reviewed. The graphs show that Iceland continues to reduce sectoral aid focussing instead on “better targeted” horizontal aid. While aid for research and development continues to account for the majority of the aid (39%), Iceland increased its spending for regional aid in 2011 (37%). The decrease in sectoral aid is mainly due to a reduction in aid in the form of state guarantees to power generators for energy services.¹²

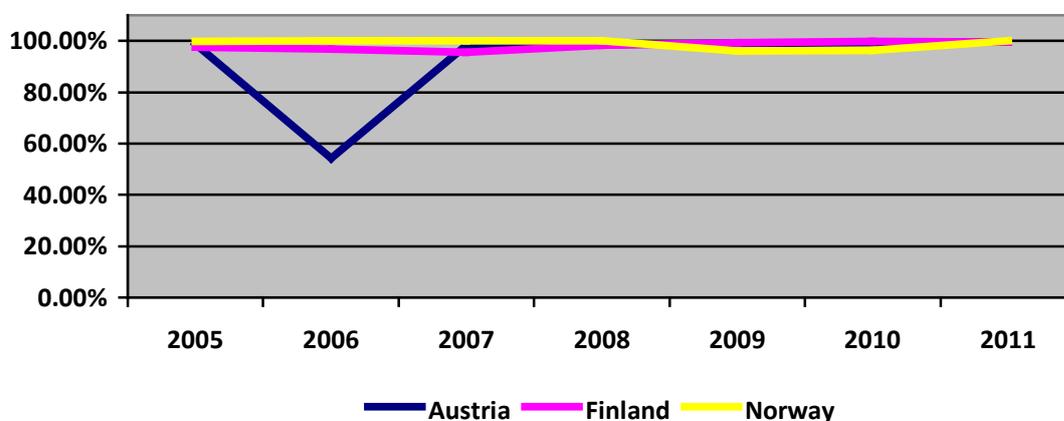
As regards Norway, while regional aid accounted for the majority of the total aid in the past years, its share in the overall aid decreased since 2007. In 2011, aid for environmental protection and energy saving accounted – for the first time – for the majority of the aid granted in Norway (40%). Furthermore, it can be noted that Norway completely phased out of the granting of sectoral aid (excluding transport aid), which is due to the fact that Norway discontinued its subsidies to student welfare organisations.¹³

As in the last years, Liechtenstein continued to grant only aid for horizontal objectives in 2011.

¹² 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.

¹³ 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.

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 2005 to 2011: Norway and selected EU Member States

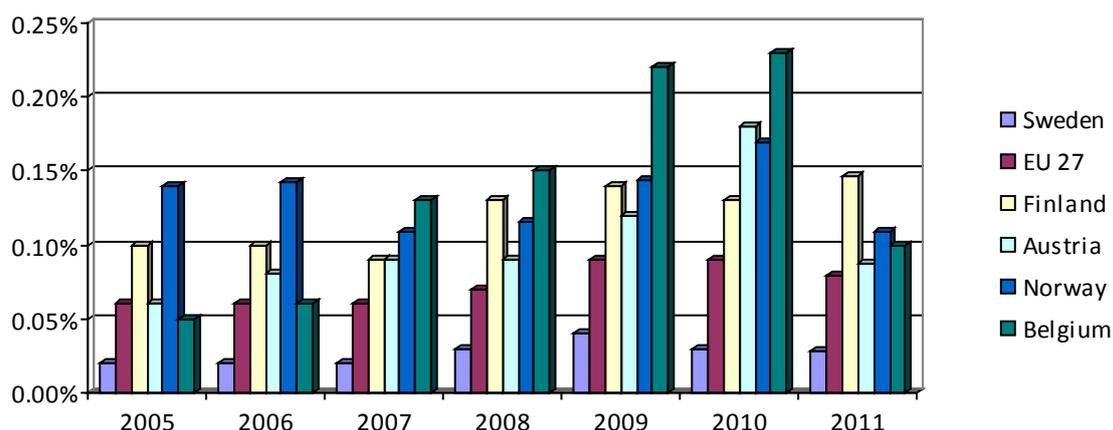


Graph D shows that the proportion of horizontal aid granted by Norway is fairly close to the level awarded by comparable EU States over the period reviewed.

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.

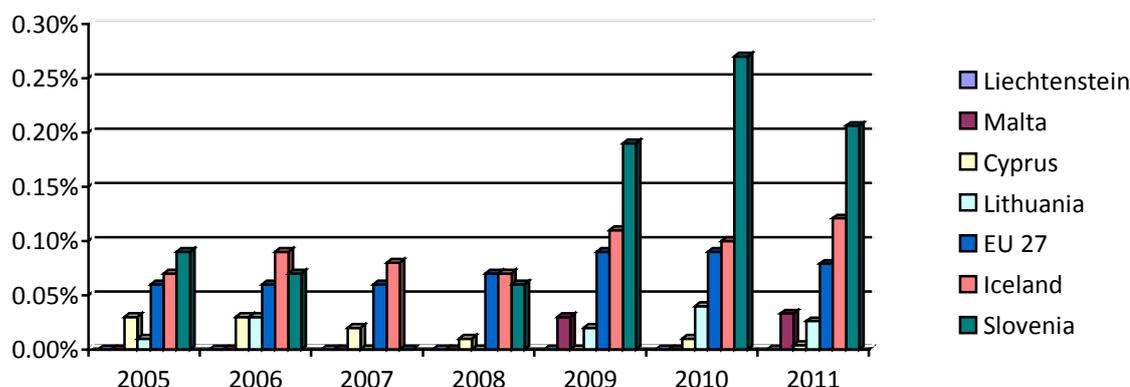
Graph E(1): Overview of aid for R&D&I as a percentage of GDP from 2005 to 2011: Norway and selected EU Member States



Graph E(1) shows that while Norway’s share of aid granted to research and development projects as a percentage of GDP increased during 2009 and 2010, in 2011 this share dropped considerably to the level of 2007. However, in comparison to the EU-27 average (0.08%), the proportion of aid granted to research and development projects in Norway remained relatively high (0.11%). Furthermore, as a proportion of total state aid (excluding transport and financial crisis aid) as well as in

absolute terms, Norway decreased its spending on R&D&I projects from 22.29% (529.54 million) in 2010 to 14.89% (€ 380.86 million) in 2011, cf. Table 4 above.

**Graph E(2): Overview of aid for R&D&I as a percentage of GDP from 2005 to 2011:
Iceland and Liechtenstein and selected EU Member States**



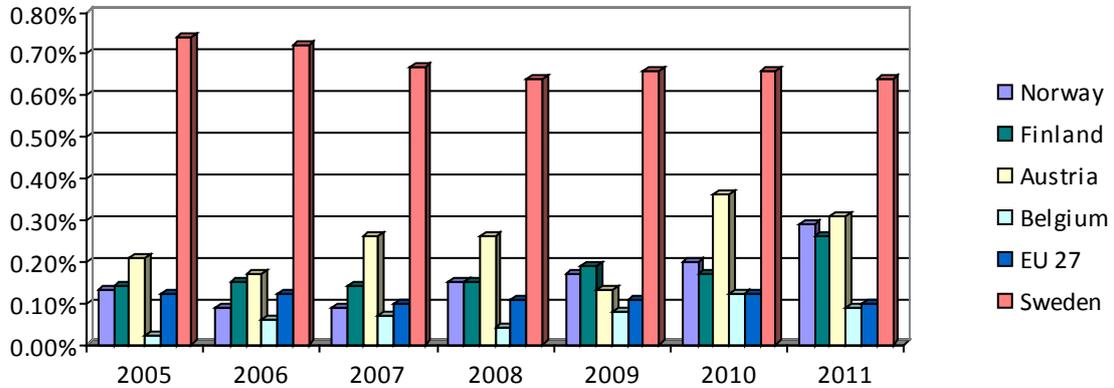
Graph E(2) shows that – as in the years before - Liechtenstein did not grant any aid for R&D&I projects in 2011. Furthermore, graph E (2) shows that in 2011 Iceland further increased its spending on R&D&I projects from 0.10% of its GDP to 0.12% of its GDP. These figures correspond to an actual increase from € 9.56 million (2010) to € 12.25 million (2011). However, as a percentage of total aid (excluding transport and financial crisis aid) Iceland slightly decreased aid for R&D&I in relative terms from 41% (2010) to 39% (2011).

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 levels of public funding for R&D&I in these countries are 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), for instance if the recipients are not undertakings (e.g. universities). 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.¹⁴

¹⁴ See also the data published by the European Commission in the report accompanying the scoreboard (European Commission, Commission Staff Working Paper, 21.12.2012, SEC (2012) 443 final, Section 2.2.3.

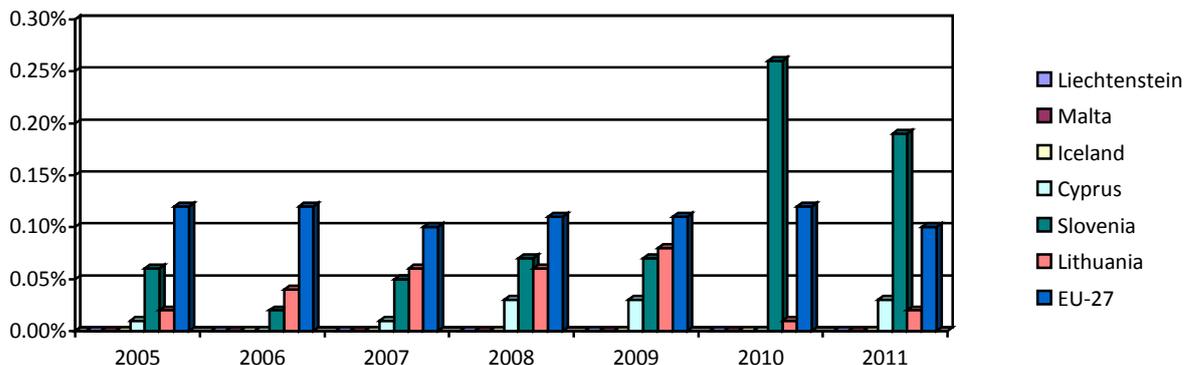
1.5 State aid for the protection of the environment and energy saving

Graph F(1): Overview of aid for environmental protection and energy saving purposes as a percentage of GDP from 2005 to 2011: Norway and selected EU Member States¹⁵



Graph F(1) reveals that Norway significantly increased its spending on State aid for environmental protection and energy saving purposes from 0.20% of its GDP (€611,19 million) in 2010 to 0.29% of its GDP (€1 019,19 million) in 2011. As a percentage of total aid the share of aid for environmental protection and energy saving purposes rose from 26% (2010) to 40% (2011) and now accounts for the largest share in the overall state aid spending of Norway.

Graph F(2): Overview of aid for environmental protection and energy saving purposes as a percentage of GDP from 2005 to 2011: Iceland and Liechtenstein and selected EU Member States



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

¹⁵ 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 Graphs C (1-2).

1.6 State aid supporting regional development and cohesion

Regional aid is of little importance for Liechtenstein which did not grant any regional aid between 2005 and 2011.

As regards Iceland, its spending of aid for regional development more than doubled from €4.28 million (2010) to €11.89 (2011). These figures correspond to an increase of the share of regional aid in total aid from 18% (2010) to 37% (2011) and to an increase of regional aid as a percentage of GDP from 0.05% (2010) to 0.12% (2011).

Regional development aid remains a prominent feature in Norwegian state aid policy. The amount of aid granted for regional development decreased in relative terms, both compared to the GDP, from 0.29% (2010) to 0.26% (2011), and compared to the total aid, from 38% (2010) to 36 % (2011). However, taking into account the overall increase in state aid in Norway, the amount of aid granted for regional development did in fact increase in absolute terms, from €897.40 million (2010) to €915.40 million (2011).

1.7 Financial crisis aid

In 2008 and 2009, Iceland granted aid for the restructuring of its three main commercial banks (Íslandsbanki, Arion Bank and Landsbankinn) but only notified these measures in 2010. The Authority opened the formal investigation procedure in each of these cases in December 2010 and subsequently approved the measures in June and July 2012.¹⁶ The measures consisted in equity investments by the Icelandic state in the three banks and, in the case of Arion Bank and Íslandsbanki, in Tier II capital contributions in the form of sub-ordinated loans as well as in making available different liquidity facilities. These figures are now included in the scoreboard.

In 2008, Iceland also granted aid to several investment funds through the acquisitions of their impaired bond portfolios. Following a complaint, the Authority opened a formal investigation in October 2010, but approved the aid in July 2012.¹⁷ This figure is now also included in the scoreboard.

In 2010, Iceland granted rescue aid in support of five small savings bank. The measures, involving the settlement of claims owned by the Central Bank of Iceland on savings banks, were notified and temporarily approved in June 2010.¹⁸ Following the decision authorising the granting of the rescue aid, the Icelandic authorities were bound to submit restructuring plans within six months. However, restructuring plans were not submitted until 2012 and have not yet been approved by the Authority. The approved rescue aid is included in the scoreboard.

In 2009, the Authority opened an investigation into the transfer of mortgage loans secured against collateral in residential property from financial undertakings to the Housing Financing Fund. The case was concluded in June 2011 with a negative

¹⁶ Decision 244/12/COL of 27.6.2012 (Íslandsbanki), Decision 290/12/COL of 11.7.2012 (Landsbankinn) and Decision 291/12/COL of 11.7.2012 (Arion Bank).

¹⁷ Decision 292/12/COL of 11.7.2012.

¹⁸ Decision 253/10/COL of 21.6.2010.

decision, according to which the Authority requires the Icelandic authorities to abolish the Mortgage Loan Scheme and to recover any incompatible aid.¹⁹ The incompatible aid, which is subject to recovery, is not included in the Scoreboard.

In March 2010, the Authority temporarily approved rescue aid in support of the state-owned Icelandic Housing Financing Fund.²⁰ The aid, in the form of ISK 33 billion capital injection, was effective as from the end of 2010 and is included in the scoreboard in the figure for financial crisis aid for that year.

As emerges from the description above, Iceland has relied upon different forms of aid instruments in support of financial undertakings (equity investments by the state, sub-ordinated loans, liquidity facilities and acquisition of impaired assets), some of which involve remuneration. It shall be noted that the figures appearing in the scoreboard are the gross commitments of the Icelandic state involving state aid, but not the grant equivalents of those measures, which have not been reported.

As regards Liechtenstein, the country has not, to date, notified any aid measures linked to the financial crisis.

As regards Norway, the Authority approved an aid scheme for fundamentally sound banks in 2009 but no aid was actually disbursed under the scheme.²¹

1.8 Aid awarded under the block exemption regulations

The five previous block exemptions were consolidated and harmonised into one General Block Exemption Regulation²² which entered into force on 8 November 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).

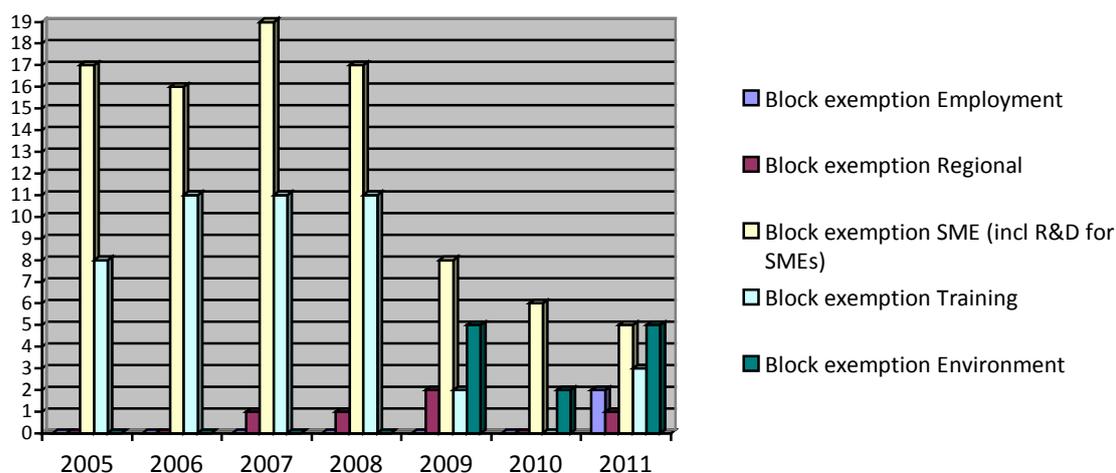
¹⁹ Decision 206/11/COL of 29.6.2011.

²⁰ Decision 69/11/COL of 16.3.2011.

²¹ Decision 205/09/COL of 8.5.2009.

²² 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.

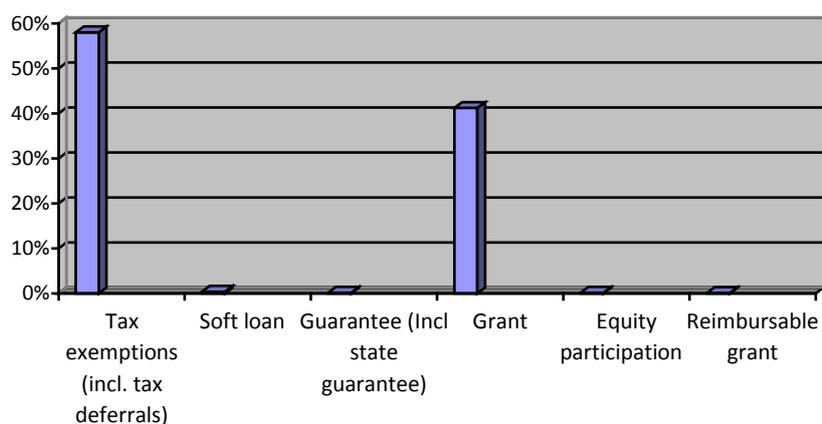
Graph G: Number of block exemptions used from 2005 to 2011 in Norway



Norway is the only EFTA State that has made use of the possibility to grant aid under block exemption. Graph G above illustrates how many schemes were active in the respective years that were block exempted either under the previous block exemptions or the General Block Exemption.²³ The graph shows that between 2005 and 2008, the block exemption was used by Norway almost exclusively for schemes promoting SMEs and vocational training. Since 2009 Norway started using the General Block Exemption Regulation on a wider scale and in 2011 Norway ran a number of block exempted schemes, one regional aid scheme, two employment aid schemes, three training schemes, five schemes for SMEs and five schemes for environmental protection.

1.9 State aid instruments

Graph H: Aid instruments as a percentage of total aid (including transport aid and excluding financial crisis aid) in 2011 in the EFTA States



²³ Although one scheme has been reported under the General Block Exemption, no aid was granted in 2008 under this scheme.

Table 5: Aid instruments as a percentage of total aid (including transport aid and excluding financial crisis aid) in 2005-2011 in the EFTA States

	2005	2006	2007	2008	2009	2010	2011
Tax concessions	57.66%	56.08%	67.10%	68.65%	63.78%	60.26%	58.01%
Soft loan	0.86%	0.75%	0.38%	0.69%	0.67%	0.44%	0.38%
Guarantee	0.04%	0.04%	0.02%	0.00%	0.33%	0.24%	0.18%
Grant	41.32%	42.95%	32.39%	30.74%	35.14%	37.35%	41.21%
Equity participation	0.00%	0.00%	0.01%	0.00%	0.01%	1.67%	0.15%
Reimbursable grant	0.11%	0.18%	0.11%	0.04%	0.05%	0.04%	0.07%
Total aid (mill EUR)	1 233.154	1 251.113	1 836.839	2 316.073	2 395.65	2 921.95	2 824.58

Graph H and Table 5 above show the extent to which the EFTA States made use of different state aid instruments. It shows that in 2011, the EFTA States awarded 58% of total aid in the form of derogations from obligations to pay taxes or social security charges and around 41% in the form of grants. On the whole, less than 1% of total aid awarded by the three EFTA States in 2011 was awarded by means of other aid instruments (i.e. guarantees, equity participation, reimbursable grants or soft loans).

2. Legislative and policy developments

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.²⁴ Although the State Aid Action Plan is mainly a strategy set for the European Union, the EFTA States in the EEA Joint Committee and the Authority adopt measures for implementing the state aid rules which are similar to those applied in the European Community.²⁵ In 2011, no such measures were adopted. However, the Authority adopted new temporary rules in response to the crisis.

²⁴ European Commission, State Aid Action Plan - Less and better targeted state aid: a roadmap for state aid reform 2005–2009, 7.6.2005, COM(2005) 107 final.

²⁵ 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.

Table 6: Guidelines adopted in 2011

Area	Validity	Reference
Temporary rules in response to crisis	From 01.01.2011	Decision 57/11/COL of 2.3.2011 on introducing a new chapter on the application, from 1 January 2011, of state aid rules to support measures in favour of banks in the contest of the financial crisis. ²⁶
Temporary rules in response to crisis	From 01.01.2012	Decision 394/11/COL of 14.12.2011 on introducing a new chapter on the application, from 1 January 2012, of state aid rules to support measures in favour of banks in the context of the financial crisis. ²⁷

3. 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.”*²⁸

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 frequently 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.”*²⁹

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 7 and 8).

²⁶ The decision has not yet been published in the Official Journal or the EEA Supplement, but is available on the Authority’s website. The new chapter corresponds to the Commissions Communication on the application, from 1 January 2011, of State aid rules to support measures in favour of banks in the context of the financial crisis, OJ C 329, 7.12.2010, p.7.

²⁷ The decision has not yet been published in the Official Journal or the EEA Supplement, but is available on the Authority’s website. The new chapter corresponds to the Commissions Communication on the application, from 1 January 2012, of State aid rules to support measures in favour of banks in the context of the financial crisis, OJ C 356, 6.12.2011, p.7.

²⁸ Protocol 3 to the Agreement between the EFTA States on the Establishment of a Surveillance Authority and a Court of Justice.

²⁹ 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.

Table 7: Recovery cases by EFTA State, until December 2012

	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	0	2 ^{h, f}	2	2
2011	1 ^k	0	0	0	2 ^{l, m}	1 ^d	3	1
2012	1 ⁿ	1 ^g	0	2 ^{i, j}	1 ^o	2 ^{l, o}	2	5
Cases pending 31/12/11	2		0		1		3	

Clarification of notes in Table 7:

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

Table 8: Overview of recovery cases indicating amounts to be recovered and amounts recovered up to December 2012

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

Table 8 continued:

Decision Number	Working title of case	EFTA State	Date of Decision	Amount to be recovered	Amount effectively recovered	Recovery case pending
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) 30.	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	CHF 1,669,279	CHF 1,669,279	No
205/11/COL	Hurtigruten	Norway	29 June 2011	NOK 0 ³¹	NOK 0	No
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
90/12/COL	Haslemoen	Norway	15 March 2012	NOK 6 462 133.14	NOK 6 462 133.14	No
261/11/COL	Verne Data Center	Iceland	4 July 2012	To be Determined	open	Yes

³⁰ The difference is due to recalculation of amount to be recovered in the national complaint possess and due to bankruptcy.

³¹ Norway had decided to grant the aid, but had not disbursed it. Since no actual payments were made, the amount to be recovered was zero.

The oldest unresolved recovery case dates back to February 2004 and concerns an Icelandic scheme in favour of International Trading Companies.³² In 2011, the Authority closed a recovery case on Liechtenstein Investment undertakings³³ and commenced three recovery cases on the Icelandic HFF Mortgage Loans Scheme,³⁴ on Norwegian aid in the form of sale of land in the municipality of Asker³⁵ and on Norwegian aid for the passenger and freight service operator Hurtigruten.³⁶

Furthermore, in 2012 the Authority opened two additional recovery cases on a Norwegian data centre³⁷ and on the sale of buildings in the Norwegian Haslemoen Leir area.³⁸ At the same time, in 2012, the Authority closed the recovery case on Norwegian aid for the ferry service operator Hurtigruten and the case on the sale of buildings in the Norwegian Haslemoen Leir area.

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.

4. 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 on 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:

³² 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).

³³ Decision 416/10/COL of 3.12.2010.

³⁴ Decision 206/11/COL of 29.6.2011.

³⁵ Decision 232/11/COL of 13.7.2011.

³⁶ Decision 205/11/COL of 29.6.2011.

³⁷ Decision 261/12/COL of 4.7.2012.

³⁸ Decision 090/12/COL of 15.3.2012.

<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.³⁹

4.3 Methodology

This scoreboard is published in accordance with Article 6 of Decision No. 195/04/COL of 14 July 2004,⁴⁰ 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 which beneficiaries belong to. As a further example, in case of aid granted under a regional development scheme, where the aid may ultimately benefit small and medium-sized enterprises, it will nevertheless be classified as regional aid, if the scheme is open to all sizes of enterprises in the particular region.

As regards information concerning the 27 EU Member States, the data was obtained from the scoreboard issued by the European Commission published in December 2011.⁴¹

³⁹ http://ec.europa.eu/comm/competition/state_aid/newsletter/index.html

⁴⁰ 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.

⁴¹ See http://ec.europa.eu/competition/state_aid/studies_reports/2011_autumn_en.pdf

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:

[Hubertus von Rosenberg](#)

Officer, State aid and Competition Directorate
tel. (+32)(0)2 286 18 65

[Per Andreas Bjørgan](#)

Director, State aid and Competition Directorate
tel. (+32)(0)2 286 18 36