

STATE AID IN SWEDEN vs. EU

Is Sweden lagging behind?

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Executive summary

What is the total amount of state aid awarded in Sweden in comparison to other countries? Is Sweden lagging behind? What are the differences across sectors of the national economies in the EU?

Such questions are raised by Swedish companies which are exposed to competition from the EU. However, finding robust answers it is not easy – the databases maintained by the Commission were not designed for this purpose, and they do not convey a uniform nor a clear picture.

The Confederation of Swedish Enterprise has therefore asked Copenhagen Economics to conduct a study based on these sources and to compare Sweden with seven important EU trading partners. Special focus is given to the manufacturing sectors.

1. The State Aid Scoreboard – Sweden is at par with EU28

The State Aid Scoreboard reports disbursed aid, including tax exemptions, that has actually benefited companies. The numbers are regularly reported by Member states to the Commission. We observe:

- Sweden is at the same level as EU28, measured in terms of absolute amounts and relative to GDP.
- Denmark gives 60% more aid than Sweden relative to GDP. Germany gives 40% more.
- Tax exemptions constitute 81% of Swedish state aid, higher than all countries in the comparison. The corresponding figure for Denmark is 38%.
- Excluding tax exemptions, Sweden give only a fifth in state aid compared to Denmark and Germany.

The Scoreboard is based on *actual* disbursements and does not permit a detailed analysis of individual sectors of the economy.

2. The Transparency database – Germany at the top

In contrast, the Transparency database contains data on *awarded* aid with a higher level of detail, permitting a more granular analysis. But there are some uncertainties: i) awarded aid is not always disbursed in full; ii) tax exemptions are often reported in intervals, not as amounts, and; iii) Member states are only obliged to report aid decisions of at least €0.5M, resulting in incomplete coverage of aid below this level. With these uncertainties in mind, we observe:

- The manufacturing sector receives 54% of all state aid in Sweden, mainly (90%) as tax exemptions.
- The paper manufacturing sector gets 40% of all Swedish state aid to the manufacturing sector.
- Germany gives 15 times more aid to the chemical sector, and 11 times more aid to the basic metals sector, compared to Sweden.

Comparing aid volumes across sectors, as in the last bullet above, can be misleading if sectors vary in size between countries, which they do. We therefore use relative measures based on sectoral GDP and the number of full-time employees (FTE).

3. Relative state aid intensity in four 2-digit NACE-sectors

Swedish aid to the paper manufacturing industry (NACE code: C.17) amounts to €400M compared to

€1,000M in Germany. But in relative terms, Sweden is more aid-intensive than Germany: the aid awarded represents 2.63% of sectoral GDP and €13,500 per FTE. The corresponding figures for Germany are 2.41% and €7,300, respectively. In Finland, the aid to C.17 reaches €18,300 per FTE.

A similar pattern emerges in the other three sectors. For chemicals (C.20), German aid is 0.94% of sector GDP compared to 1.08% for Sweden. Germany gives €4,700 per FTE compared to Sweden at €5,700 and Finland at €8,300.

In the sector for manufacture of metal products (C.25), Germany gives €125M in aid compared to €62M in the Netherlands. Again, the relative picture is distinct: the Netherlands' aid represents 0.29% of sectoral GDP compared to Germany's 0.09%.

Finally, for the manufacture of vehicles (C.29), Germany gives €213M, Sweden €52M and France €28M. Relative to sector GDP, Sweden gives 0.12%, Germany 0.04% and France 0.02%.

These examples clearly illustrate the need for relative comparisons of aid intensity across sectors and countries. In addition, more indicators would be useful in addressing the questions on how the scale and distribution of state aid differs in the EU.

The Assignment

Compare the level of state aid to Sweden in comparison to important EU trading partners

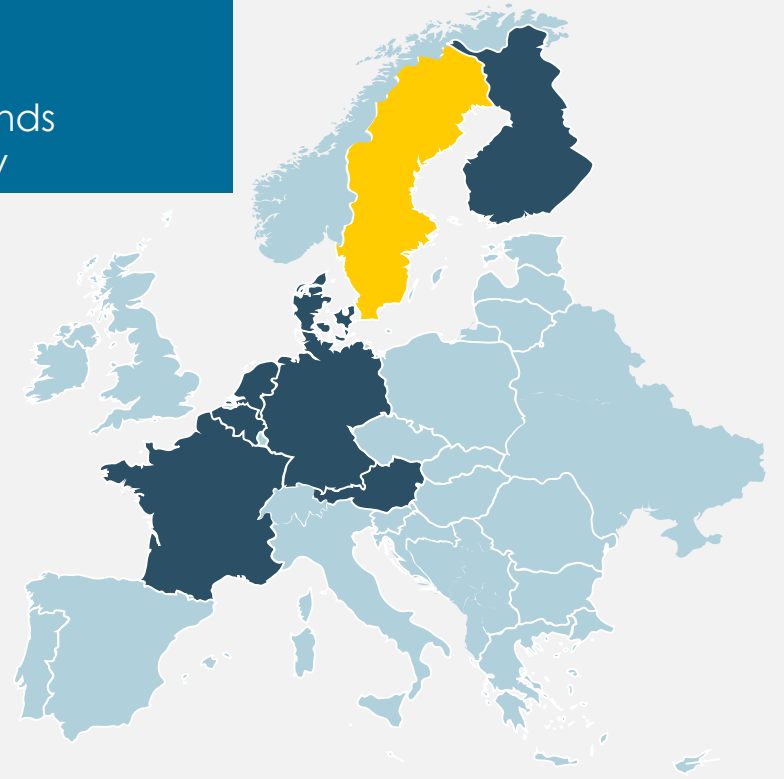
To focus on manufacturing sectors

To propose and conduct relative comparisons

To propose improvements of the state aid statistics produced by the Commission

Comparison group

Austria
Belgium
Denmark
Finland
France
Netherlands
Germany



1. The State Aid Scoreboard

Contains actual disbursed state aid based on annual reporting by member states

The aid expenditure is presented by scheme, instrument and objective

The data is aggregated by member states, and an analysis by individual sectors is not possible

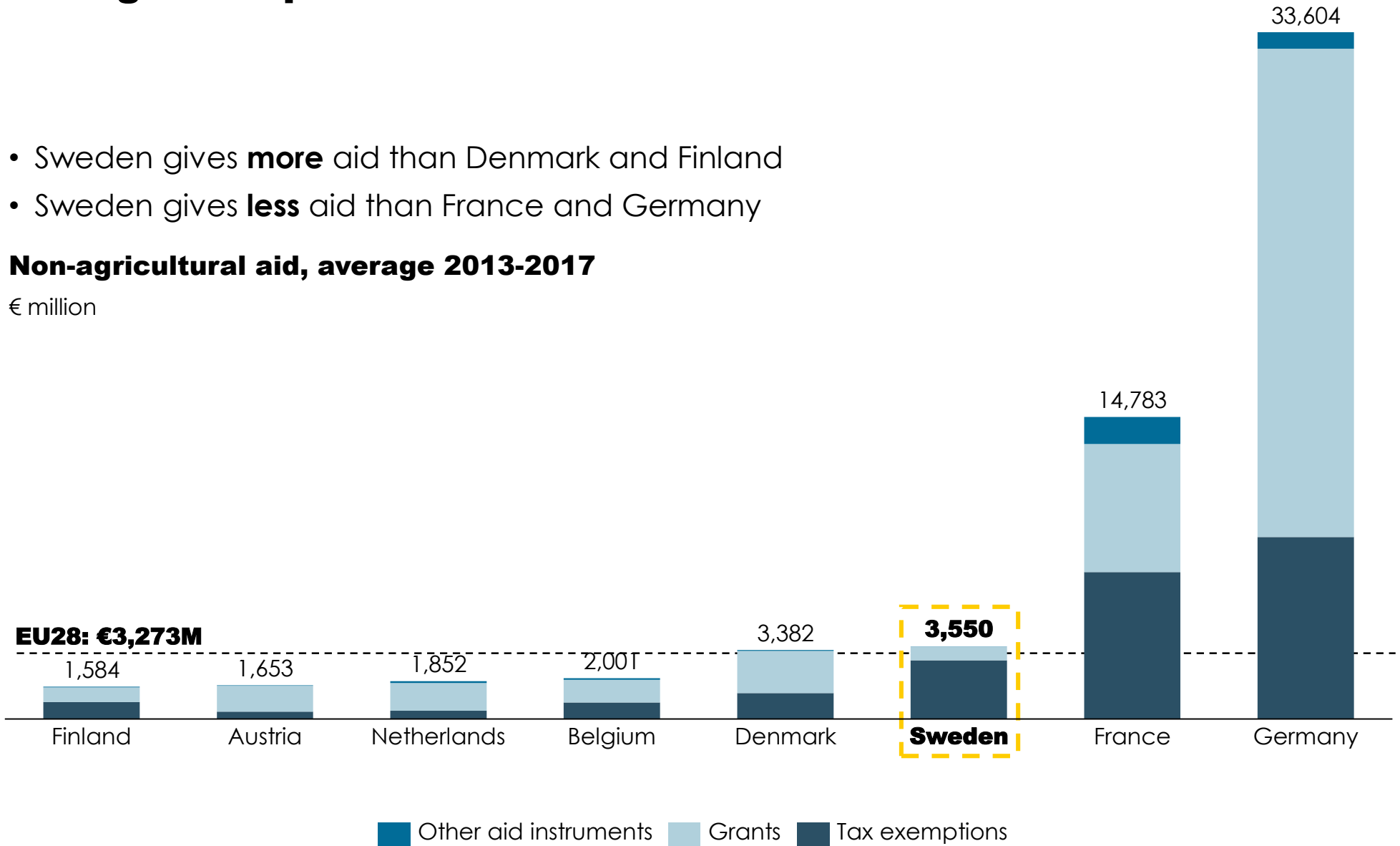
The screenshot shows the European Commission's State Aid Scoreboard 2018 page. At the top, there is the European Commission logo and the word 'COMPETITION'. Below this is a navigation bar with the text 'European Commission > Competition > State Aid'. A sidebar on the left contains a list of links: 'In this section:', 'State aid control', 'Legislation', 'Cases', 'Data and policy analysis', 'Tax rulings', 'Cooperation with national courts', and 'Complaints'. The main content area features the title 'State Aid Scoreboard 2018' and a sub-section 'What is the Scoreboard?' with links to 'Main findings', 'Main tables', and 'Concepts and economic crisis'. The text explains that the scoreboard covers aid expenditure made by Member States under Article 107(1) TFEU, based on annual reporting by Member States in 2018. It notes that the data includes all active aid measures to industries, services, and formal decision or received an information sheet from the Member States in 2018, but excludes aid to rail and aid not deemed to constitute State aid. A 'comprehensive note' is mentioned for detailed information, highlighting findings such as quicker implementation of public support by Member States, modernisation, and the role of State aid in R&D&I and investment in renewable energy.

Sverige is at par with EU28 in absolute terms

- Sweden gives **more** aid than Denmark and Finland
- Sweden gives **less** aid than France and Germany

Non-agricultural aid, average 2013-2017

€ million

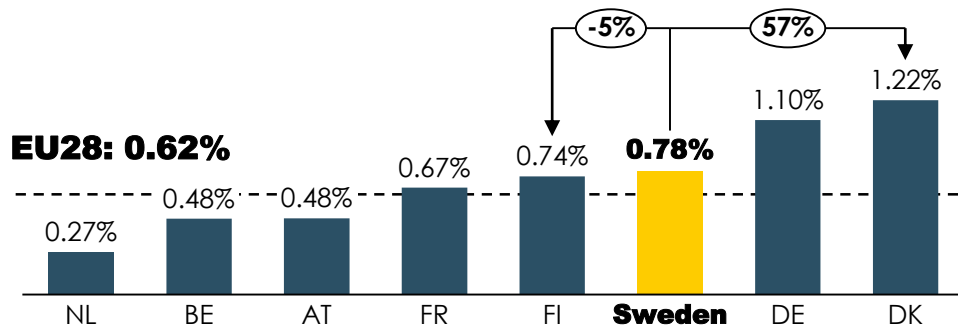


Sweden lags behind when the tax exemptions aid instrument is excluded from the comparison

Non-agricultural state aid, average 2013-2017

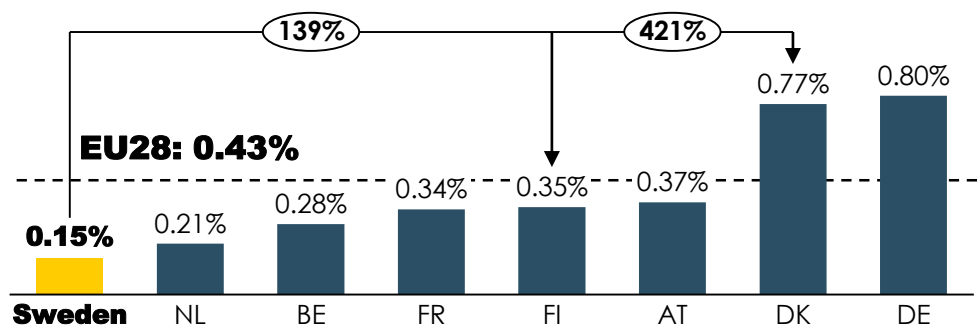
Including tax exemptions

Share of GDP (%)

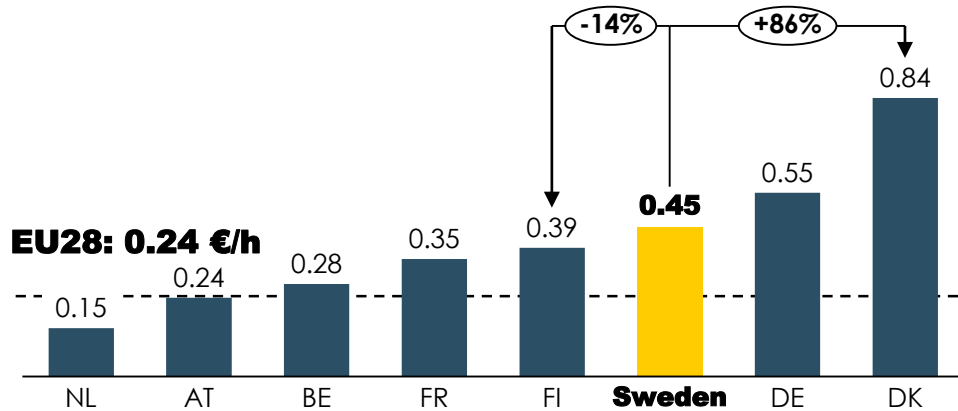


Excluding tax exemptions

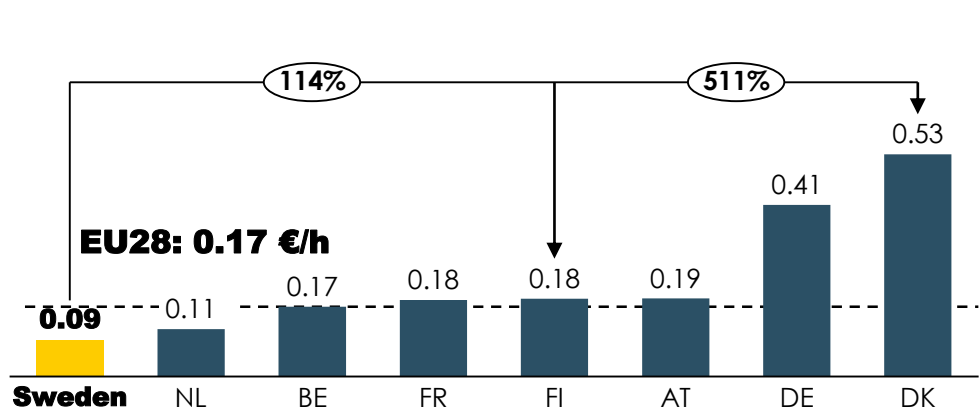
Share of GDP (%)



€/hours worked



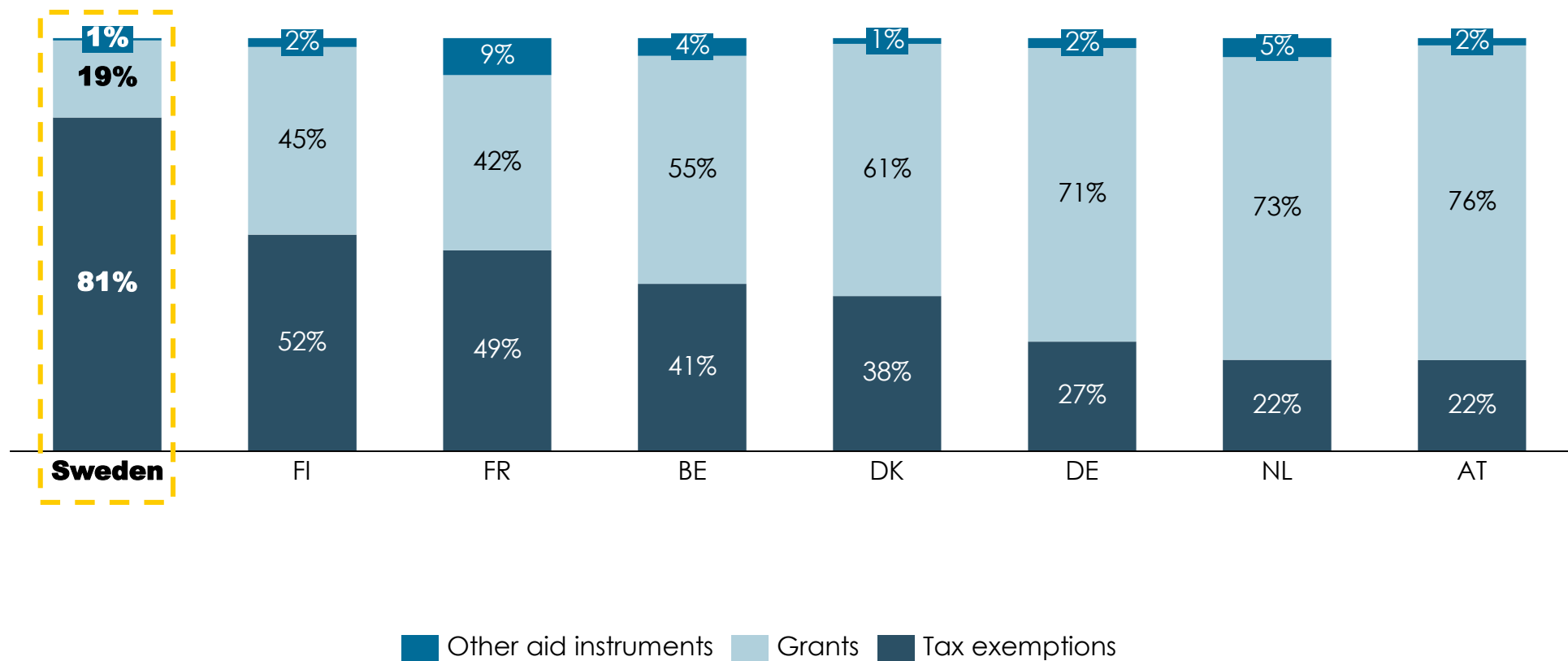
€/hours worked



Sverige uses tax exemptions much more than other countries in the comparison

Aid instrument as a share of total aid expenditure, non-agricultural aid, average 2013-2017

Share of total aid expenditure (%)



2. The State Aid Transparency Database

- Contains individual award data on state aid in excess of €500,000
- Individual companies may be identified
- Awarded aid is not always disbursed in full
- Some entries in the data appear incomplete



The screenshot shows the 'State Aid Transparency Public Search' page. At the top, there is the European Commission logo and the word 'COMPETITION'. Below that, a breadcrumb trail reads 'European Commission > Competition > Public Search Country List'. The main heading is 'State Aid Transparency Public Search'. The text explains that the page provides access to state aid individual award data provided by Member States in compliance with the European transparency requirements for state aid. It also states the purpose of the transparency requirements: to promote accountability of granting authorities and to reduce uncertainties on the market for state aid by allowing citizens and companies to access easily relevant information about awarded aid, such as name of the beneficiary, amount, location, sector and objective. A link is provided for complementary information: 'database of competition cases (ISFF registry of the European Commission)'. At the bottom, there are two buttons: 'Select all' and 'Search'. Below the buttons, there is a list of countries with checkboxes: Austria, Belgium, and Bulgaria.

How we measure the amounts of tax exemptions

For cases where single amounts are given:

Situation 1: Closed intervals

- Example: €500 000 – 1 000 000
- The mid-point is used

Situation 2: Open interval

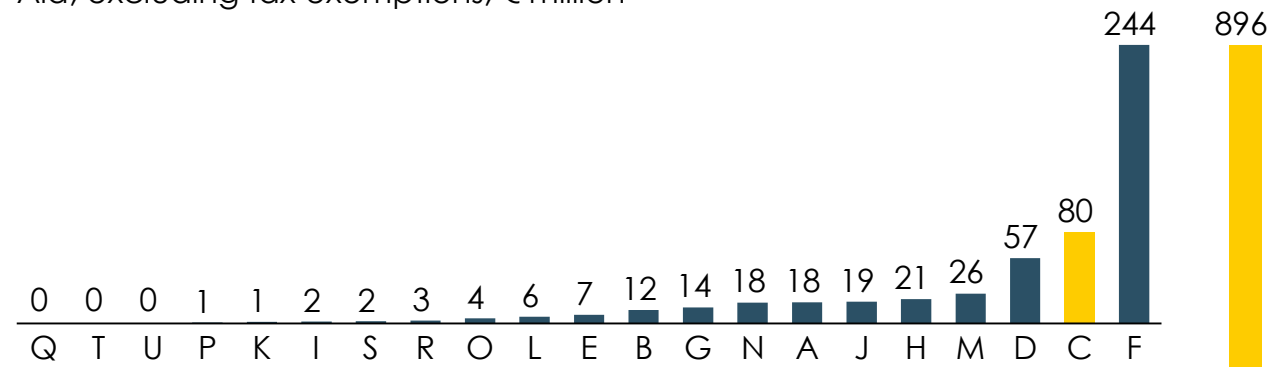
- Example: < 60 000, > 30 000 000
- Limit (upper or lower) used

The manufacturing sector receives most aid in Sweden

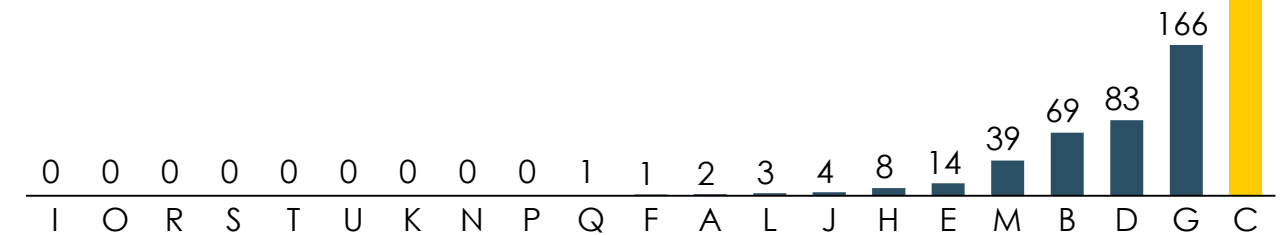
NACE code	Sector
B	Mining and Quarrying
C	Manufacturing
D	Electricity, gas, steam and air conditioning supply
F	Construction
G	Wholesale and retail trade, repair of motor vehicles...
H	Transportation and storage
J	Information and communication
M	Professional, scientific and technical activities

Awarded aid in Sweden, by NACE, average 2016-18

Aid, excluding tax exemptions, € million



Aid, only tax exemptions, € million

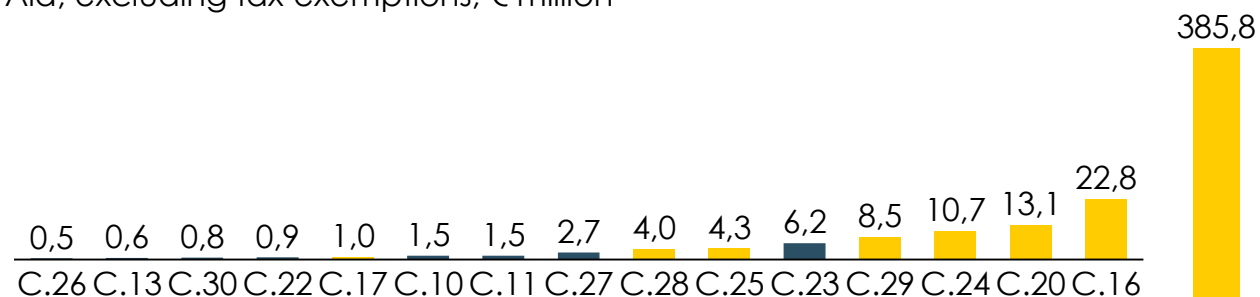


The paper and petroleum sectors are the largest recipients

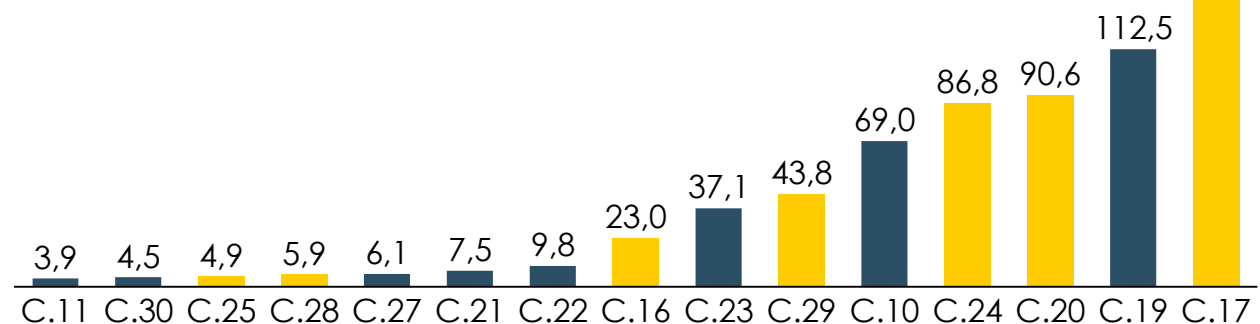
NACE code	Sector (Manufacture of...)
C.10	Food products
C.16	Wood and of products of wood and cork, except furniture...
C.17	Paper and paper products
C.19	coke and refined petroleum products
C.20	Chemicals and chemical products
C.23	Other non-metallic mineral products
C.24	Basic metals
C.25	Fabricated metal products, except machinery and equipment
C.27	Electrical equipment
C.28	Machinery and equipment n.e.c.
C.29	Motor vehicles, trailers and semi-trailers

Awarded aid to manufacturing sectors, average 2016-2018

Aid, excluding tax exemptions, € million



Aid, only tax exemptions, € million

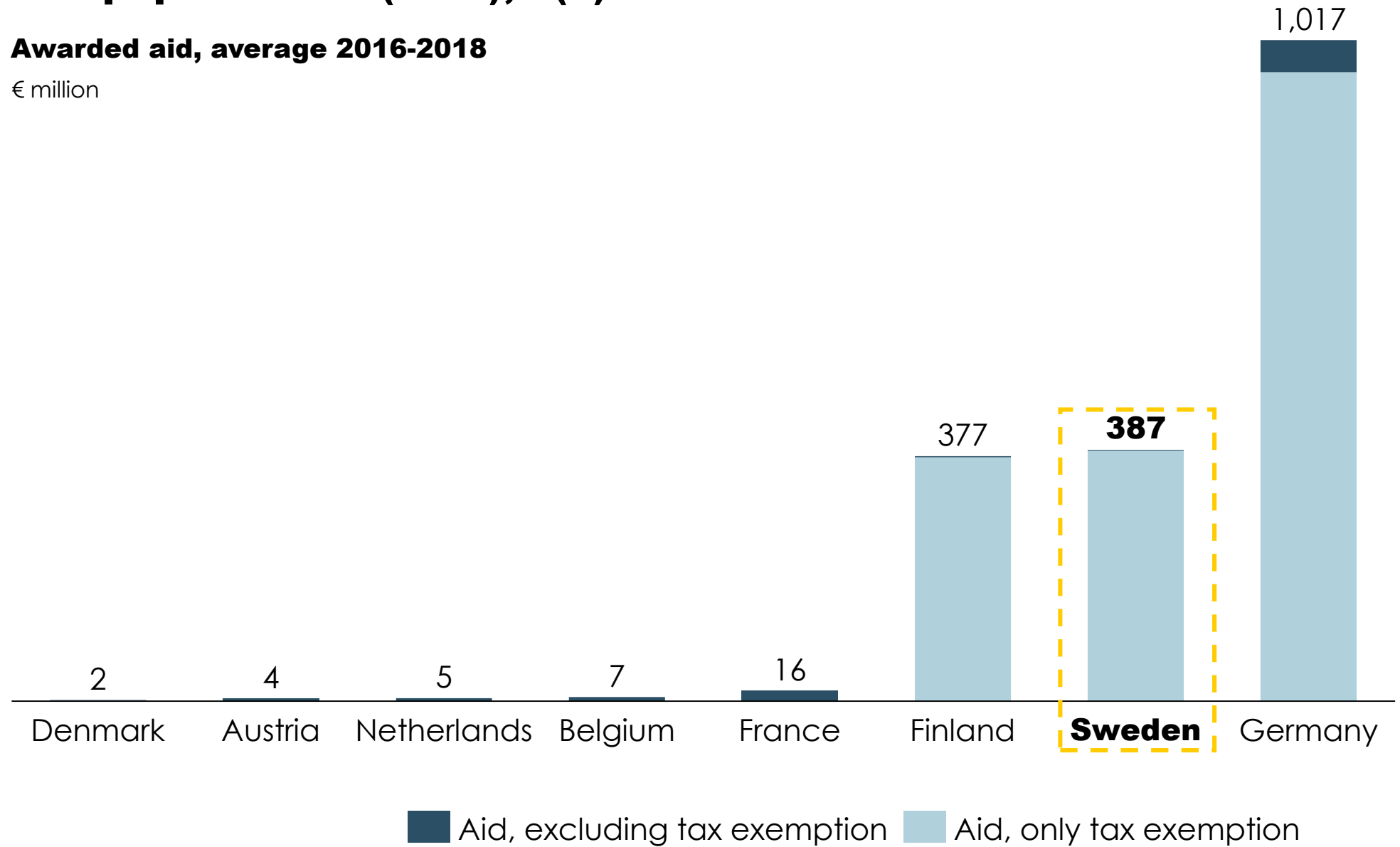


Chosen sectors for further analysis

The paper sector (C.17), 1(2)

Awarded aid, average 2016-2018

€ million

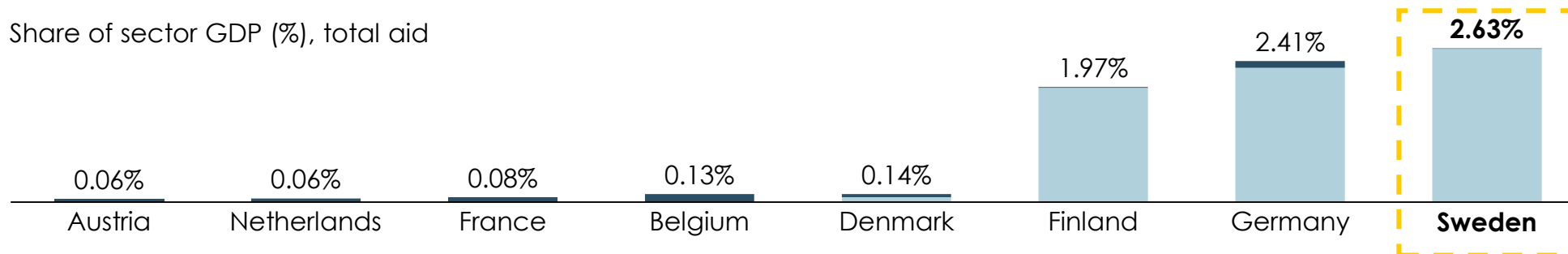


The paper sector (C.17), 2(2)

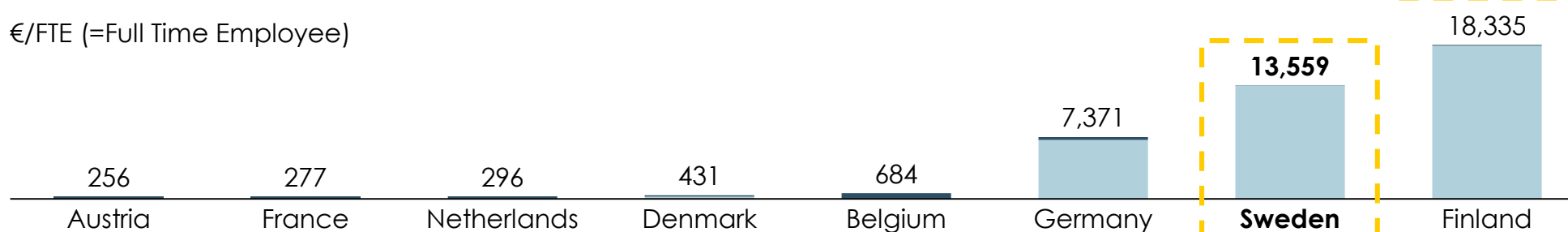
Awarded aid, average 2016-2018

■ Aid, excluding tax exemptions
 ■ Aid, only tax exemptions

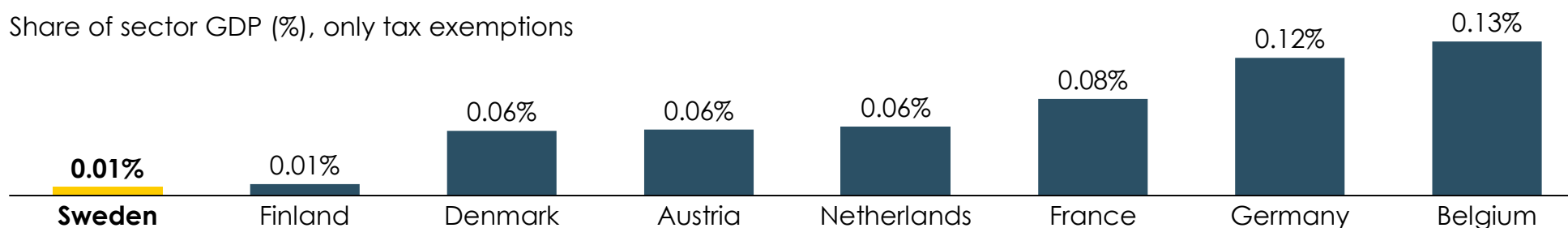
Share of sector GDP (%), total aid



€/FTE (=Full Time Employee)



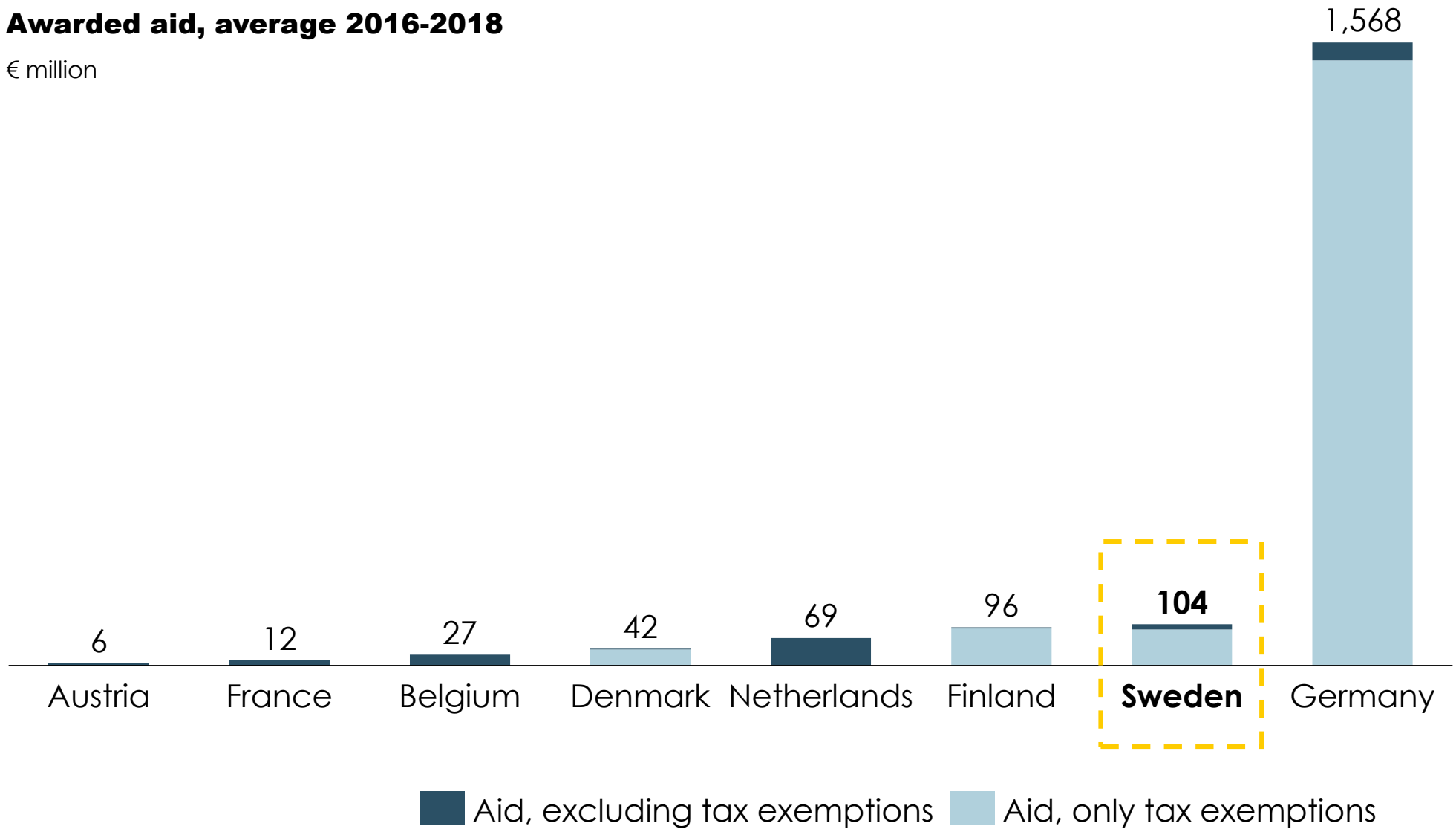
Share of sector GDP (%), only tax exemptions



The chemicals sector (C.20), 1(2)

Awarded aid, average 2016-2018

€ million

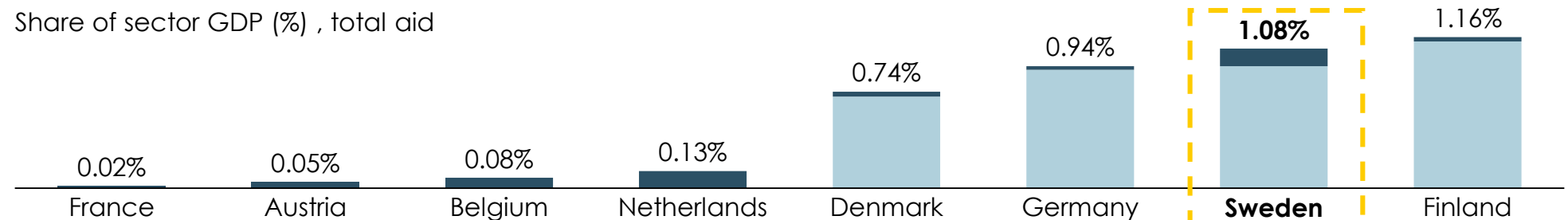


The chemicals sector (C.20), 2(2)

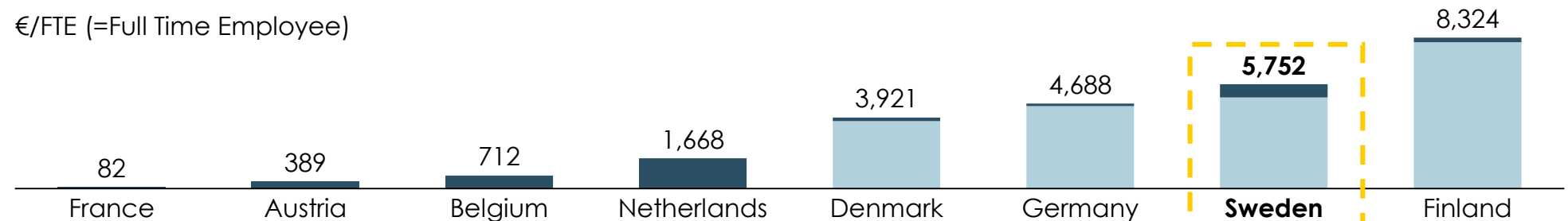
Awarded aid, average 2016-2018

■ Aid, excluding tax exemptions ■ Aid, only tax exemptions

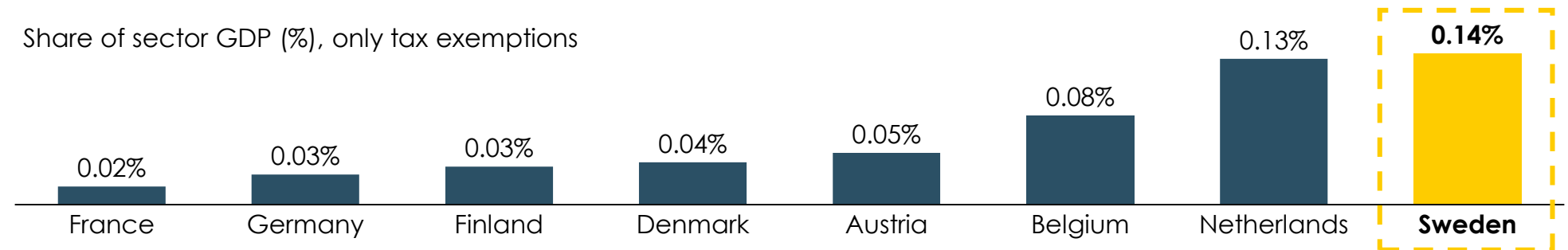
Share of sector GDP (%) , total aid



€/FTE (=Full Time Employee)



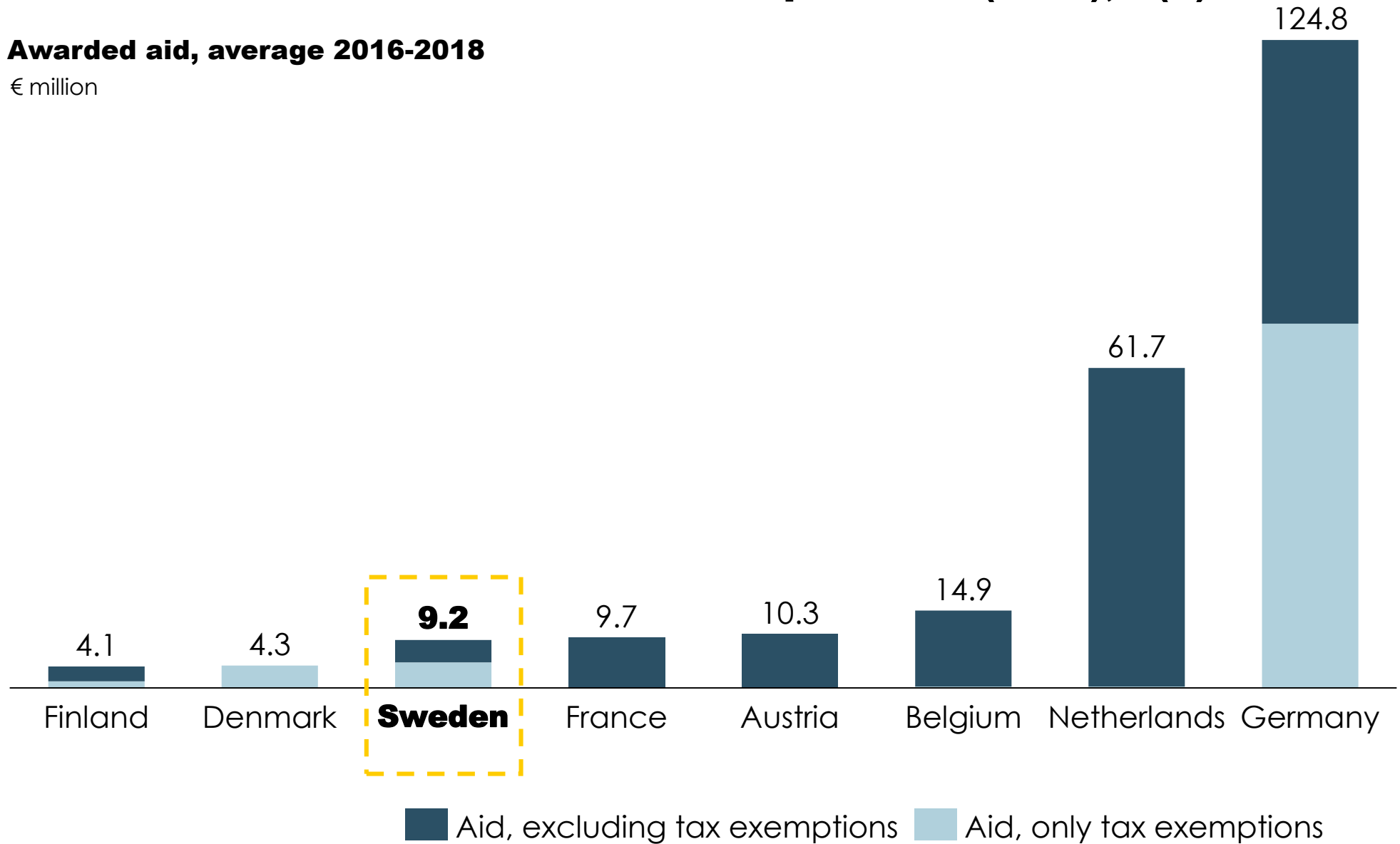
Share of sector GDP (%) , only tax exemptions



The manufacture of fabricated metal products (C.25), 1(2)

Awarded aid, average 2016-2018

€ million

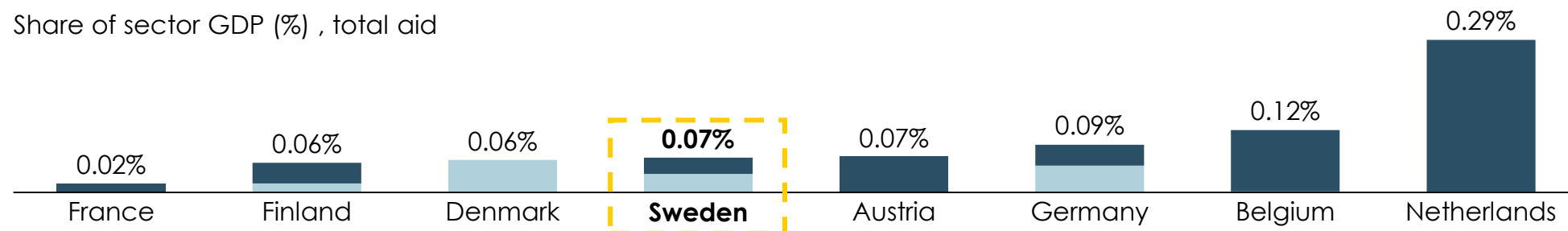


The manufacture of fabricated metal products (C.25), 2(2)

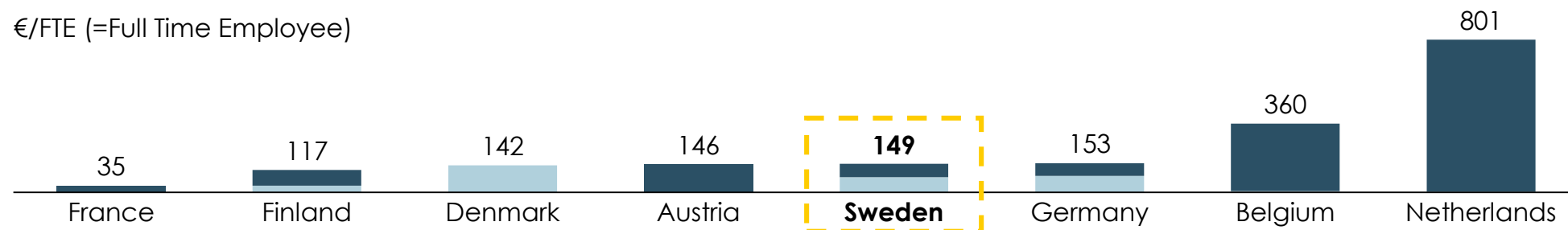
Awarded aid, average 2016-2018

■ Aid, except tax exemptions ■ Aid, only tax exemptions

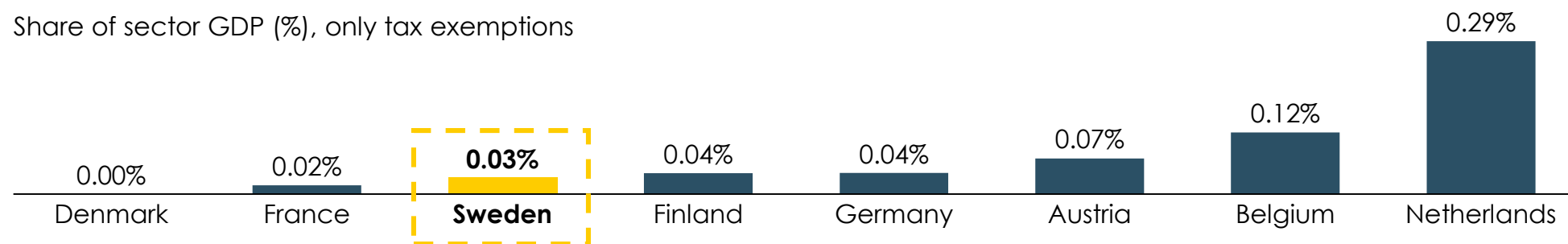
Share of sector GDP (%) , total aid



€/FTE (=Full Time Employee)



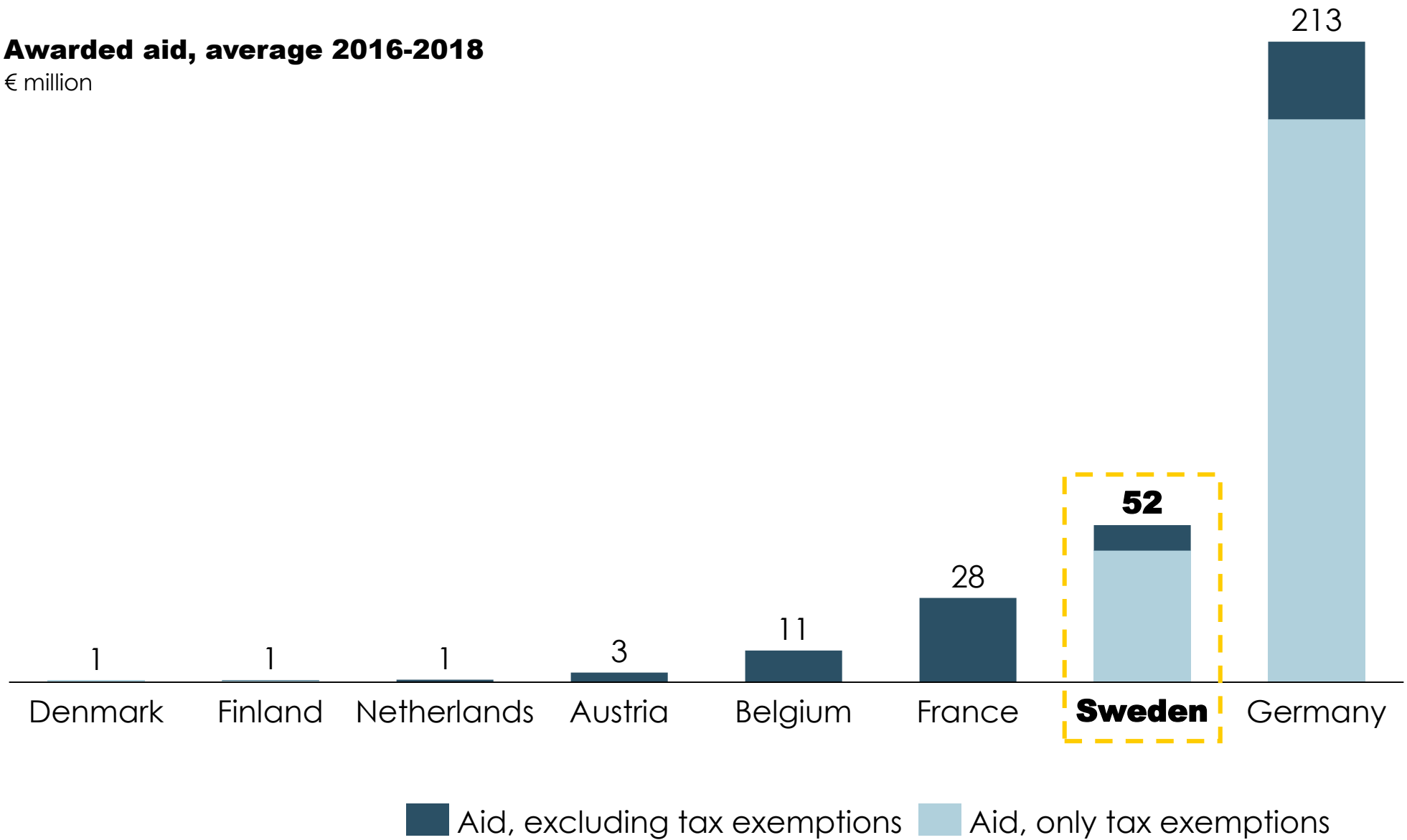
Share of sector GDP (%) , only tax exemptions



Manufacture of motor vehicles etc. (C.29), 1(2)

Awarded aid, average 2016-2018

€ million

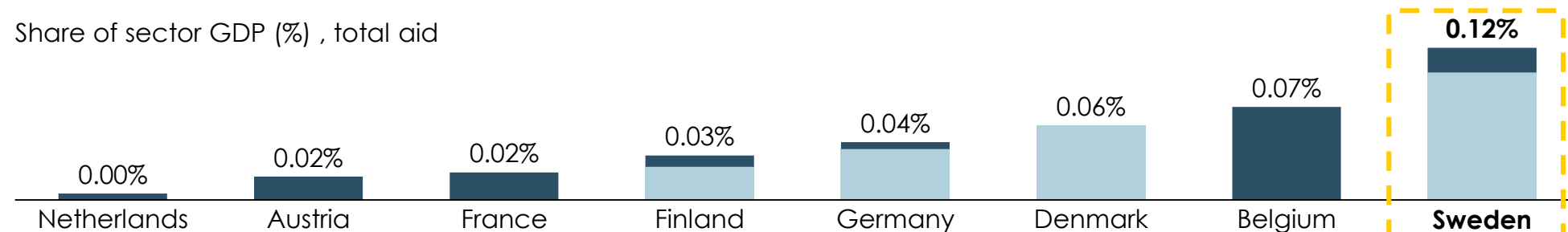


Manufacture of motor vehicles etc. (C.29), 2(2)

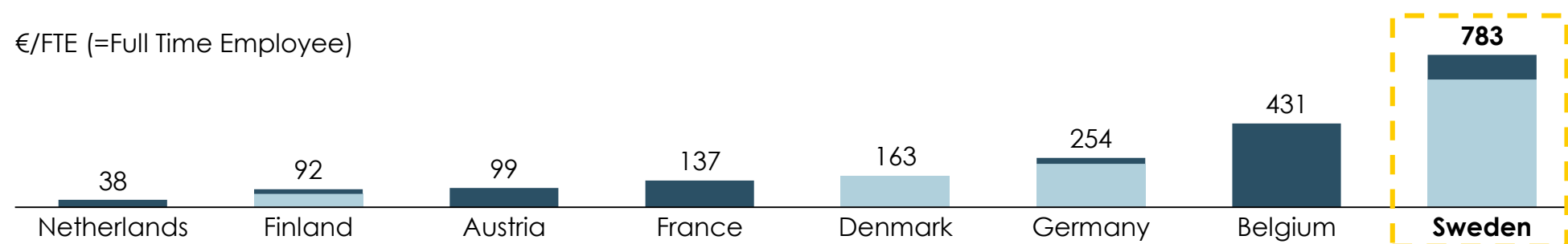
Awarded aid, average 2016-2018

■ Aid, excluding tax exemptions ■ Aid, only tax exemptions

Share of sector GDP (%) , total aid



€/FTE (=Full Time Employee)



Share of sector GDP (%) , excluding tax exemptions

