



STATE AID SCOREBOARD 2015



**State Aid Scoreboard 2015
for the EEA EFTA States**

Published March 2016

EFTA SURVEILLANCE
AUTHORITY

Table of contents

Introduction	4
1. Overall state aid granted during 2008 - 2014	6
1.1 Total state aid in nominal and real terms	6
1.2 State aid relative to GDP – EU and EEA comparisons	8
1.3 State aid objectives	10
1.4 Selected state aid objectives – EU comparisons.....	13
1.5 Financial crisis aid	16
1.6 Aid awarded under the block exemption regulations	17
1.7 State aid instruments	19
2. Guidelines adopted in 2014.....	20
3. Recovery cases 2008 - 2014	20
4. Information sources and methodology	22
4.1 The tables and graphs in the Scoreboard.....	22
4.2 State aid register – a second transparency tool	22
4.3 Annual report and state aid e-news	22
4.4 Methodology.....	22

Tables and figures

Table 1: Total state aid granted by the EFTA States from 2008 to 2014	7
Table 2: Crisis aid - Iceland (constant 2014 prices in millions of Euro, using annual average exchange rates).....	16
Table 3: Usage of aid instruments by the EFTA States as a percentage of total aid.....	19
Table 4: Guidelines adopted in 2014	20
Table 5: Overview of recovery cases: 2008-2014	21
Figure 1: Total state aid as percentage of GDP, 2008 - 2014: EFTA States and EU28	8
Figure 2: Total state aid in 2014 as percentage of GDP: EEA comparison.....	9
Figure 3: Horizontal and sectoral aid as percentage of total aid: EFTA States - 2014	10
Figure 4: Distribution of horizontal and sectoral aid: Iceland: 2008 – 2014.....	11
Figure 5: Distribution of horizontal and sectoral aid: Norway: 2008 – 2014.....	12
Figure 6: Distribution of horizontal and sectoral aid: Liechtenstein: 2008 – 2014.....	12
Figure 7: State aid granted for R&D&I as percentage of GDP: Selected EU comparisons...	14
Figure 8: State aid granted for environmental purposes as percentage of GDP: Selected EU comparisons	15
Figure 9: Number of block exempted measures in Norway: 2008 - 2014	17
Figure 10: Block-exempted aid by volume: 2008 to 2014	18
Figure 11: Block-exempted aid relative to total aid: 2008 to 2014	18
Figure 12: Usage of tax concessions compared to other aid instruments (as a percentage of total aid)	19

Introduction

The State Aid Scoreboard (“the Scoreboard”) is a yearly report aimed at providing an overview of state aid expenditure in Iceland, Liechtenstein and Norway (the “EFTA States”) over time.¹ This latest edition of the Scoreboard contains information on state aid expenditure in the period 2008 to 2014.²

The report covers changes in overall state aid spending as well as the extent to which aid is granted to support certain horizontal objectives, such as environmental protection or regional development, and sector-specific objectives, such as the maritime sector or the aviation industry. The Scoreboard is also intended to be a benchmarking tool for comparing state aid spending across the EFTA States as well as across the European Economic Area (“EEA”) more generally. Using data from the “State Aid Scoreboard 2015” published by the European Commission, the results from the EFTA States are compared to data from the EU Member States and the EU average. Certain EU Member States have been chosen for specific comparisons with the EFTA States due to similarities in parameters such as GDP, public spending, employment and population.

Scope and content

The information presented in the Scoreboard is based on the annual reports submitted by the individual EFTA States pursuant to Article 21 of Part II of Protocol 3 to the Surveillance and Court Agreement. Data from previous editions of the Scoreboard has also been revised and, when necessary, corrected. The Scoreboard is published in accordance with Article 6 of Decision No. 195/04/COL of 14 July 2004,³ which provides that the EFTA Surveillance Authority (“the Authority”) shall publish a Scoreboard containing a synthesis of the information from the annual reports from the EFTA States.

The Scoreboard prepared by the Authority differs from that of the European Commission due to the more limited scope of the EEA Agreement. For example, agricultural and fishery products normally fall outside the product scope of the EEA Agreement.⁴ Aid to these sectors is therefore not included in the Scoreboard.

The high volume of aid related to the financial crisis during 2008-2010 distorts the overall picture of aid granted by the EFTA States over the period in question. To show how state aid expenditure has developed over the period under review, most tables and graphs in the Scoreboard exclude financial crisis aid (referred to herein as “crisis aid”). However, separate tables and graphs are provided where crisis aid is included, and a further explanation of crisis aid is provided in section 1.5.

Another important area of state aid control concerns compensation for the discharge 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. Aid to Services of General Economic Interest (“SGEI”) which

¹ Switzerland is an EFTA State but it is not a Contracting Party to the EEA Agreement. 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.

² The deadline for submission of the EFTA States’ annual reports for aid granted between January 1st 2014 and December 31st 2014 was June 30th 2015. The European Commission’s Scoreboard, which was required in order to perform the EEA-wide comparisons, was published in February 2016. See footnote 5 below. The Scoreboard for the EFTA states is therefore published in March 2016.

³ 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.

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

fulfils the conditions for an SGEI measure is also excluded from the Scoreboard due to lack of comparable data. However, any aid amount above the SGEI-covered compensation is included.

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. However, aid under pending cases is not included. The Scoreboard 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 *ad hoc* aid and aid granted under aid schemes, but does not include non-notified aid until a decision of the Authority has been adopted. This is relevant *inter alia* for financial crisis aid granted in Iceland, which was only formally notified to the Authority in 2010, *i.e.* two years after the onset of the financial crisis. Most of Iceland's measures linked to the financial crisis were approved in 2012. Furthermore, the Scoreboard covers aid granted by the EFTA States on the basis of measures falling under block exemptions.

The Scoreboard is divided into four main parts. *Chapter One* looks at the overall amount and type of state aid granted by the EFTA States, both on an aggregate level as well as according to the objective of the aid. *Chapter Two* provides an overview of legislative and policy developments within the area of state aid. *Chapter Three* reports on progress in the recovery of unlawful and incompatible state aid, and provides an overview of pending recovery cases. Finally, *Chapter Four* details the main information sources and the methodology used to compile the Scoreboard.

Main findings

In 2014, compared to the previous year, Norway moderately reduced its state aid expenditure, while Iceland and Liechtenstein increased it. On the whole, for the EFTA States, aid for regional development accounted for the largest proportion of total state aid (37% of the total), followed by aid for environmental and energy-saving purposes (31%) and aid to research, development and innovation ("R&D&I") projects (20%). Less than 1% was spent on sector-specific objectives. The EFTA States awarded more than 62% of total aid in the form of tax concessions and around 37% in the form of grants.

Norway reduced its overall state aid expenditure mainly due to a reduction in aid to R&D&I and aid for regional development. This outweighed an increase in aid for environmental and energy-saving purposes. Aid to regional development and for environmental objectives, however, remained the largest categories of expenditure in Norway in 2014. A comparison with other EEA countries shows that Norway's aid expenditure relative to GDP remained high and above the EU28 level. Norway continued to increase its use of block exemptions, with block-exempted aid accounting for 29% of Norway's total state aid in 2014.

Iceland increased its state aid expenditure, mainly due to an increase in aid for R&D&I and aid to cultural heritage objectives. Aid for R&D&I accounted for the highest proportion of aid granted by Iceland in 2014. Iceland approved one block-exempted scheme in 2014. A comparison with other EEA countries shows that Iceland's aid expenditure relative to GDP remained low and well below the EU28. Iceland did not grant any aid related to the financial crisis in 2014.

Liechtenstein granted aid for cultural heritage preservation and, for the first time, aid for environmental and energy-saving purposes. As a result, the total amount of aid granted by Liechtenstein increased in 2014,

compared to the previous year. A comparison with other EEA countries shows that Liechtenstein's aid expenditure relative to GDP was the lowest of all of the EEA States in 2014.

1. Overall state aid granted during 2008 - 2014

This chapter provides an overview of total state aid granted by the EFTA States from 2008 to 2014. Furthermore, using data from the "State Aid Scoreboard 2015" published by the European Commission,⁵ the results from the EFTA States are compared to the EU Member States and the EU average. This chapter further provides information on how state aid is distributed among different horizontal and sectoral objectives. Certain objectives are studied in more detail and results are compared to selected EU Member States.

1.1 Total state aid in nominal and real terms

Tables 1(a) and (b) display the overall state aid expenditure by the EFTA States in nominal and real terms respectively. In other words, Table 1(a) displays the actual amounts as they were reported to the Authority each year ("current prices"), and Table 1(b) shows the same numbers after adjusting for inflation relative to 2014 price levels ("constant 2014 prices"). Financial crisis aid and aid to the transport sector is included in the overall state aid numbers, but are also shown as separate entries in the tables.

The results show that, in aggregate, the three EFTA States reduced their state aid expenditure in 2014. In nominal terms, total state aid (including crisis aid and aid to the transport sector) awarded by the EFTA States as a whole decreased from €3,037.52 million in 2013 to €2,947.46 million in 2014; a nominal reduction of €90 million. In real terms, total State aid decreased from €3,053.47 million in 2013 to €2,947.46 million in 2014, an effective reduction of €106 million.

Norway reduced overall state aid expenditure in 2014, both when including and excluding aid to the transport sector. In nominal terms, total state aid decreased from €2,993.62 million in 2013 to €2,894.06 million in 2014; and, from €3,007.89 million in 2013 to €2,894.06 million in 2014, after adjusting for inflation. Excluding aid to the transport sector, Norway reduced total state aid by €57 million in nominal terms (corresponding to a reduction by €70 million in real terms). Despite the reduction in 2014, Norway's total aid expenditure in 2014 was 40% higher than in 2008 (in real terms).

Iceland increased total state aid expenditure from €42.41 million in 2013 to €51.07 million in 2014 (an increase of almost €9 million) in nominal terms; and, from €44.10 million in 2013 to €51.07 million in 2014 (an increase of €7 million) when inflation is taken into account. Iceland did not grant any crisis-related aid in 2014. It can be observed that state aid expenditure in Iceland has increased in every year since 2011.⁶

In Liechtenstein, state aid expenditure increased from €1.49 million in 2013 to €2.33 million in 2014 in nominal terms; and, from €1.48 million in 2013 to €2.33 million in 2014 in real terms, due to the approval

⁵ See: http://ec.europa.eu/competition/state_aid/scoreboard/index_en.html

⁶ Figures on financial crisis aid were not formally included in the Authority's scoreboards prior to the State Aid Scoreboard for 2009, because the measures were not yet approved at that time. In 2012, the Authority approved restructuring aid awarded by Iceland to various financial institutions during 2008-2010. Figures for those years have therefore been corrected to include aid under the subsequently approved financial crisis measures. It should be noted that the figures for crisis aid in the present scoreboard were further adjusted following the reclassification of certain aid measures as SGEI compensation, see footnote 28 below. It should also be noted that figures on financial crisis aid appearing in the scoreboard are the gross commitments of the Icelandic State involving state aid, but not the grant equivalents of those measures.

of a new measure. Liechtenstein did not grant any crisis aid or aid to the transport sector during the period 2008-2014.

Table 1: Total state aid granted by the EFTA States from 2008 to 2014

(a): Current prices in millions of Euro, using annual average exchange rates⁷

EFTA STATE	2008	2009	2010	2011	2012	2013	2014
Iceland	591.67	1,700.60	106.53	29.96	34.81	42.41	51.07
Liechtenstein	1.11	1.19	1.34	1.48	1.50	1.49	2.33
Norway	1,805.55	1,979.53	2,267.34	2,752.13	3,206.08	2,993.62	2,894.06
Total state aid – EFTA States	2,398.33	3,681.33	2,375.21	2,783.57	3,242.39	3,037.52	2,947.46
Iceland - crisis aid	580.37	1,680.98	85.27	4.15	0.00	0.00	0.00
Iceland - excl. crisis aid ⁸	11.30	19.62	21.26	25.81	34.81	42.41	51.07
Norway - transport aid	474.94	407.46	219.78	191.75	394.35	324.71	282.46
Norway - excl. transport ⁹	1,330.61	1,572.07	2,047.56	2,560.38	2,811.73	2,668.91	2,611.59

(b): Constant 2014 prices in millions of Euro, using annual average exchange rates¹⁰

EFTA STATE	2008	2009	2010	2011	2012	2013	2014
Iceland	760.89	2,022.15	119.97	32.74	36.87	44.10	51.07
Liechtenstein	1.11	1.19	1.33	1.47	1.49	1.48	2.33
Norway	2,062.15	2,384.99	2,578.02	2,931.09	3,303.45	3,007.89	2,894.06
Total state aid – EFTA States	2,824.16	4,408.33	2,699.31	2,965.30	3,341.81	3,053.47	2,947.46
Iceland - crisis aid	746.36	1,998.82	96.03	4.54	0.00	0.00	0.00
Iceland - excl. crisis aid ¹¹	14.53	23.33	23.94	28.20	36.87	44.10	51.07
Norway - transport aid	542.44	490.91	249.90	204.22	406.33	326.26	282.46
Norway - excl. transport ¹²	1,519.71	1,894.08	2,328.12	2,726.87	2,897.12	2,681.63	2,611.59

⁷ The annual average exchange rates are published by Eurostat.

⁸ Liechtenstein did not grant crisis aid during the period 2008-2014. Norway granted crisis aid in 2009 under an aid scheme for the temporary recapitalisation of fundamentally sound banks (see 1.6). Decision 205/09/COL of 8.5.2009.

⁹ Neither Iceland nor Liechtenstein granted aid for transport purposes during the period 2008-2014.

¹⁰ The figures in Table 1(b) are converted into constant 2014 prices by applying GDP price indices in national currencies to the reported figures on State aid, and then multiplying the outcome by the average exchange rate for the national currencies to the Euro. For this purpose, the Authority has relied on Eurostat data in relation to GDP price indices and exchange rates.

¹¹ Liechtenstein did not grant crisis aid during the period 2008-2014. Norway granted crisis aid in 2009 under an aid scheme for the temporary recapitalisation of fundamentally-sound banks (see 1.6). Decision 205/09/COL of 8.5.2009.

¹² Neither Iceland nor Liechtenstein granted aid for transport purposes during the period 2008-2014.

1.2 State aid relative to GDP – EU and EEA comparisons

Figure 1 below displays total state aid (excluding transport and crisis aid) granted in each of the EFTA States as a percentage of Gross Domestic Product (GDP), together with the corresponding figure for the EU Member States (EU28).

The graph shows that in 2014 Norway granted slightly more aid (relative to its GDP) than the EU28 (0.69% vs. 0.67%, respectively), a difference which is narrower than in previous years.¹³ The amount of aid granted by Norway in 2014 is broadly in line with recent years. As has been the case since 2008, Iceland slightly increased its spending on state aid in 2014 (relative to GDP). Iceland’s spending on state aid, however, remains well below Norway’s and the EU28’s levels. Liechtenstein’s state aid expenditure relative to its GDP almost doubled in 2014 compared to 2013, but its level (0.05% of GDP) is still negligible.

Figure 1: Total state aid as percentage of GDP, 2008 - 2014: EFTA States and EU28

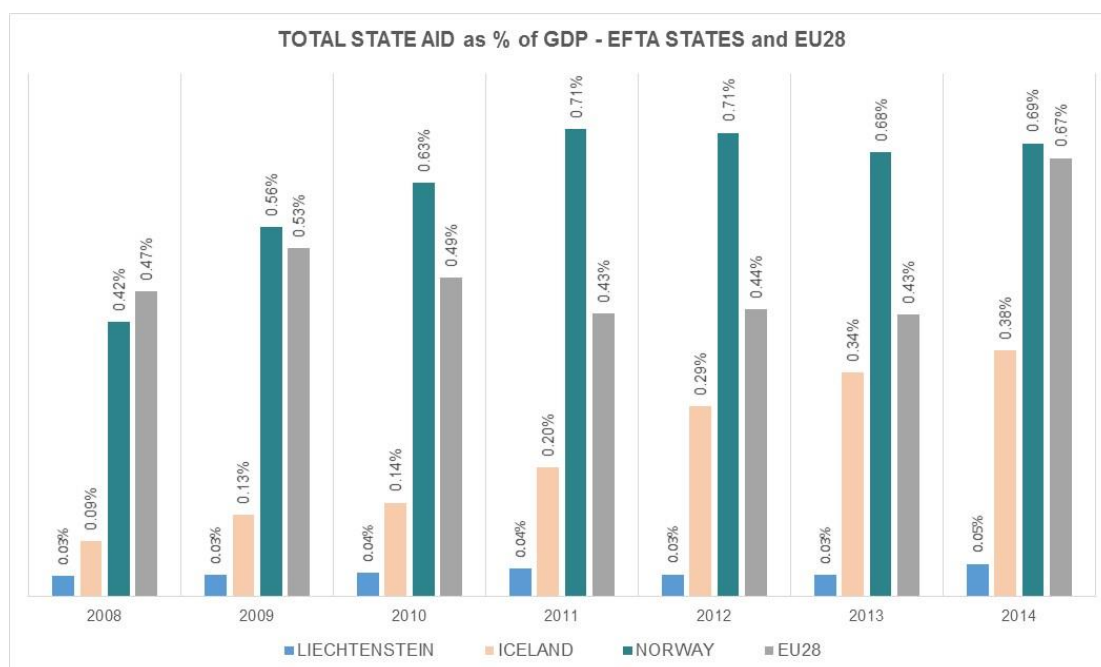
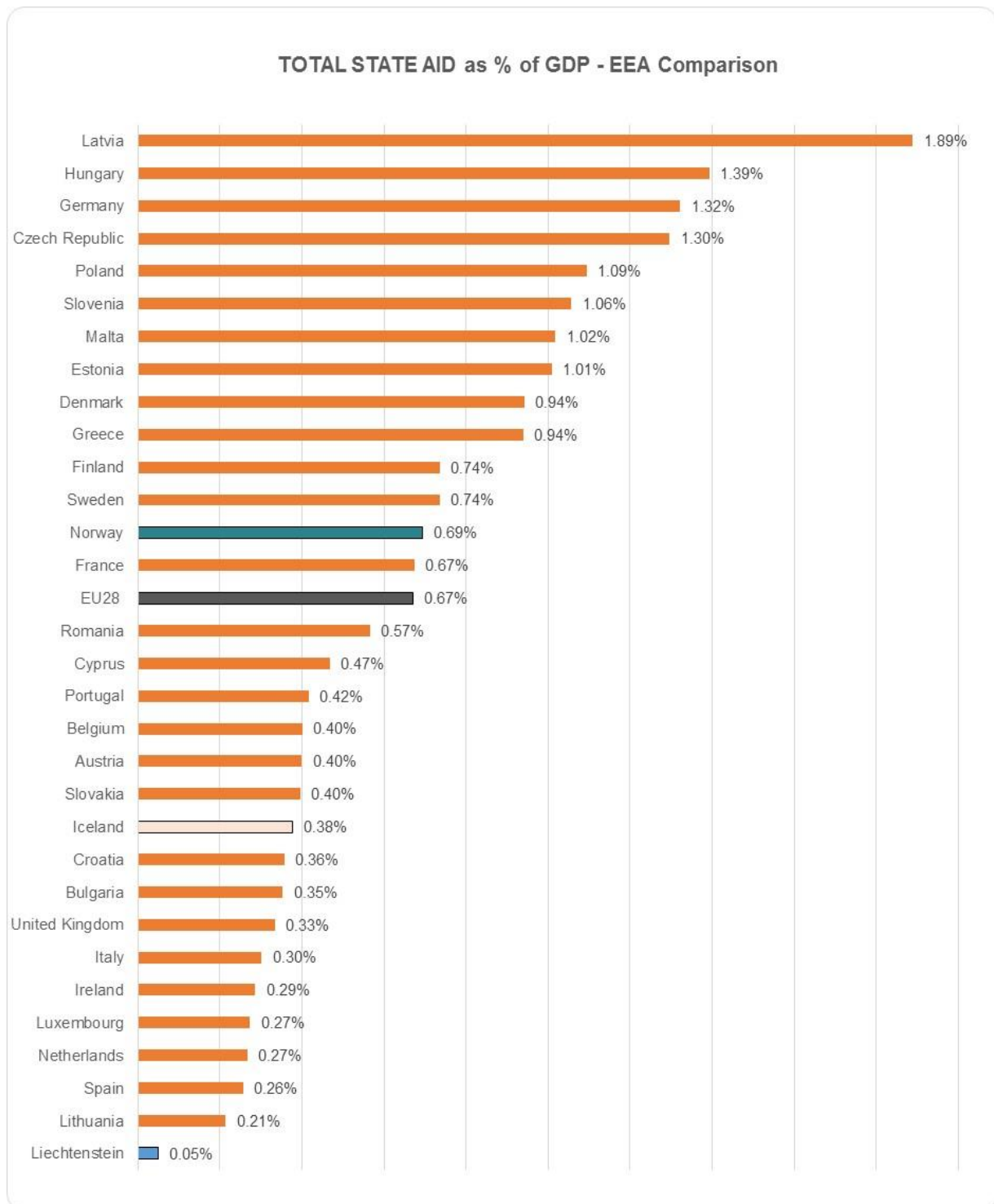


Figure 2 below provides an overview of the total amount of aid granted by each of the EU Member States and the EFTA States (*i.e.* the EEA States) relative to their GDP, excluding transport and crisis aid. The graph shows that in 2014 Norway’s aid expenditure relative to GDP of 0.69% ranked as the 13th highest in the EEA, slightly above the EU28 (0.67%), but below comparable countries like Sweden and Finland (0.74% of GDP in both countries) and Denmark (0.94%). Iceland’s aid expenditure relative to GDP of 0.38% in 2014 was well below the EU28 level and also below that of comparable countries like Slovenia at 1.06%, Malta at 1.02% and Cyprus at 0.47%. Liechtenstein spent the lowest amount of aid in relation to its GDP of all of the EEA States. At 0.05%, it was well below the lowest of the EU Member States, Lithuania, which spent 0.21% of GDP on state aid in 2014.

¹³ The increase in spending on state aid for the EU28 in 2014 partly reflects the fact that many Renewable Energy Support (RES) schemes were only reported in 2014 for the first time, following the adoption of the 2014 Energy and Environmental Aid Guidelines.

Figure 2: Total state aid in 2014 as percentage of GDP: EEA comparison¹⁴



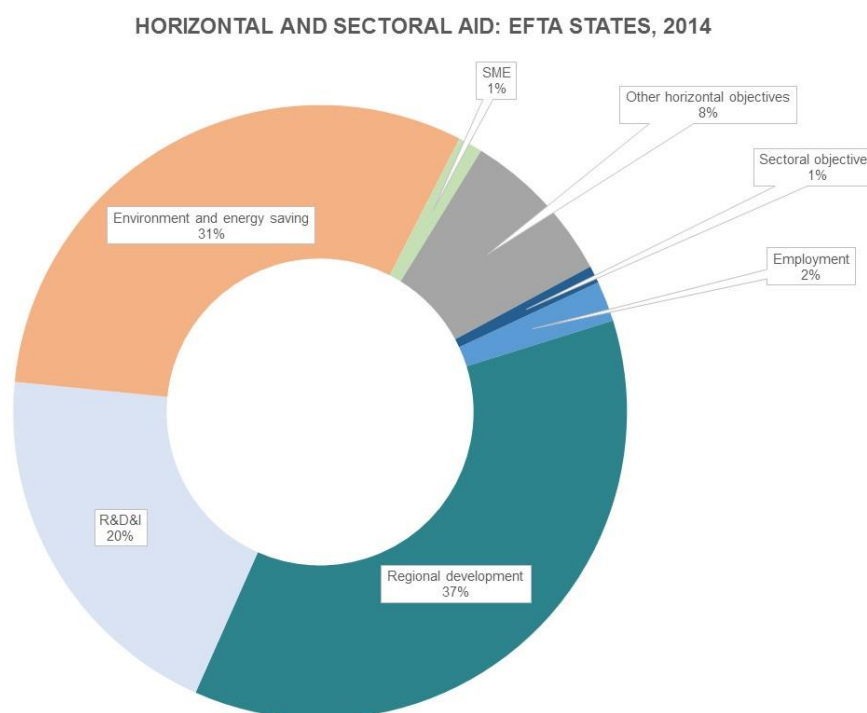
¹⁴ Aid for agriculture and fisheries is not included in the data for the EU Member States presented above, and is also not included for the EFTA States.

1.3 State aid objectives

State aid is broadly defined as granted for either sectoral or horizontal objectives. Sectoral aid is state aid earmarked for one or more specific industrial sectors (*e.g.* the maritime sector or the aviation industry); horizontal aid has a broader scope, such as promoting R&D&I, environmental protection, supporting small and medium-sized enterprises (“SMEs”), as well as employment and training. Horizontal aid often targets market failures or beneficial common objectives and is therefore generally considered to be less distortive of competition than sectoral aid or *ad-hoc* aid.¹⁵

Figure 3 below shows how total state aid granted by the EFTA States as a whole was distributed among the different categories of horizontal and sectoral aid in 2014. The figure shows that aid for regional development¹⁶ covered the largest portion of total state aid (37% of the total), followed by aid for environment and energy saving purposes (31%) and R&D&I aid (20%). Sectoral aid, as a percentage of total aid, was below 1%.

Figure 3: Horizontal and sectoral aid as percentage of total aid: EFTA States - 2014



Figures 4 to 6 provide further details on the distribution of total aid to horizontal and sectoral objectives in the period 2008–2014, for each of the three EFTA States. Figure 4 below shows that aid to R&D&I accounted for the highest proportion of aid expenditure in Iceland throughout the period under review. In particular, in 2014 aid to R&D&I accounted for 44% of the total, corresponding to €22.34 million. Aid to cultural

¹⁵ The “Europe 2020 Strategy” objectives of growth and competitiveness are cornerstones of the European Commission’s State Aid Modernisation Programme, which recognises that “[s]tronger and better-targeted State aid control can encourage the design of more effective growth-enhancing policies and it can ensure that competition distortions remain limited so that the internal market remains open and contestable”. See European Commission Communication on State Aid Modernisation referenced in chapter 2.

¹⁶ Strictly speaking, regional aid is a category of its own. However, regional aid also implies a general (non-sector-specific) aspect (*i.e.* it is directed towards general economic development) and it is therefore classified under horizontal objectives in Figures 3, 4 and 5.

objectives in Iceland¹⁷ increased to 35% (corresponding to €18.05 million) in 2014, following the approval of a large cultural project, the Harpa Conference Centre, and a new scheme supporting film projects in previous years. Aid to sectoral objectives in Iceland accounted for 5% of total aid in 2014 (corresponding to €2.56 million). Iceland granted no aid for SME or environmental and energy-saving purposes during the period under review.

Figure 4: Distribution of horizontal and sectoral aid: Iceland: 2008 – 2014.

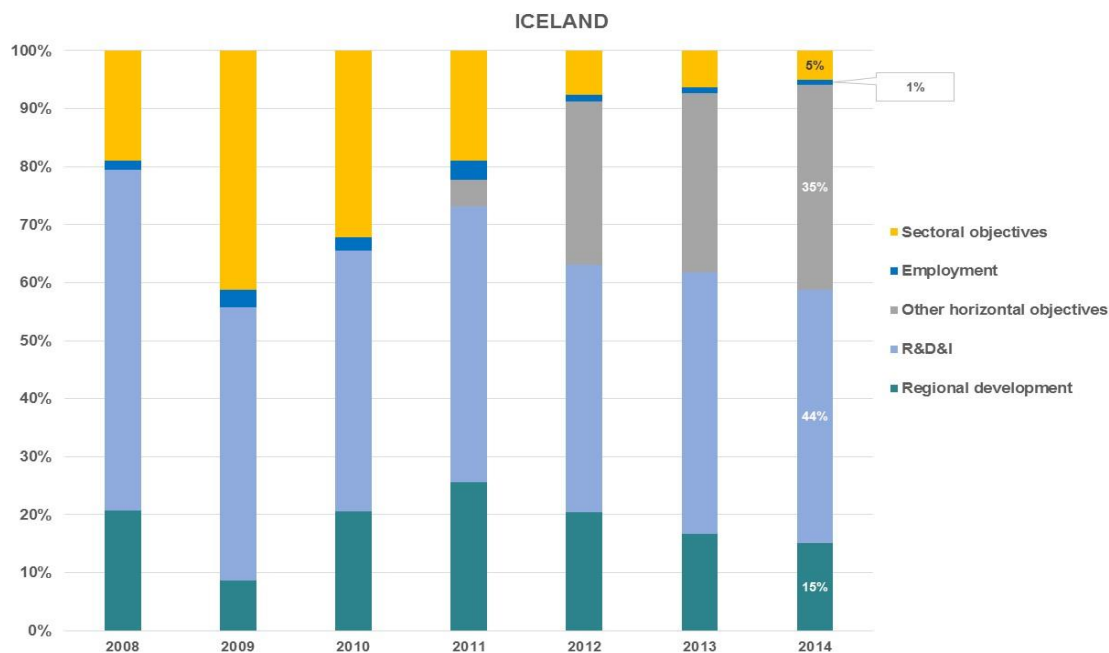


Figure 5 below shows that in 2014 the largest proportion of state aid in Norway was spent on regional aid (37% of the total, corresponding to €964.19 million).¹⁸ Aid to environmental protection and energy-saving projects accounted for the second largest proportion of state aid in Norway in 2014 (32% of the total, corresponding to €823.68 million). The final large category of state aid expenditure by objective in Norway in 2014 was aid to R&D&I, which accounted for a share of 19% of the total (corresponding to €508.42 million). Finally, Figure 6 below shows that, while in previous years Liechtenstein only granted aid for horizontal objectives¹⁹, in 2014 it also granted aid for environmental and energy-saving purposes, accounting for 35% of the total (corresponding to €0.83 million).

¹⁷ Classified under the category “other horizontal objectives”

¹⁸ One measure, the regionally differentiated social security contribution scheme, made up almost all of regional aid in Norway in 2014 (as was the case in previous years), broadly corresponding to one third of Norway’s total State aid.

¹⁹ Specifically, for cultural heritage objectives, classified under the “other horizontal objectives” category.

Figure 5: Distribution of horizontal and sectoral aid: Norway: 2008 – 2014.

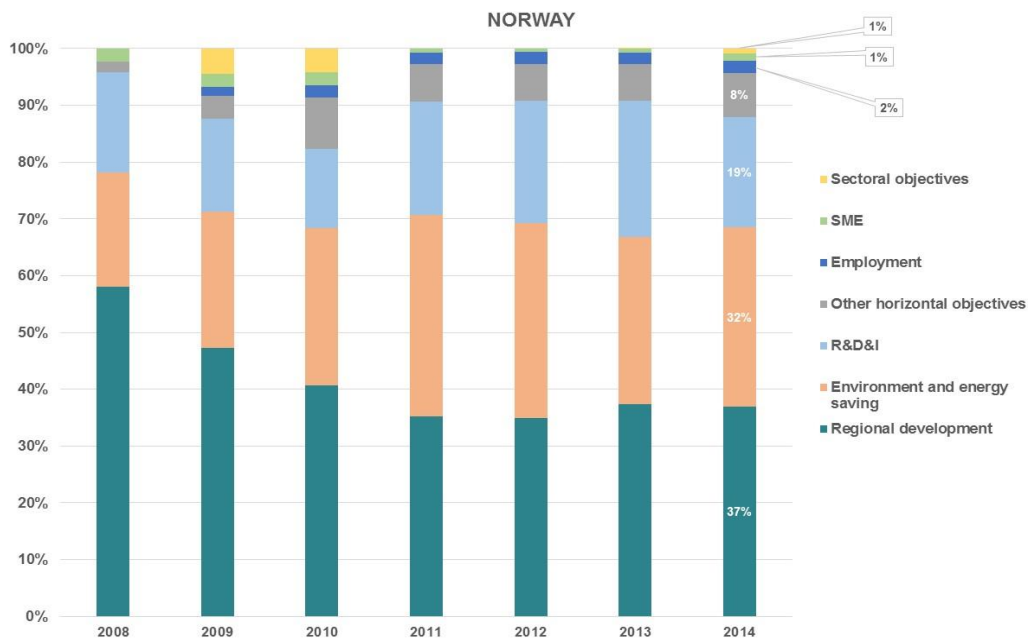
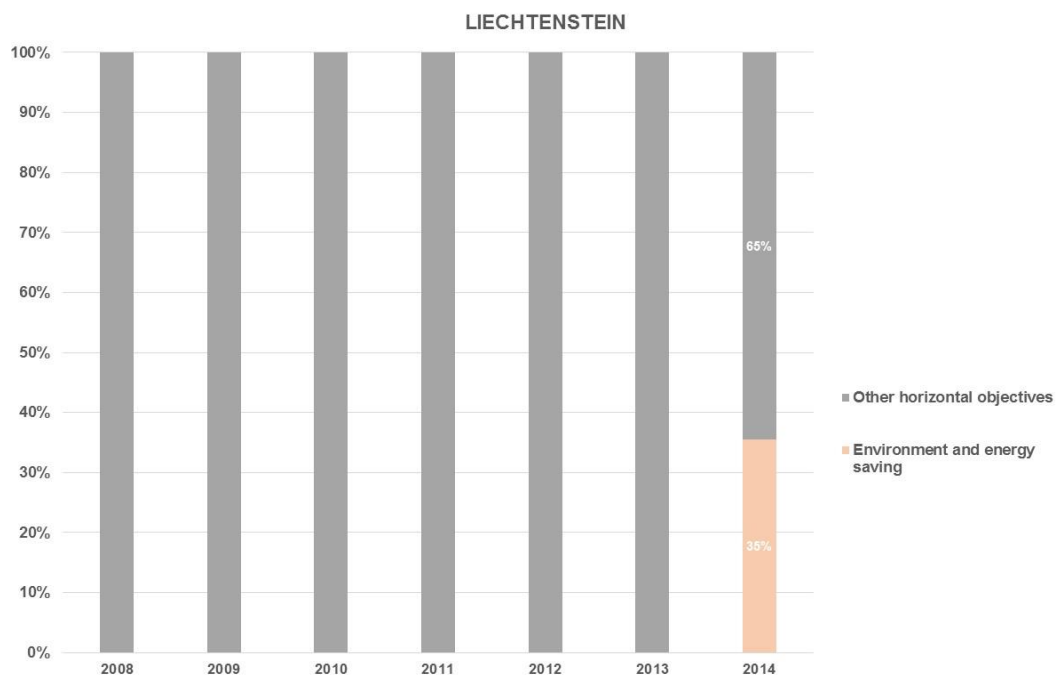


Figure 6: Distribution of horizontal and sectoral aid: Liechtenstein: 2008 – 2014.



1.4 Selected state aid objectives – EU comparisons

1.4.1 State aid for research, development and innovation

Figure 7 provides an overview of aid granted by the EFTA States for R&D&I as a percentage of GDP, compared to a group of selected EU Member States. It should be noted that the figures do not fully reflect the total level of public funding for R&D&I in these countries. Other forms of public funding for R&D&I, such as the financing of universities, may not involve state aid within the meaning of the EEA Agreement or the Treaty on the Functioning of the European Union (“TFEU”) if the recipients are not undertakings.²⁰

Figure 7(a) shows that in recent years the proportion of aid granted to R&D&I projects (relative to GDP) has been higher in Norway than in the EU28 and in all selected Member States (including Sweden and Finland). In particular, over the period under consideration Sweden has consistently spent a much smaller amount (relative to GDP) on aid to R&D&I projects than Norway (and also the EU28). In 2014, Norway’s expenditure fell to 0.13% of GDP (from 0.16% in 2013).

Figure 7(b) shows that, in 2014, the proportion of aid granted by Iceland to R&D&I projects (relative to GDP) continued to increase and was the highest among similar economies (and significantly higher than for the EU28). Liechtenstein did not grant any aid for R&D&I projects during the period under review, in line with Cyprus, Lithuania and Malta, which only spent limited amounts.

1.4.2 State aid for environmental protection and energy-saving purposes

Figure 8 provides an overview of aid granted by the EFTA States for environmental protection and energy-saving purposes as a percentage of GDP compared to a group of selected EU Member States. Figure 8(a) shows that, in recent years, Norway has maintained a stable level of spending on state aid for environmental protection and energy-saving purposes relative to GDP. Norway’s spending, however, was below Sweden’s and Finland’s, and at the same level as Austria’s, in 2014. For the first time, Norway’s spending was also lower than the EU28 in 2014.²¹ Figure 8(b) shows that in 2014, for the first time, Liechtenstein granted a minimal amount of aid for environmental and energy-saving purposes, comparable to Lithuania’s spending. Iceland did not grant any aid of this type during the period under review, as was the case for Malta.

1.4.3 State aid supporting regional development and cohesion

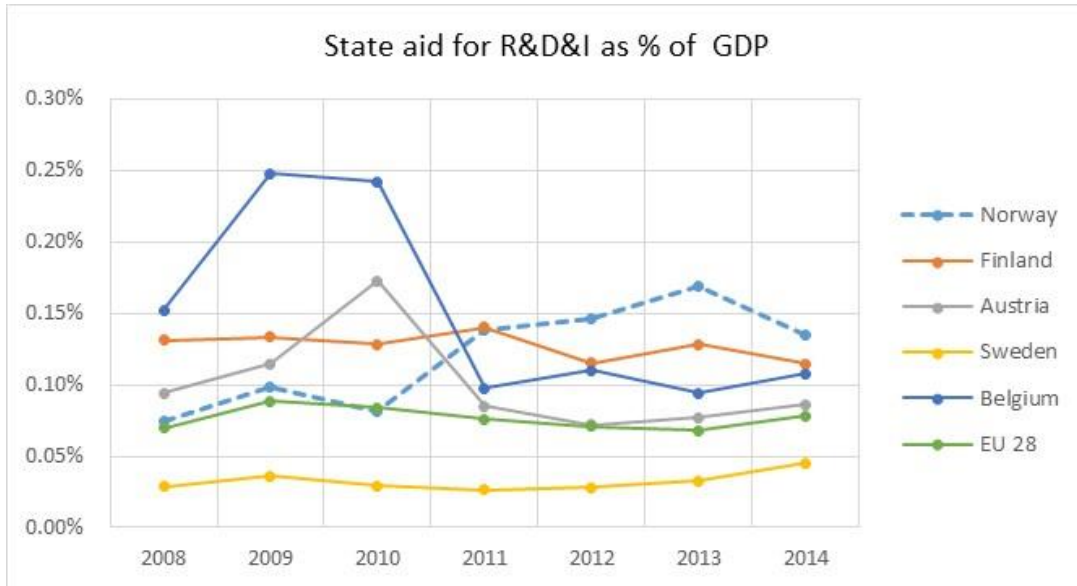
Regional development remains a prominent feature in Norwegian state aid policy and received the largest proportion (relative to GDP) of overall state aid in Norway in 2014. As a proportion of Norway’s GDP, regional aid increased slightly from 0.25 percent in 2013 to 0.26 percent in 2014. Iceland’s aid to regional development in 2014 remained stable at 0.06% of GDP. Liechtenstein did not grant any regional aid during the period 2008 - 2014.

20 See also the European Commission Staff Working Document, Facts and Figures on State Aid in the Member States, accompanying the Report from the Commission – State Aid Scoreboard, Autumn 2010 Update, (SEC (2010) 1462 final, Brussels, 1.12.2010, Section 2.2.4) which observed that state aid expenditure on R&D&I in 2009, accounting for 0.09% of GDP, represented a relatively small share of overall public R&D&I funding for that year (which accounted for 0.64% of GDP).

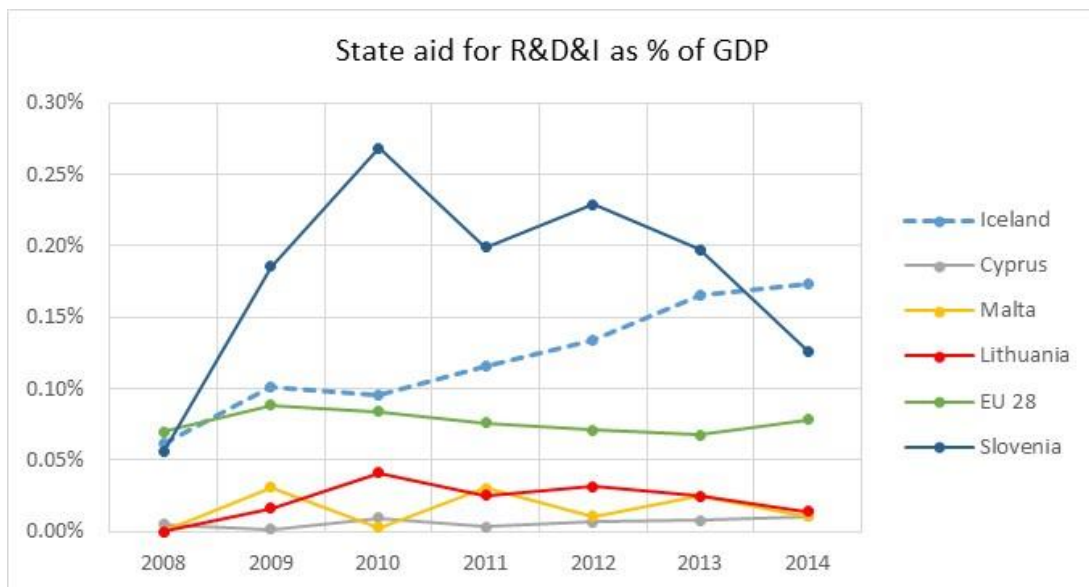
21 For the EU28, the increase in spending on state aid for environmental purposes in 2014 partly reflects the fact that many Renewable Energy Support (RES) schemes were only reported in 2014 for the first time, following the adoption of the 2014 Energy and Environmental Aid Guidelines.

Figure 7: State aid granted for R&D&I as percentage of GDP: Selected EU comparisons.

(a): R&D&I - Norway compared to selected EU Member States.



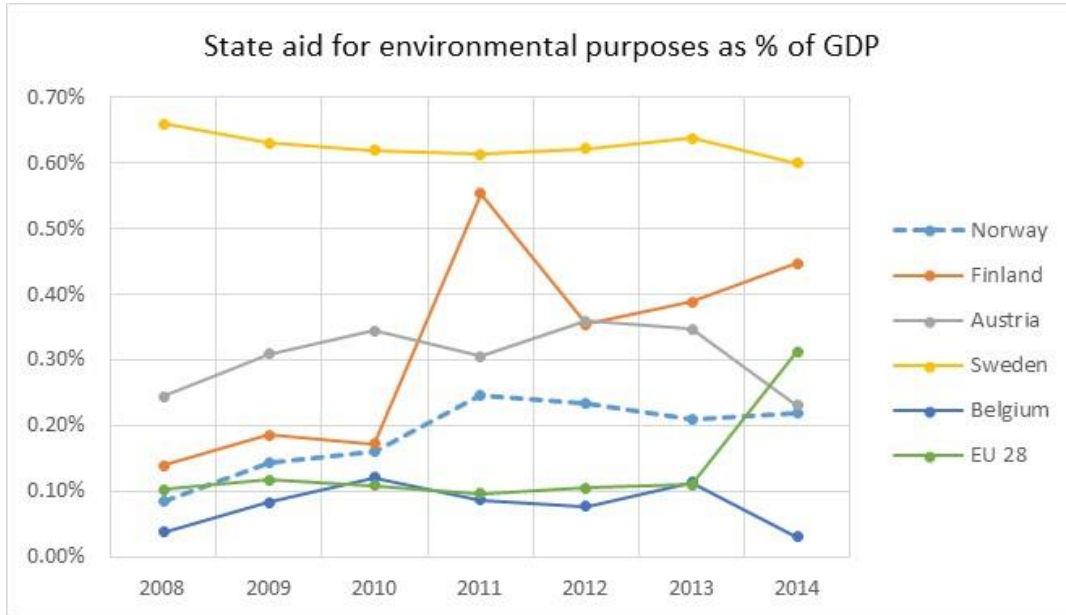
(b): R&D&I - Iceland compared to selected EU Member States.



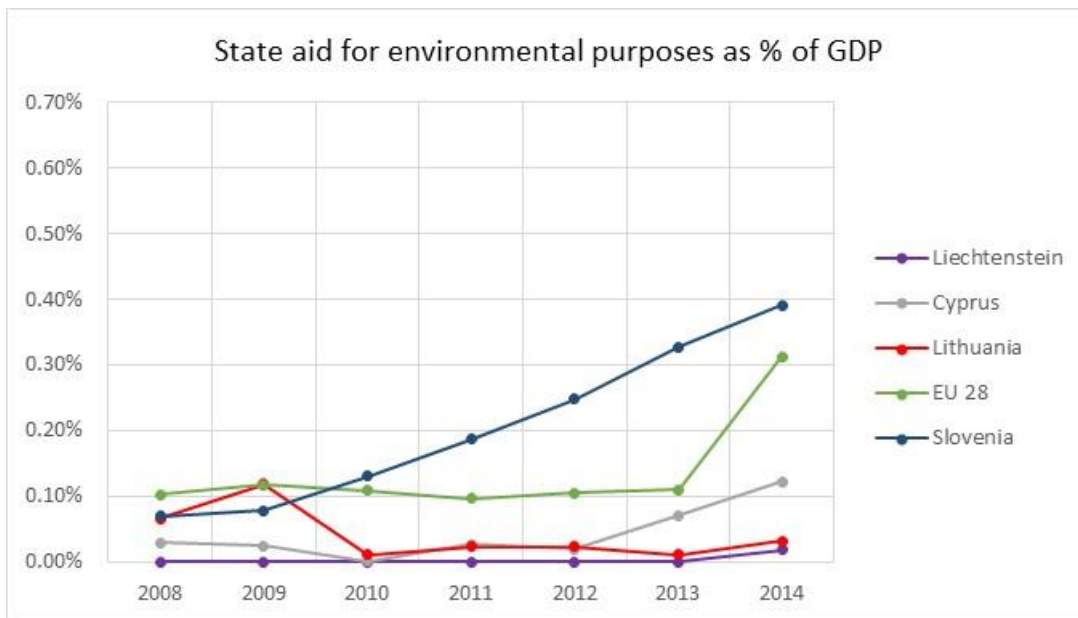
Note: Liechtenstein did not grant any R&D&I aid during the period 2008-2014.

Figure 8: State aid granted for environmental purposes as percentage of GDP: Selected EU comparisons²²

(a): Environmental purposes - Norway compared to selected EU Member States.



(b): Environmental purposes - Iceland and Liechtenstein compared to selected EU Member States.



Note: Iceland and Malta did not grant any environmental aid during the period 2008-2014.

²² Prior to 2012, Figure 8 reflected all aid directed towards the environment, irrespective of whether environmental protection was the primary or secondary objective of the aid measure in question. However, since 2012, the EFTA States have been reporting only the primary objective of the aid measure in question.

1.5 Financial crisis aid

Iceland granted aid for the restructuring of the three main commercial banks in 2008 and 2009. The Authority opened the formal investigative procedure in each of these cases in December 2010 and subsequently approved the measures in June and July 2012.²³ In 2008, Iceland also granted aid to several investment funds. Following a complaint, the Authority opened a formal investigation in September 2010, which resulted in the aid being approved in July 2012.²⁴ In 2009, the Authority opened an investigation into a mortgage loan scheme in Iceland. The case was closed in June 2011 with a negative decision.²⁵ In 2010, Iceland granted rescue aid in support of five small savings banks through conversions of claims on the banks by the Central Bank of Iceland (CBI Scheme). The measures were notified and temporarily approved in June 2010 and April 2011.²⁶ Restructuring plans were submitted in 2012 and restructuring aid for two of the banks was approved by the Authority in December 2013.²⁷

In March 2011, the Authority temporarily approved rescue aid in support of the Icelandic Housing Financing Fund.²⁸ In April 2011, the Authority temporarily approved state aid in support of the Icelandic commercial bank Byr hf.²⁹ In October 2011, the Authority further authorised Islandsbanki to proceed with the acquisition of Byr and approved a prolongation of the government loan facility for Byr until that merger became effective.³⁰ In November 2011, the Authority opened a formal investigation into loans granted on favourable terms by the Icelandic Treasury in March 2009 to three investment banks in Iceland. However, since the three investment banks were later submitted for liquidation and had ceased all regular economic activity, the Authority closed the investigation in December 2012.³¹

Further details on the actual amounts of crisis aid in Iceland are provided in Table 2 below.³² Crisis aid in Iceland made up most of Iceland's total state aid during the years 2008-2010. In 2014, Iceland did not report any crisis-related aid. Liechtenstein has not, to date, notified any aid measures linked to the financial crisis. For Norway, the Authority approved an aid scheme for the temporary recapitalisation of fundamentally-sound banks in 2009, but only 8% of the fund were actually used under the scheme.³³ Norway has not granted crisis aid since 2009.

Table 2: Crisis aid - Iceland (constant 2014 prices in millions of Euro, using annual average exchange rates)

	2008	2009	2010	2011	2012	2013	2014
Crisis aid	746.36	1,998.82	96.03	4.54	0.00	0.00	0.00
Total aid	760.89	2,022.15	119.97	32.74	36.87	44.10	51.07
Crisis aid as % of total aid	98%	99%	80%	14%	0%	0%	0%

23 Decision 244/12/COL of 27.6.2012, Decision 290/12/COL of 11.7.2012 and Decision 291/12/COL of 11.7.2012.

24 Decision 292/12/COL of 11.7.2012.

25 Decision 206/11/COL of 29.6.2011.

26 Decision 253/10/COL of 21.6.2010 and Decision 127/11/COL of 13.4.2011.

27 Decision 539/13/COL of 18.12.2013 and Decision 540/13/COL of 18.12.2013.

28 Decision 69/11/COL of 16.3.2011. The Icelandic authorities withdrew the aid notification in 2014 as it became clear that the aid measure was covered by an existing SGEI aid scheme (see the Authority's press release PR 14(50) of 16.7.2014). The figures for crisis aid in the scoreboard have been adjusted accordingly.

29 Decision 126/11/COL of 13.04.2011.

30 Decision 325/11/COL of 19.10.2011.

31 Decision 521/12/COL of 19.12.2012. The loans extended to the investment banks are not included in the scoreboard.

32 The figures on financial crisis aid included in the Scoreboard are the gross commitments of the Icelandic State involving state aid (not the grant equivalents of those measures, which have not been reported). See: http://europa.eu/rapid/press-release_IP-13-1301_en.htm

33 Decision 205/09/COL of 8.5.2009.

1.6 Aid awarded under the block exemption regulations

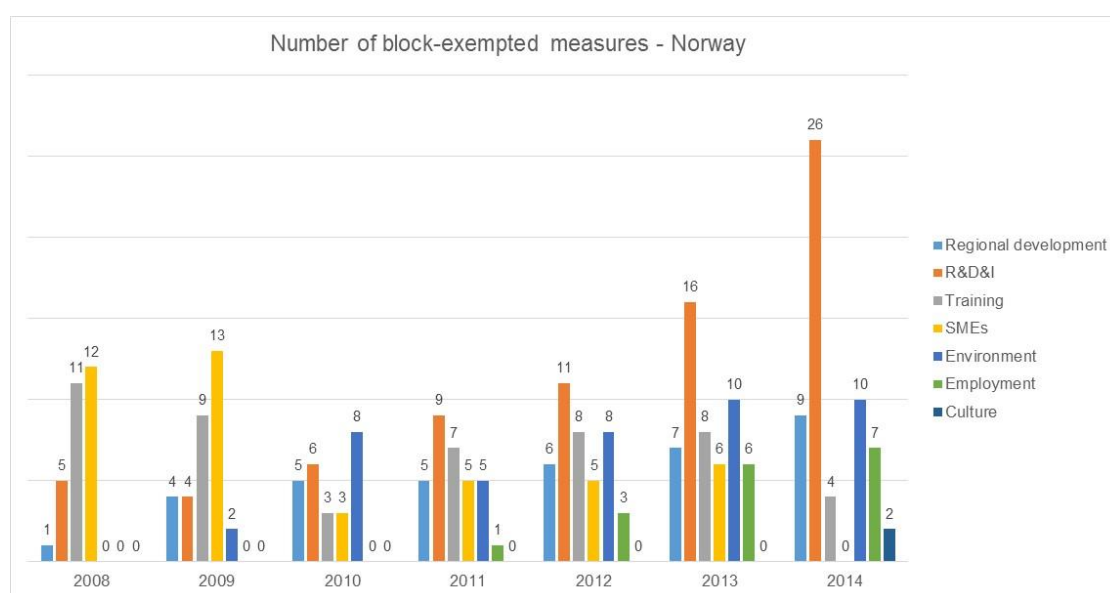
In June 2014, as part of the State Aid Modernisation (SAM) initiative, the European Commission adopted a new General Block Exemption Regulation (“GBER”), No. 651/2014, which entered into force on 1 July 2014.³⁴ In the same month, the Regulation was incorporated into the EEA Agreement, with entry into force also on 1 July 2014.

The revised GBER has three main objectives: i) it significantly extends the possibilities for EEA States to grant “good aid” to companies without prior scrutiny by the European Commission or the EFTA Surveillance Authority; ii) it simplifies granting of state aid, including procedures for aid beneficiaries; and, iii) it introduces ex-post requirements for EEA States such as the requirement to evaluate large aid schemes and introduce more transparency on aid measures.

In essence, due to the broadened scope of the revised GBER, the EEA States will be able to put in place more aid measures and grant higher amounts without having to notify for authorisation, provided that certain conditions are met. As the new GBER entered into force in July 2014, the full impact of it is not yet reflected in this Scoreboard.

Figure 9 below illustrates the distribution of block-exempted aid measures in Norway in the period 2008-2014, under the previous block exemption regulations and the revised one adopted in 2014. The graph shows that in 2014, R&D&I schemes accounted for the largest proportion of block-exempted schemes (26 out of a total of 58 schemes). The GBER is also being used for schemes relating to employment objectives (7 schemes), environmental purposes (10) and regional development (9). In 2014, Iceland adopted one aid scheme (for R&D&I objectives) under the GBER. The total amount granted under the GBER was €8 million, corresponding to slightly less than 15% of total aid granted by Iceland in 2014. Liechtenstein did not make use of the GBER in 2014.

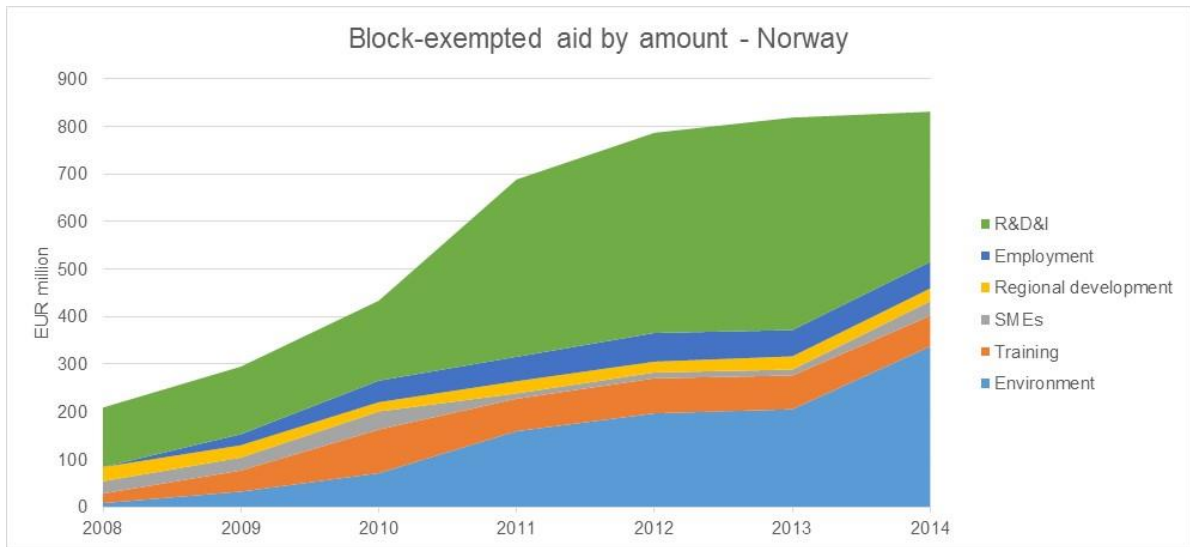
Figure 9: Number of block exempted measures in Norway: 2008 - 2014



34 See press release 14/369, at http://europa.eu/rapid/press-release_MEMO-14-369_en.htm.

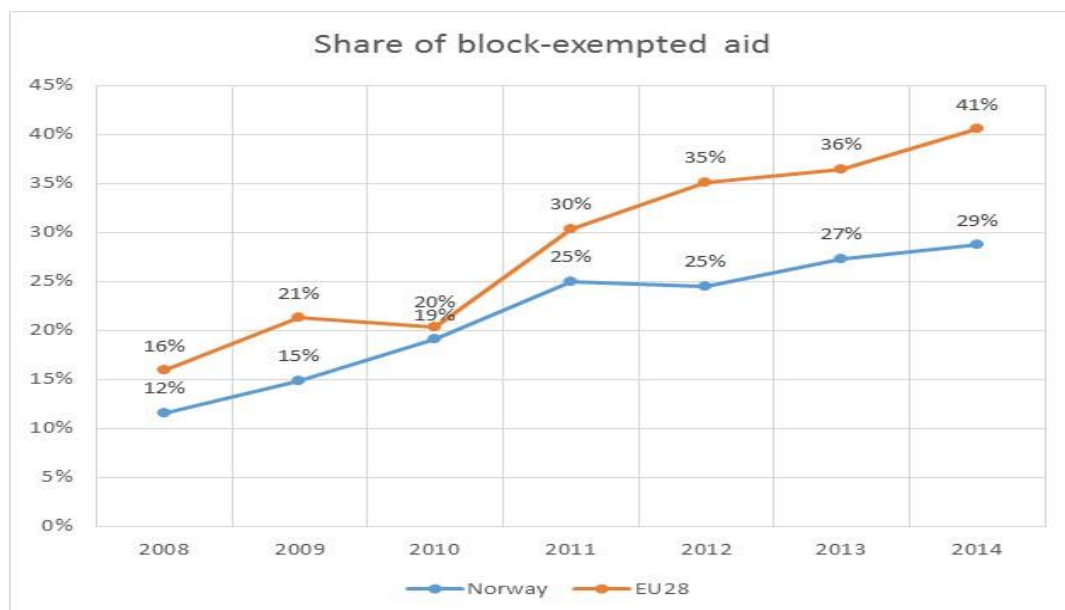
Figure 10 below further illustrates the development of Norway’s use of block exemptions over time, measured in aid amounts. The graph shows that Norway has increased block-exempted aid spending every year since 2008. In 2014, Norway granted €831 million to block-exempted aid measures, up from €818 million in 2013. R&D&I represented the biggest category of block-exempted aid almost throughout the period, followed by environmental aid, training and employment.

Figure 10: Block-exempted aid by volume: 2008 to 2014



Despite the steady increase, the amount of block-exempted aid relative to total State aid in Norway in 2014 was lower than in the EU28, in line with previous years. Figure 10 below shows that block-exempted aid accounted for 41% of total State aid granted in the EU in 2014, whereas Norway granted 29% of total aid under the block exemption regulation.

Figure 11: Block-exempted aid relative to total aid: 2008 to 2014



Note: For the EU28, the denominator (total aid) excludes Renewable Energy Support (RES) schemes which were reported for the first time in 2014, following the adoption of the 2014 Energy and Environmental Aid Guidelines. With these schemes included, the share for the EU28 would be 29% in 2014.

1.7 State aid instruments

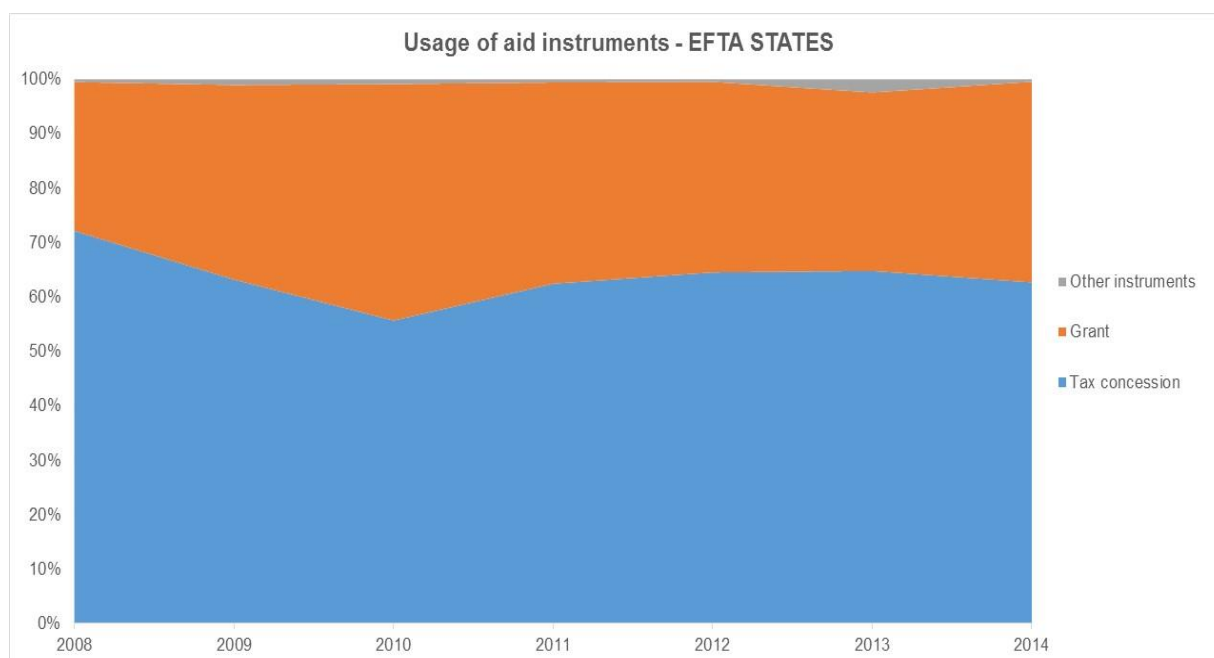
Table 3 below shows the extent to which the EFTA States have made use of different state aid instruments during the period 2008 to 2014. In 2014, more than 62% of total aid (excluding transport and crisis aid) was awarded in the form of tax breaks and around 37% in the form of grants. Overall, less than 1% was awarded by means of other aid instruments, such as equity participation, guarantees or soft loans.

Table 3: Usage of aid instruments by the EFTA States as a percentage of total aid

Aid instrument	2008	2009	2010	2011	2012	2013	2014
Tax concessions	72.15%	63.21%	55.68%	62.43%	64.53%	64.78%	62.70%
Soft loan	0.41%	0.63%	0.56%	0.39%	0.38%	2.33%	0.34%
Guarantee	0.00%	0.40%	0.31%	0.19%	0.02%	0.01%	0.00%
Grant	27.36%	35.75%	43.45%	37.00%	35.00%	32.79%	36.87%
Equity participation	0.00%	0.02%	0.00%	0.00%	0.08%	0.08%	0.10%
Other	0.08%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

In the period 2008 to 2014, as shown in Figure 12 below, however, the usage of tax concessions, compared to other aid instruments, decreased from over 72% (of total aid) in 2008 to about 63% in 2014. Conversely, the usage of grant increased from 27% in 2008 to about 37% in 2014.

Figure 12: Usage of tax concessions compared to other aid instruments (as a percentage of total aid)



2. Guidelines adopted in 2014

In 2014, the Authority adopted new guidelines on the application of the state aid rules in various areas, including regarding R&D&I, promotion of risk capital investments in SMEs, aid in support of films and other audio-visual works, airports and airlines, environmental protection and energy, and restructuring of non-financial undertakings in difficulty. More details on these decisions are found in Table 4 below.

Table 4: Guidelines adopted in 2014

Area	Entry Into force	Reference
Shipbuilding	29.01.2014	Decision No. 21/14/COL - Prolongation of Guidelines for shipbuilding, OJ L 179, 19/6/2014, p.37, EEA supplement No 37
R&D&I	29.01.2014	Decision No. 20/14/COL - Prolongation of Guidelines for R&D&I, OJ L 179, 19/6/2014, p.79, EEA supplement No 37
Risk capital investments in SMEs	12.03.2014	Decision No. 117/14/COL - Prolongation of Guidelines to promote risk capital investments in SMEs and adopting new risk investment Guidelines, OJ L 354, 11/12/2014, p. 62, EEA Supplement NO 74
Films and other audio-visual works	26.03.2014	Decision No. 134/14/COL - Guidelines for films and other audio-visual works, OJ L 276, 18/9/2014 p. 53, EEA supplement No 52
Airports and airlines	28.05.2014	Decision No. 216/14/COL - Guidelines on state aid to airports and airlines. Not yet published.
R&D&I	09.07.2014	Decision No. 271/14/COL - Guidelines on state aid for research and development and innovation, OJ L 209, 6/8/2015 p.17, EEA supplement No 44
Environmental protection and energy	16.07.2014	Decision No. 310/14/COL - Guidelines on State aid for environmental protection and energy 2014-2020, OJ L 131, 28/05/2015 p. 1., EEA supplement No 30
Transparency communication	16.07.2014	Decision No. 302/14/COL - Amendment of certain state aid guidelines to improve transparency (airport guidelines, films and other audio-visual works, Guidelines to promote risk investments, broadband guidelines and regional guidelines), OJ L 15, 22/01/2015 p.103, EEA supplement No 4
Rescue and restructuring aid to non-financial undertakings in difficulties	10.09.2014	Decision No. 321/14/COL - Non-financial undertakings in difficulties, OJ L 271, 16.10.2015 p.35, EEA supplement No 62

3. Recovery cases 2008 - 2014

Article 14 of Part II of Protocol 3 to the Surveillance and Court Agreement provides that “[w]here 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.” The purpose of mandating the recovery of unlawful state aid is to remove the undue advantage granted to a company (or companies) through such illegal aid, and to restore the market to the situation that prevailed before the aforementioned aid was granted. In such circumstances, the recovered aid with interest at an appropriate level is reimbursed to the relevant public authority that originally granted the incompatible support or taxes levied retrospectively, in case of tax measures found to be illegal.

In 2014, the Authority opened two new recovery cases – one concerning amendments to the VAT legislation in Iceland applicable to customers of data centres and the other concerning aid granted under the Investment Incentives Scheme in Iceland. One older case remained open as of 31 December 2014. Table 5 provides further details on recovery cases in the period 2008-2014.

Table 5: Overview of recovery cases: 2008-2014

Decision Number	Working title of case	EFTA State	Date of Decision	Amount to be recovered according to decision	Amount effectively recovered	Pending
28/08/COL	Wood scheme	Norway	23.01.08	NOK 5,049,647 (plus interest)	NOK 953,490 ³⁵	No
290/09/COL	Norwegian Aviation School	Norway	01.07.09	NOK 4.5 million and other unknown amounts	Bankrupt	No
390/09/COL	Mesta	Norway	07.10.09	NOK 101.4 million (plus interest)	NOK 129 million (incl. interest)	No
97/10/COL	Captive insurance undertakings	Liechtenstein	24.03.10	CHF 20,827,286	CHF 20,827,286	No
416/10/COL	Investment undertakings	Liechtenstein	02.11.10	CHF 1,669,279	CHF 1,669,279	No
205/11/COL	Hurtigruten	Norway	29.06.11	NOK 0 ³⁶	NOK 0	No
206/11/COL	HFF Mortgage Loans Scheme	Iceland	29.06.11	To be determined	ISK 0	No ³⁷
232/11/COL	Sale of land at Asker	Norway	13.07.11	To be determined	NOK 4,074,953	No ³⁸
90/12/COL	Haslemoen Leir	Norway	15.03.12	NOK 6,462 133,14	NOK 6,462 133,14 (incl. interest)	No
261/12/COL	Verne Data Center	Iceland	04.07.12	To be determined	ISK 320,920,874 ³⁹ for sale of buildings ISK 142,535,573 ⁴⁰ for property taxes	Yes ⁴¹
193/14/COL	VAT legislation in Iceland applicable to customers of data centers	Iceland	08.05.14	To be determined		Yes
404/14/COL	Aid under the Investment Incentives Scheme	Iceland	08.10.14	To be determined		Yes

35 The difference between the amount to be recovered and the amount effectively recovered is due to the liquidation of a beneficiary.

36 Norway had decided to grant the aid, but had not disbursed it. The amount of overcompensation identified by the Authority was approximately NOK 144 million. Since no actual payments were made, the amount to be effectively recovered was zero.

37 This recovery case was subsequently closed by the Authority in February 2013 taking into account the fact that both BYR Savings Bank and Keflavik Savings Bank had ceased all activities and that claims previously held by those banks were passed onto their successors.

38 This recovery case was subsequently closed by the Authority in January 2014 since recovery was effected in 2013.

39 An additional ISK 14.324.282 was placed in escrow in March 2013.

40 In 2013, ISK 852.852 was repaid by the Icelandic authorities to Verne.

41 Iceland brought an action against the Authority's decision to the EFTA Court in 2012 (Case E-9/12) and the latter upheld the Authority's decision in a judgment delivered on 22.07.2013.

4. Information sources and methodology

4.1 The tables and graphs in the Scoreboard

The tables and graphs included in the Scoreboard are based on the state aid expenditure data submitted by the EFTA States in their annual reports to the Authority. The tables and graphs for which the underlying data may not be available above can also be accessed in Excel format from the Authority's website:

<http://www.eftasurv.int/press--publications/scoreboards/state-aid-scoreboards/nr/128>

4.2 State aid register – a second transparency tool

The Authority's state aid register is an online service that provides an overview of all state aid cases that have been the subject of a decision by the Authority since 1 January 1994:

<http://www.eftasurv.int/state-aid/state-aid-register/>

4.3 Annual report and state aid e-news

The Authority publishes Annual reports on its activities, which summarise the most important legal developments, decisions, and case law during the relevant year. The reports are available at:

<http://www.eftasurv.int/press--publications/annual-reports/>

State aid e-news, first published in 2006, is an online service available by e-mail and on the website of the Authority. This is a weekly update providing an overview of State aid decisions adopted by the Authority, the publication details of these decisions as well as of court judgments handed down by the EFTA Court:

<http://www.eftasurv.int/state-aid/state-aid-e-news/>

E-news is also available through the State Aid Weekly Newsletter published by the European Commission:

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

4.4 Methodology

This Scoreboard is published in accordance with Article 6 of Decision No. 195/04/COL of 14 July 2004.⁴² This provides that the Authority shall publish a Scoreboard containing a synthesis of the information from the annual reports, which are submitted by the individual EFTA States to the Authority in compliance with Article 21 of Part II of Protocol 3 to the Surveillance and Court Agreement.

All data concerning the EFTA States has been obtained from the annual reports provided by the EFTA States and from reports provided pursuant to block exemption regulations. State aid data collected for the Scoreboard is grouped according to primary objectives, which may be either horizontal or sector-specific. 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 SMEs it will be classified as having SMEs as its primary objective, irrespective of the sectors the beneficiaries belong to.

As regards information concerning the 28 EU Member States, the data was obtained from the Scoreboard published online by the European Commission, *State Aid Scoreboard 2015* (comprising aid expenditure made by EU Member States before 31.12.2014) available at:

http://ec.europa.eu/competition/state_aid/scoreboard/index_en.html.

⁴² 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.

Contact

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

[Fiorenzo Bovenzi](#)

Senior Economist, Competition and State Aid Directorate

tel. (+32)(0)2 286 18 51

[Gjermund Mathisen](#)

Director, Competition and State Aid Directorate

tel. (+32)(0)2 286 18 60