

# WORLD TRADE ORGANIZATION

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Committee on Subsidies and  
Countervailing Measures

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## SUBSIDIES

New and Full Notification Pursuant to Article XVI:1  
of the GATT 1994 and Article 25 of the Agreement  
on Subsidies and Countervailing Measures

EUROPEAN UNION

### Addendum

The following addendum to the notification of the European Union relates to subsidy programmes of **Sweden**.

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# SWEDEN

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## **1. INTRODUCTION**

### **1.1 METHOD AND SCOPE OF THE NOTIFICATION**

In Sweden, the budget of the national government is the only source of aid to industry. Local governments are in principle prohibited by law to grant aid to enterprises. However, administration of aid programmes funded by the central government may take place at the local level.

The notification covers aid to the business sector, in broad sense, i.e. trade and industry. It is not possible to separate aid figures to the mining and manufacturing industry (SITC 2 and 3).

The description of the various aid schemes follows the outline suggested by WTO. However, it is not possible to present statistical data permitting an assessment of trade effects.

The quantitative information is based on the net cost to government method. This method is used for the annual follow-up of state aid in Sweden. The approach has also been used by OECD in its "Public Support to Industry" project. The method is described in appendix.

There are several changes compared to the notification of aid covering the period of 2007-2008. Several aid programmes have expired or been subject to changes (hence the Energy Technology Fund and the Grant for New Energy Technology are for instance now reported as part of the Energy Research Programme).

## **2. SUPPORT FOR RESEARCH, DEVELOPMENT AND INNOVATION**

The major operators of Swedish Support for Research, Development and Innovation (R&D&I) to the industry sector are the Swedish Agency for Innovation Systems, Vinnova, and The Swedish Energy Agency, STEM. With respect to administration of aid programmes, Vinnova and STEM are the main operating state bodies at central level. Both authorities are entitled to grant aid to undertakings after a state aid decision by the European Commission in 2008. At the regional level the County Administrative Boards are allowed to grant aid for R&D purposes.

The STEM programme aims at promoting energy research and innovation in order to create conditions for effective energy markets, secure energy supply and the protection of the environment, health and climate. Both Vinnovas' and STEMs' programme has been extended to also include aid for innovation. These figures are therefore included below.

### **2.1 SUPPORT FOR TECHNOLOGICAL R&D&I (VINNOVA)**

#### **(a) Form of subsidy**

Direct grants or soft loans with conditional repayment.

#### **(b) Amount of subsidy**

Net cost in SEK millions: calendar year 2009: 662 (direct grant)  
2010: 621 (direct grant)

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

**(c) Policy objective**

The primary objective is aid for R&D&I.

**(d) Duration**

The programme commenced as from 1 July 1993, but changes was made from 1 November 2008, when aid for innovation was introduced.

**(e) Statistical data**

*The support is granted to a variety of projects and sectors, therefore it is not possible to present statistical data permitting an assessment of trade effects.*

**(f) Legal basis**

Governmental ordinance 2008: 762 (Förordning om statligt stöd till teknisk forskning och utveckling samt innovation).

**(g) Rules and conditions**

The programme is administrated by the Swedish Agency for Innovation Systems, VINNOVA and partly, i.e. seedfinancing, by the Swedish Agency for Economic and Regional Growth, Tillväxtverket (former Swedish Business Development Agency, NUTEK).

VINNOVA's mission is to promote sustainable growth by financing R&D&I and developing effective innovation systems. Tillväxtverket is Sweden's central public authority for industrial policy issues.

Support is granted to universities, technological research institutes for basic research, co-operative research institutes (i.e. institutes financed jointly by government and industry) and to individual firms and inventors. Aid to industry is considered as state aid by EU law and has to be approved by the European Commission. A precondition for receiving support in the form of grants is that the result of the supported project is made public.

All firms, regardless of industry, are eligible. However, the support is focused on small firms and individual innovators. The support to firms and individual inventors is in the form of soft loans with conditional repayment. A loan can cover up to 50 per cent of project costs. Repayment, including market interest rate, is required if a project becomes commercially successful. The duration and other terms of the loan are dependent on the objective of the loan and various economic factors. Costs for personnel, material and supplies related to R&D&I, instruments and equipment, IPR, consulting bought-in research, etc. are eligible for aid. Other possible aid should be taken into account before the decision of support is made. In practice, projects supported by other state aid schemes do not normally receive support from VINNOVA. To the extent that this occurs, the aid ceilings apply to the combined aid.

2.2 ENERGY RESEARCH PROGRAMME

**(a) Form of subsidy**

Direct grants or soft loans with conditional repayment.

**(b) Amount of subsidy**

Net cost in SEK millions: calendar year 2009: 494 (489 direct grant, 5 soft loan)  
2010: 320 (316 direct grant, 4 soft loan)

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

**(c) Policy objective**

The primary objective of the programme is research, development and innovation in the energy area. The secondary objective is environmental protection.

**(d) Duration**

Programme commenced originally in 1975 and has been prolonged several times. The programme has been altered as from June 1998 in order to reflect the objectives of the political agreement on Swedish Energy Policy reached in 1997. The programme has been replaced in 2008 by Governmental ordinance SFS 2008: 761, see point (f) below.

**(e) Statistical data**

*The support is granted to a variety of projects and sectors, therefore it is not possible to present statistical data permitting an assessment of trade effects.*

**(f) Legal basis**

Governmental ordinance SFS 2008: 761 (Förordning om statligt stöd till forskning och utveckling samt innovation inom energiområdet).

**(g) Rules and conditions**

The main part of the programme is administrated by the Swedish Energy Agency, STEM, but the Swedish Agency for Innovation Systems, VINNOVA, the Swedish Research Council for Environment, Agricultural Sciences and Spatial Planning, FORMAS and the Swedish Research Council, Vetenskapsrådet are responsible for some elements of the programme. Support is granted to universities, institutes of technology, co-operative research institutes (i.e. institutes financed jointly by the government and industry) and to undertakings. Aid to industry is considered as state aid by EU law and has to be approved by the European Commission. The general rule is that all results from the Energy Research Programme are official and shall be made publicly available. Aid to firms accounts for a minor portion of the expenditure. Costs for personnel, materials and supplies related to R&D, instruments and equipment, consulting, bought in research etc. are eligible for aid. Maximal aid intensity is 50 per cent of eligible costs. Other possible aid shall always be taken into account before decision of support is made.

### 2.3 PROJECT FINANCING THROUGH THE FUND FOR INDUSTRY

The Fund for Industry is a public foundation. Its main objective is to promote industrial development and marketing. The Fund should earn enough money to retain its capital on a long term basis. This calls for market interest rates to compensate for a few inevitable losses.

**(a) Form of subsidy**

Project financing in the form of soft loans with conditional repayment, guarantees and provision of risk capital.

**(b) Amount of subsidy**

Net cost<sup>1</sup> in SEK millions: calendar year 2009: 30 (soft loan)  
2010: 2 (provision of risk capital)

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

**(c) Policy objective**

The primary objective of the project financing is aid to R&D and SME's.

**(d) Duration**

The scheme commenced in 1979 and was altered in 1993 and 1996. Duration has not been specified.

**(e) Statistical data**

*The support is granted to a variety of projects and sectors, therefore it is not possible to present statistical data permitting an assessment of trade effects.*

**(f) Legal basis**

Governmental ordinance SFS 1996: 880 (Förordning om finansiering genom Industrifonden).

**(g) Rules and conditions**

Project financing: the Fund concentrates on support to small and medium sized companies. There are no restrictions regarding industry or location. To be eligible for support, a project must involve a substantial risk, but have a compensating potential to become commercially successful. The maximum amount of an award cannot exceed 50 per cent of the costs of a project. Expenditures connected with a development project (seldom land or buildings) are eligible for financing. All successful SME's pay back with market interest rate or royalty. Financing from the Fund may be combined with regional support, in accordance with the state aid rules in the European Community.

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<sup>1</sup> Net cost figures for soft loans are not available, hence the reported figures are estimates.

### **3. TRAINING AID**

#### **3.1 TRAINING AID TO SCANIA AB**

##### **(a) Form of subsidy**

Direct grant, 50 per cent co-financed by the European Social Fund.

##### **(b) Amount of subsidy**

Net cost in SEK millions: calendar year 2009: 23.6  
2010: 26.9

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

##### **(c) Policy objective**

The primary objective of the scheme is training. The training programme consists of three modules:

**Module 1 - Basic Training:** This part of the training concerns general basic skills of the workforce. Purpose of the module is to provide a block of upper secondary level qualifications through a series of courses such as Swedish and English language as well as maths. In addition, through a series of objectives (*inter alia* "basic technical education", "basic computer education", "health and environment", "product knowledge") the training will allow workers to achieve broad general competences that they can use across the whole heavy vehicle industry.

**Module 2 - Production Technique:** The purpose of this module is to prepare workers for more technical work by offering training measures concerning *inter alia* processing technology, automation, assembling technique and logistics.

**Module 3 - Efficient Production Systems:** The objective of this module is to increase involvement, commitment of the workforce and quality of the work by improving the understanding of efficient production systems. Parts of the module will *inter alia* be "problem solving", "good habits" and "to improve standards".

The three modules are interlinked, with module 1 as basic training and module 3 as advanced training. All participants will start in module 2, where they will undergo a screening process identifying their individual training needs. Depending on the results of this screening process, participants will either start with module 1, 2 or 3.

The training programme will cover blue-collar workers of Scania AB, as well as blue-collar workers which are being employed by its suppliers and SMEs, workers, that are in to be considered as least qualified, and would normally not be able to obtain the competence development envisaged by the training programme. The training programme will go beyond training that is necessary for the good functioning of Scania's production. Indeed, the training aims at broadening and deepening the competences of the participating workers, which would enable them to fulfil more advanced tasks. One result of the training is an increase in employability of the blue-collar workers covered by the project in heavy vehicles industry, the engineering industry and other associated industries and thus strengthen their position on the employment market



**(d) Duration**

Aid may be granted from 1 May 2009 to 1 November 2009. Payments may stretch for a longer period of time.

**(e) Statistical data**

*The support is granted to a variety of projects, therefore it is not possible to present statistical data permitting an assessment of trade effects. Trade effects are however estimated to be negligible.*

**(f) Legal basis**

The Swedish Reform Programme for Growth and Jobs 2006-2008. Government communication 2006/07: 23.

**(g) Rules and conditions**

The training aid for Scania will consist of direct grants financed by ESF and national funds (50/50). Länsstyrelsen will assign Scania to carry out the training. After Scania has started implementing the training, it has to report the training costs incurred on a monthly basis to Länsstyrelsen, providing written documentation such as invoices. Länsstyrelsen will review the material and will prepare a request in accordance with the implementing rules of the ESF, which will be submitted to the Swedish ESF Council. The Council will then decide on the basis of the submitted information whether the aid should be paid out. According to this decision Länsstyrelsen will then compensate Scania for the relevant costs.

**4. FINANCIAL CRISIS AID**

**4.1 GUARANTEE TO SAAB AUTOMOBILE AB**

**(a) Form of subsidy**

State guarantee for a loan from the European Investment Bank, EIB.

**(b) Amount of subsidy**

Net cost in SEK millions: calendar year 2009: 0  
2010: 207<sup>2</sup>

**(c) Policy objective**

The primary objective is remedy for a serious disturbance in the economy.

**(d) Duration**

From 1 November 2009 to 1 January 2016.

**(e) Statistical data**

*The support is granted to a variety of projects and sectors, therefore it is not possible to present statistical data permitting an assessment of trade effects.*

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<sup>2</sup> Nominal guarantee amounts to circa SEK 2,070 million, aid element 10 per cent.

**(f) Legal basis**

Based on the powers it has received from Parliament, on 11 June 2009 the Swedish Government instructed Riksgälden, the National Debt Office, to start negotiations with Saab Automobile AB on a State guarantee to be issued for a loan from the EIB.

Riksgälden is empowered to issue such guarantees. However, the Government must approve the guarantee in each particular case. After the decision of the Government, Riksgälden will provide the guarantee to Saab. The signing of the guarantee agreement, between Riksgälden and Saab, constitutes the granting of the legally binding guarantee.

**(g) Rules and conditions**

Riksgäldens guarantee will be divided into two separate guarantees. The first guarantee will cover 82.8 per cent of the loan, i.e. EUR 331.2 million out of EUR 400 million. In return for the guarantee, Saab will pay the Swedish State a premium amounting to 323 basis points ("bps") per annum ("p.a.") for the first two years that the guarantee applies, i.e. 3.23 per cent of the instalments received by Saab. After this period of two years, Saab will pay a premium amounting to 380 bps (3.80%) p.a. for the remainder of the validity of the guarantee. The second guarantee will cover the remaining 17.2 per cent of the loan, i.e. EUR 68.8 million out of EUR 400 million. For this, Saab will pay the Swedish State a premium of 1248 bps p.a., i.e. 12.48 per cent of the amount covered by the guarantee. (20) The two guarantees will apply *pari passu*, i.e. without any preference or seniority between the two; such that any sum paid out under the global guarantee will be covered *pro rata* by the two guarantees jointly (i.e. 82.8 per cent will be covered by the first guarantee and 17.2 per cent by the other).

In addition to the premium payable for the guarantee, Saab will provide the Swedish government with high-quality collateral covering the full guaranteed amount. This collateral will be callable by the Swedish State if it has to pay out any money under the guarantee. Before every instalment of the EIB loan, the NDO shall ensure that Saab has pledged adequate collateral for the guarantee and that Saab is able to provide the required co-financing of the project costs.

4.2 GUARANTEE TO VOLVO CAR CORPORATION

This aid scheme is mentioned for completion only. No aid has been issued during 2009-2010.

**(a) Form of subsidy**

State guarantee for a loan from the European Investment Bank, EIB.

**(b) Amount of subsidy**

Net cost in SEK millions: calendar year 2010: 0

**(c) Policy objective**

The primary objective is remedy for a serious disturbance in the economy.

**(d) Duration**

From 20 December 2010 to 20 December 2020.

**(e) Statistical data**

*The support is granted to a variety of projects and sectors, therefore it is not possible to present statistical data permitting an assessment of trade effects.*

**(f) Legal basis**

Based on the powers it has received from Parliament, on 11 November 2010 the Swedish Government instructed Riksgälden, the National Debt Office, to start negotiations with Volvo Personvagnar AB (Volvo Car Corporation, VCC) on a State guarantee to be issued for a loan from the EIB.

Riksgälden is empowered to issue such guarantees. However, the Government must approve the guarantee in each particular case. After the decision of the Government, Riksgälden will provide the guarantee to VCC. The signing of the guarantee agreement, between Riksgälden and VCC, constitutes the granting of the legally binding guarantee.

**(g) Rules and conditions**

VCC is undertaking a project concerning research and engineering activities which is related to (i) automotive fuel efficiency aiming at less CO<sub>2</sub> emissions and (ii) safety. The project will run until 2012. In order to fulfil this financing plan, VCC has applied for a EUR 500 million loan from the EIB2. On 16 November 2010, the EIB Board of Directors took a preliminary decision to grant VCC a loan of EUR 500 million.

Riksgäldens guarantee will be divided into two separate guarantees. The first guarantee will cover 90 per cent of the loan, i.e. EUR 450 million out of EUR 500 million. In return for the guarantee, VCC will pay the Swedish State a premium amounting to between 68-170 basis points ("bps") per annum ("p.a.") for the first two years that the guarantee applies, i.e. 0,68 per cent-1,70 per cent of the instalments received by VCC. After this period of two years, VCC will pay a premium amounting to [between 80-200 bps (0,8 per cent-2,00 per cent)] p.a. for the remainder of the validity of the guarantee. The second guarantee will cover the remaining 10 per cent of the loan, i.e. EUR 50 million out of EUR 500 million. The two guarantees will apply *pari passu*, i.e. without any preference or seniority between the two; such that any sum paid out under the global guarantee will be covered *pro rata* by the two guarantees jointly (i.e. 90 per cent will be covered by the first guarantee and 10 per cent by the other). The two guarantees will have the same duration of the loan that they cover. In any case, they will not be in force after the end of 2020.

In addition to the premium payable for the guarantee, VCC will provide the Swedish government with high-quality collateral covering the full guaranteed amount. This collateral will be callable by the Swedish State if it has to pay out any money under the guarantee. Before every instalment of the EIB loan, Riksgälden shall ensure that VCC has pledged adequate collateral for the guarantee and that VCC is able to provide the required co-financing of the project costs.

## **5. REGIONAL AID TO ENTERPRISES**

The main goal of Swedish regional growth policy is to have development ability in all parts of the country with enhanced local and regional competitiveness. An active regional policy has for many years been of major importance due to the special living-conditions in large parts of Sweden. Regional aid to enterprises in Sweden is granted within the framework following schemes reported below.









The scheme commenced in 1961. Duration has not been specified.

**(e) Statistical data**

*The support is granted to a variety of projects and sectors, therefore it is not possible to present statistical data permitting an assessment of trade effects.*

**(f) Legal basis**

Government Decision 1961, the latest revision in 1995.

**(g) Rules and conditions**

Expenditure eligible for financing is product development, marketing, fixed assets and working capital.

**6. ENVIRONMENTAL AID**

**6.1 SUPPORT TO WIND POWER PRODUCTION**

**(a) Form of subsidy**

Tax reduction

**(b) Amount of subsidy**

Net cost in SEK millions: calendar year	2009:	181
	2010:	107

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

**(c) Policy objective**

The objective of the support is to ensure viability for producers of wind energy.

To be commercially competitive within the deregulated Swedish electricity market, wind energy producers need compensation for additional production costs compared foremost to operators providing electricity from traditional and non-renewable energy sources. However, due to particularly high production costs for wind power, additional compensation in the form of tax relief is awarded and can be cumulated with support for small scale electrical producers, see 7.3 above.

**(d) Duration**

The duration of the current scheme is from 1 January 2007 to 31 December 2012.

**(e) Statistical data**

*The share of small scale and renewable electricity production, including a.o. wind power, corresponds to 1.5 per cent of total energy production. Trade effects are estimated to be negligible.*

**(f) Legal basis**



The legal provisions are laid down in SFS: 1994: 1776 (Lag om skatt på energi), Act of Excise Duties on Energy, chapter 11, § 10.

**(g) Rules and conditions**

The subsidy was 18.1 öre per KWh produced at wind power plants in 2003. In 2004 the subsidy was differentiated and reduced. For land based wind power the level was 12 öre per KWh and for offshore wind 17 öre. The subsidy has been further reduced since that. In 2007 the subsidy dropped to 4 öre per KWh for land based wind power and to 14 öre/KWh for off-shore wind. In 2008 the subsidy amounted to 2 öre/KWh respectively 13 öre/KWh. The amount of aid corresponds to the tax level for energy paid by individual consumers. For administrative reasons the relief is given to purchasers/distributors of electricity, which subsequently is to be transferred to the producers of wind power.

6.2 ENERGY TAX CONCESSION

**(a) Form of subsidy**

Tax reduction

**(b) Amount of subsidy**

Net cost in SEK millions: calendar year	2009:	19.840
	2010:	20.790

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

**(c) Policy objective**

The tax measure aims at reducing emissions of CO<sub>2</sub>. The objective of the concession provisions is to safeguard that enterprises with energy intensive production are not burdened with an unreasonably high tax level.

**(d) Duration**

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

**(e) Statistical data**

*The support is granted to a variety of projects and sectors, therefore it is not possible to present statistical data permitting an assessment of trade effects.*

**(f) Legal basis**

The legal provisions are laid down in the Act of Excise Duties on Energy (SFS 1994: 1776), chapters 1.9, 2.11, 6.1, 7.3, 9.9, 11.3, 11.4 and 11.7.

**(g) Rules and conditions**

In 1957, an energy tax on fossil fuels used *inter alia* for heating was introduced in Sweden. The full tax is levied from households, companies in the service sector and from manufacturing companies as regards fuels used for heating other than in production processes. In 1991, a CO<sub>2</sub> tax was introduced. That tax is also levied on fossil fuels used *inter alia* for heating and is due in full by

households, by companies in the service sector and by manufacturing companies as regards fuels used for heating other than in production processes. Specific rules within the tax system provide for possibilities to deviate from full taxation in certain cases. Hence, a tax exemption is made for the use of certain biofuels when being used for heating purposes and an exemption is also made for the use of biofuels and certain alternative fuels when being used for the operation of stationary motors. Furthermore, companies in the manufacturing sector and combined heat and power (CHP) plants receive a reduction by 79 per cent of the CO<sub>2</sub> tax for fossil fuels when used for heating and operation of stationary motors. An additional reduction for those beneficiaries covered by the EU Emission Trading Scheme (ETS) have been introduced, providing for a gradual reduction as from 1 July 2008 by 6 percentage points compared to existing tax level. For industrial activities and heat production in CHPs, the tax burden was reduced from 21 per cent to 15 per cent. For other heat production, the tax burden decreased from 100 per cent to 94 per cent. With regard to the energy tax on electricity, there is a tax reduction for companies within the manufacturing sector and a full exemption for energy intensive companies. A regional reduction of energy tax is also possible for companies in the service sector operating in the northernmost part of Sweden. Finally, as regards CO<sub>2</sub> tax, further tax reductions can be applicable to energy intensive companies. If the CO<sub>2</sub> tax paid exceeds 0.8 per cent of the sales value of the products sold by the company, it is possible to apply for a further reduction of the excess tax amount so that only 24 per cent of that amount is paid. The tax rates that the remaining tax amount corresponds to must on the average respect the EU minimum tax rates for the consumed heating fuels.

### 6.3 INVESTMENT AID FOR SOLAR HEATING

#### (a) Form of subsidy

Direct grant.

#### (b) Amount of subsidy

Net cost in SEK millions: calendar year	2009: 7
	2010: 8

#### (c) Policy objective

Promotion of solar heating forms part of the Swedish Government's strategy to phase out oil. The objective is to have 1 million m<sup>2</sup> glass solar cells installed by 2020. In the period 2008-2012 the Swedish authorities are expecting 50,000 m<sup>2</sup> glass solar cells to be installed annually.

#### (d) Duration

From 1 July 2008 to 30 June 2013.

#### (e) Statistical data

Trade effects are estimated to be negligible.

#### (f) Legal basis

The legal basis is Governmental ordinance SFS 2008: 1247 (Förordning om stöd för investeringar i solvärme).

#### (g) Rules and conditions

The eligible investments are investments in installations of glass solar collectors with liquid heat carrier, which fulfil the European standard EN 12975-1: 2006 and are tested by a body accredited under the European standard EN 12975-2: 2006. Beneficiaries of the aid can be enterprises of any size and from any sector in any Swedish region. The aid will be granted with an amount corresponding to SEK 2.5 per estimated yearly kWh of heat production, with a maximum of SEK 3 million per project. Estimated annual budget for the programme is about SEK 25 million of which the major part will be granted to other beneficiaries than enterprises, i.e. natural persons owning their own dwellings.

As from 2009 this programme has been adjusted, providing for additional support to the instalment of solar heating.

#### **6.4 AID SCHEME FOR SOLAR CELLS**

##### **(a) Form of subsidy**

Direct grant.

##### **(b) Amount of subsidy**

Net cost in SEK millions: calendar year	2009:	9
	2010:	47

##### **(c) Policy objective**

Primary objective of the scheme is environmental protection. The aim is to create a market for solar cells systems in Sweden in order to contribute to the change of the energy system and to industrial development in the field of energy techniques. The objective is to increase the number of suppliers and users of solar cells in Sweden, contribute to decreased costs for the systems and increase the annual electricity production from solar cells by at least 2.5 GWh during the duration of the scheme (2009-2011).

##### **(d) Duration**

From 1 January 2009 to 30 December 2011.

##### **(e) Statistical data**

Trade effects are estimated to be negligible.

##### **(f) Legal basis**

The legal basis is Governmental ordinance SFS 2009: 689 (Förordning om statligt stöd till solceller).

##### **(g) Rules and conditions**

Investments in solar cell systems and in simultaneous production of solar electricity and solar heat in an integrated construction (i.e. hybrid systems) will be eligible for aid. The latter type can only receive aid if the electricity production amounts to at least 20 per cent of the system's estimated total annual production of electricity and heat. The maximum aid intensity will be 60 per cent of investment costs for small and medium-sized enterprises and 55 per cent of investment costs for large enterprises. Only one solar cells system per building can receive support.

## **7. INVESTMENT AID TO FISHING ENTERPRISES**

### **1(a) Aid for Fleet Renewal and Modernisation of Fishing Vessels**

#### **(a) Form of subsidy**

Grant.

#### **(b) Amount of subsidy (Total commitments)**

2009: SEK 569,174 (Community funds)  
SEK 569,174 (National funds)

2010: SEK 313,034 (Community funds)  
SEK 313,034 (National funds)

#### **(c) Policy objectives**

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

#### **(d) Duration**

Detailed rules and conditions for structural funds in the fisheries sector, for the programming period 2000-2006, were adopted in Council Regulation (EC) No 2792/99. Detailed rules and conditions for contribution in the fisheries sector, for the programming period 2007-2013, were adopted in Council regulation (EC) No 1198/2006.

#### **(e) Statistical data**

Estimated number of recipients of aid in 2009: approx. 27  
Estimated number of recipients of aid in 2010: approx. 26  
Information concerning effects on trade is not available.

#### **(f) Legal basis**

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

#### **(g) Rules and conditions**

Recipients: fishing enterprises.

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

### **1(b) Aid for Adjustment of Fishing Effort**

#### **(a) Form of subsidy**

Grant.

#### **(b) Amount of subsidy (Total commitments)**

2009: SEK 40,575,000 (Community Funds)

SEK 13,525,000 (National Funds)

2010: SEK 52,399,850 (Community Funds)  
SEK 40,345,408 (National Funds)

**(c) Policy objectives**

To achieve a sustainable balance between resources and their exploitation.

**(d) Duration**

Detailed rules and conditions for structural funds in the fisheries sector, for the programming period 2000-2006, were adopted in Council Regulation (EC) No 2792/99. Detailed rules and conditions for contribution in the fisheries sector, for the programming period 2007-2013, were adopted in Council regulation (EC) No 1198/2006.

**(e) Statistical data**

Estimated number of recipients of aid in 2009: 6  
Estimated number of recipients of aid in 2010: 24  
Information concerning effects on trade is not available.

**(f) Legal basis**

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

**(g) Rules and conditions**

Recipients: fishing enterprises

Categories of expenditures eligible for aid:

- Scrapping;
- permanent transfer to third country.

Maximum possible aid intensity: participation rates are stipulated in Council Regulation (EC) No. 2792/99 and in the Single Programming Document (SPD).

**8. INVESTMENT AID TO AQUACULTURE ENTERPRISES**

**(a) Form of subsidy**

Grant.

**(b) Amount of subsidy (Total commitments)**

2009: SEK 2,157,715 (Community Funds)  
SEK 2,157,715 (National Funds)

2010: SEK 830,348 (Community Funds)  
SEK 830,348 (National Funds)

**(c) Policy objectives:**

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

**(d) Duration**

Detailed rules and conditions for structural funds in the fisheries sector, for the programming period 2000-2006, were adopted in Council Regulation (EC) No. 2792/99. Detailed rules and conditions for contribution in the fisheries sector, for the programming period 2007-2013, were adopted in Council regulation (EC) No. 1198/2006.

**(e) Statistical data**

Estimated number of recipients of aid in 2009: approx. 7  
Estimated number of recipients of aid in 2010: approx. 14  
Information concerning effects on trade is not available.

**(f) Legal basis**

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

**(g) Rules and conditions**

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

Maximum possible aid intensity: participation rates are stipulated in Council Regulation (EC) No. 2792/99 and in the SPD.

Categories of expenditures eligible for aid:

- Construction, modernization and acquisition of buildings;
- investments to improve the product quality and to reduce pollution;
- acquisition of new plant and machinery.

The enterprise must be submitted to official animal health control.

**9. INVESTMENT AID TO FISHING PORT FACILITIES**

**(a) Form of subsidy**

Grant.

**(b) Amount of subsidy (Total commitments)**

2009: SEK 6,696,346 (Community funds)  
SEK 6,696,346 (National funds)

2010: SEK 585,006 (Community funds)  
SEK 585,006 (National funds)

**(c) Policy objectives**

To improve and adapt structure in the fisheries sector.

**(d) Duration**

Detailed rules and conditions for structural funds in the fisheries sector, for the programming period 2000-2006, were adopted in Council Regulation (EC) No. 2792/99. Detailed rules and conditions for contribution in the fisheries sector, for the programming period 2007-2013, were adopted in Council regulation (EC) No. 1198/2006.

**(e) Statistical data**

Estimated number of recipients of aid in 2009: approx. 7  
Estimated number of recipients of aid in 2010: approx. 3  
Information concerning effects on trade is not available.

**(f) Legal basis**

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

**(g) Rules and conditions**

Recipients:

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

Maximum possible aid intensity: participation rates are stipulated in Council Regulation (EC) No. 2792/99 and in the SPD.

Categories of expenditures eligible for aid:

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

**10. INVESTMENT AID TO INLAND FISHING**

**(a) Form of subsidy**

Grant.

**(b) Amount of subsidy (Total commitments)**

2009: SEK 220,681 (Community funds)  
SEK 220,681 (National funds)

2010: SEK 89,000 (Community funds)  
SEK 89,000 (National funds)

**(c) Policy objectives**

To improve and maintain a sustainable and a financially strong inland fishing sector.

**(d) Duration**

Detailed rules and conditions for structural funds in the fisheries sector, for the programming period 2000-2006, were adopted in Council Regulation (EC) No. 2792/99. Detailed rules and conditions for contribution in the fisheries sector, for the programming period 2007-2013, were adopted in Council regulation (EC) No. 1198/2006.

**(e) Statistical data**

Estimated number of recipients of aid in 2009: approx. 9  
Estimated number of recipients of aid in 2010: approx. 6  
Information concerning effects on trade is not available.

**(f) Legal basis**

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

**(g) Rules and conditions**

Recipients:

- Fishermen connected to inland fishing:

Maximum possible aid intensity: Participation rates are stipulated in Council Regulation (EC) No 2792/99 and in the SPD

- Categories of expenditures eligible for aid:

Renewal of fishing vessels  
Security measures

**11. INVESTMENT AID FOR PROCESSING AND MARKETING**

**(a) Form of subsidy**

Grant

**(b) Amount of subsidy (Total commitments)**

2009: SEK 6,142,531 (Community funds)  
SEK 6,142,531 (National funds)

2010: SEK 4,111,543 (Community funds)  
SEK 4,111,550 (National funds)

**(c) Policy objectives**

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

**(d) Duration**



Detailed rules and conditions for structural funds in the fisheries sector, for the programming period 2000-2006, were adopted in Council Regulation (EC) No. 2792/99. Detailed rules and conditions for contribution in the fisheries sector, for the programming period 2007-2013, were adopted in Council regulation (EC) No. 1198/2006.

**(e) Statistical data**

Estimated number of recipients of aid in 2009: approx. 25  
Estimated number of recipients of aid in 2010: approx. 29  
Information concerning effects on trade is not available.

**(f) Legal basis**

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

**(g) Rules and conditions**

Recipients: the processing industry

Maximum possible aid intensity: participation rates are stipulated in Council Regulation (EC) No. 2792/99 and in the SPD

Categories of expenditures eligible for aid:

- The construction and acquisition of buildings and installation;
- the acquisition of new equipment needed for the processing and marketing;
- the application of new technology;
- investments to improve product quality and to reduce pollution.

**12. INVESTMENT AID FOR PROTECTION OF COASTAL WATERS**

**(a) Form of subsidy**

Grant.

**(b) Amount of subsidy (Total commitments)**

2009 SEK 6,865,601 (Community funds)  
SEK 6,865,602 (National funds)

2010: SEK 3,340,070 (Community funds)  
SEK 3,340,070 (National funds)

**(c) Policy objectives**

To achieve a sustainable balance between resources and their exploitation.

**(d) Duration**

Detailed rules and conditions for structural funds in the fisheries sector, for the programming period 2000-2006, were adopted in Council Regulation (EC) No. 2792/99. Detailed rules and conditions for contribution in the fisheries sector, for the programming period 2007-2013, were adopted in Council regulation (EC) No. 1198/2006.

**(e) Statistical data**

Estimated number of recipients of aid in 2009: 7  
Estimated number of recipients of aid in 2010: 3  
Information concerning effects on trade is not available.

**(f) Legal basis**

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

**(g) Rules and conditions**

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

Maximum possible aid intensity: participation rates are stipulated in Council Regulation (EC) No. 2792/99 and in the SPD.

Categories of expenditures eligible for aid:

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

**13. COLLECTIVE INVESTMENT AID IN SMALL-SCALE COASTAL AND FRESHWATER FISHING**

**(a) Form of subsidy**

Grant.

**(b) Amount of subsidy (Total commitments)**

2009: SEK 0 (Community funds)  
SEK 0 (National funds)

2010: SEK 122,072 (Community funds)  
SEK 66,268 (National funds)

**(c) Policy objectives**

To achieve an ecologically sustainable and financially strong fisheries sector.

**(d) Duration**

Detailed rules and conditions for structural funds in the fisheries sector, for the programming period 2000-2006, were adopted in Council Regulation (EC) No. 2792/99. Detailed rules and conditions for contribution in the fisheries sector, for the programming period 2007-2013, were adopted in Council regulation (EC) No. 1198/2006.

**(e) Statistical data**

Estimated number of recipients of aid in 2009: 0  
Estimated number of recipients of aid in 2010: 2  
Information concerning effects on trade is not available.

**(f) Legal basis**

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

**(g) Rules and conditions**

Recipients: associations of fishermen or fishermen families.

Maximum possible aid intensity: participation rates are stipulated in Council Regulation (EC) No. 2792/99 and in the SPD

Categories of expenditures eligible for aid: increase in value added, selective fishing equipment, improvement in landing facilities.

**14. INVESTMENT AID FOR SOCIO-ECONOMIC MEASURES**

**(a) Form of subsidy**

Grant

**(b) Amount of subsidy (Total commitments)**

2009: SEK 800,929 (Community funds)  
SEK 800,929 (National funds)

2010: SEK 2,286,716 (Community funds)  
SEK 2,286,718 (National funds)

**(c) Policy objectives**

To recruit young fishermen into the fishing sector.

**(d) Duration**

Detailed rules and conditions for structural funds in the fisheries sector, for the programming period 2000-2006, were adopted in Council Regulation (EC) No. 2792/99. Detailed rules and conditions for contribution in the fisheries sector, for the programming period 2007-2013, were adopted in Council regulation (EC) No. 1198/2006.

**(e) Statistical data**

Estimated number of recipients of aid in 2009: 7  
Estimated number of recipients of aid in 2010: 11  
Information concerning effects on trade is not available.

**(f) Legal basis**

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

**(g) Rules and conditions**

Recipients: fishermen younger than 35 years.

Maximum possible aid intensity: participation rates are stipulated in Council Regulation (EC) No. 2792/99 and in the SPD.

Categories of expenditures eligible for aid: purchases of used fishing vessels.

**15. AID FOR PROMOTION/MARKETING**

**(a) Form of subsidy**

Grant.

**(b) Amount of subsidy (Total commitments)**

2009: SEK 1,738,835 (Community funds)  
SEK 1,738,837 (National funds)

2010: SEK 1,248,827 (Community funds)  
SEK 1,248,827 (National funds)

**(c) Policy objectives**

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

**(d) Duration**

Detailed rules and conditions for structural funds in the fisheries sector, for the programming period 2000-2006, were adopted in Council Regulation (EC) No. 2792/99. Detailed rules and conditions for contribution in the fisheries sector, for the programming period 2007-2013, were adopted in Council regulation (EC) No. 1198/2006.

**(e) Statistical data**

Estimated number of projects for which aid has been allocated in 2009: 7  
Estimated number of projects for which aid has been allocated in 2010: 14  
Information concerning effects on trade is not available.

**(f) Legal basis**

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

**(g) Rules and conditions**

Recipients: public bodies, fisheries interest associations, private contractors.

Maximum possible aid intensity: participation rates are stipulated in Council Regulation (EC) No. 2792/99 and in the SPD.

Categories of expenditures eligible for aid: consumers surveys and market studies, promotion campaigns, organization of and participation in trade fairs, consumption advice, services and advice to wholesalers and retailers.

**16. AID FOR OPERATIONS BY MEMBERS OF THE TRADE**

**(a) Form of subsidy**

Grant.

**(b) Amount of subsidy (Total commitments)**

2009: SEK 7,941,013 (Community funds)  
SEK 7,941,012 (National funds)

2010: SEK 3,555,341 (Community funds)  
SEK 3,555,341 (National funds)

**(c) Policy objectives**

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

**(d) Duration**

Detailed rules and conditions for structural funds in the fisheries sector, for the programming period 2000-2006, were adopted in Council Regulation (EC) No. 2792/99. Detailed rules and conditions for contribution in the fisheries sector, for the programming period 2007-2013, were adopted in Council regulation (EC) No. 1198/2006.

**(e) Statistical data**

Estimated number of projects for which aid has been allocated in 2009: 14  
Estimated number of projects for which aid has been allocated in 2010: 10  
Information concerning effects on trade is not available.

**(f) Legal basis**

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

**(g) Rules and conditions**

Recipients: public bodies, fisheries interest associations, private contractors.

Maximum possible aid intensity: participation rates are stipulated in Council Regulation (EC) No. 2792/99 and in the SPD.

**17. AID FOR TEMPORARY CESSATION OF FISHING ACTIVITIES**

**(a) Form of subsidy**

Grant.

**(b) Amount of subsidy (Total commitments)**

2009: SEK 0 (Community funds)  
SEK 0 (National funds)

2010: SEK 0 (Community funds)  
SEK 0 (National funds)

**(c) Policy objectives**

To achieve sustainable balance between resources and their exploitation.

**(d) Duration**

Detailed rules and conditions for structural funds in the fisheries sector, for the programming period 2000-2006, are adopted in Council Regulation (EC) No. 2792/99. Detailed rules and conditions for contribution in the fisheries sector, for the programming period 2007-2013, were adopted in Council regulation (EC) No. 1198/2006.

**(e) Statistical data**

Estimated number of recipients of aid in 2009: approx. 0

Estimated number of recipients of aid in 2010: approx. 0

**(f) Legal basis**

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

**(g) Rules and conditions**

Recipients: fishing enterprises.

Categories of expenditures eligible for aid: compensation of the loss of income associated with a temporary cessation measure introduced as a result of unforeseen and non recurring circumstances attributable to biological causes.

**18. AID TO STUDIES AND PILOT PROJECTS**

**(a) Form of subsidy**

Grant.

**(b) Amount of subsidy (Total commitments)**

2009: SEK 6,917,211 (Community funds)  
SEK 6,917,211 (National funds)

2010: SEK 1,852,319 (Community funds)  
SEK 1,852,319 (National funds)

**(c) Policy objectives**

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

**(d) Duration**

Detailed rules and conditions for structural funds in the fisheries sector, for the programming period 2000-2006, were adopted in Council Regulation (EC) No. 2792/99. Detailed rules and conditions for contribution in the fisheries sector, for the programming period 2007-2013, were adopted in Council regulation (EC) No. 1198/2006.

**(e) Statistical data**

Estimated number of recipients of aid in 2009: 2  
Estimated number of recipients of aid in 2010: 3  
Information concerning effects on trade is not available.

**(f) Legal basis**

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

**(g) Rules and conditions**

Recipients: universities, public and private institutions, enterprises.

Maximum possible aid intensity: participation rates are stipulated in Council Regulation (EC) No. 2792/99 and in the SPD.

Categories of expenditures eligible for aid: the result of the study or pilot project should be of value for the industry.

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

**19. PAYMENT OF COMPENSATION TO PRODUCERS' ORGANIZATIONS**

**(a) Form of subsidy**

Grant.

**(b) Amount of subsidy (Total commitments)**

2009: SEK 76,428  
2010: SEK 0

**(c) Policy objective**

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

**(d) Duration**

From 1 January 1995.

**(e) Statistical data**

Estimated number of recipients of aid in 2009: 1 (Producers' organizations)  
Estimated number of recipients of aid in 2010: 0

Sweden considers that this measure has had very insignificant, if any, effects on trade.

**(f) Legal basis**

Council Regulation (EEC) No. 104/2000 of 17 December 1999 on the common organization of the market in fishery and aquaculture products.

**(g) Rules and conditions**

Article 21 and 24 in Council Regulation No 104/2000.



## APPENDIX

### The Net Cost Method

The objective of the net cost to government (NCG-method) is to obtain a consistent measure of government aid, where support from various instruments, i.e. grants, loans, guarantees, equity injections and tax concessions, are added. The NCG-method is used by OECD in its project "Public support to industry".

Net costs are calculated as follows:

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

Guarantees: claims paid minus fees received and recoveries;

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

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

Tax concessions: estimates of revenue forgone.

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

It should be noted that the net cost does not correspond to the actual transfer of funds from the government to the firms in any given year, i.e. the expenditure as reported in the government budget. Instead the purpose is to indicate the net cost to government of support to industry. Since imputed capital costs on previous loans and equity injections are included, the net cost figures to a certain extent reflect past policies. If the net cost of a programme is negative, that is, if the government earns money because of high repayments or interest rates, the net cost is reported as nil (0).

The NCG-method is not a direct guide to determine the extent of distortion of competition nor to approximate the ultimate benefit to industry. However, the NCG is a useful guide to the evolution and the structure of government support over time.

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