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FINAL REPORT BY THE EXPERT

Advice case title: Funding systems inhibit innovation through test beds

Full official name of the advised entity: The Svinesund Committee

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Date: 14 September, 2023

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I. Executive summary

1. The Svinesund Committee

The Svinesund Committee is an organisation established by the Norwegian region Viken fylkeskommune and the Swedish region Västra Götalandsregionen, both being border regions between Norway and Sweden (also the border between the main cities of Oslo, Norway and Gothenburg, Sweden).

The Svinesund Committee is a political collaboration between the two regions. Their task is to create new opportunities, work and development in the regions.

2. Interpretation of the cross border obstacle

According to the EEA agreement it is a general prohibition to grant support that can obstruct the competition between companies within the EEA member countries. However, within certain sectors exception is granted. Exceptions is granted for e.g. aid to certain regions, to SMEs, for research and development and innovation.

Based on the application and interviews with the Svinesund Committee we understand the cross border obstacle to be that assistance and financial support programs, which are within the exceptions in the EEA agreement, in general are *national*. In essence, these financial support programs are not open for foreign companies if the company does not have some sort of activity in the country/region in question.

Both Norway and Sweden have multiple programs for startups, regional programs and programs on sustainability etc. Due to the multiple number of programs, it is considered out of the scope of this report to investigate these individually. Instead, this report focusses on the common obstacle for these programs, namely that these programs are national and not open for foreign companies. Accordingly, the report is generic in form, evaluation and conclusion.

As both Norway and Sweden have multiple programs, I must take the reservation that there may be some national support programs that are open for foreigners. However, during my investigations in connection with this report I have not come across such a support program.

3. Main findings and conclusion

Both Norway and Sweden have several programs in which companies can receive assistance and finance (“**Support**”) within the general framework of legally accepted support to companies (i.e. not defined as illegal subsidies and not in violation of the EEA agreement).

In both countries these Support programs are national. In short, and as a general rule, in Norway the Support programs will be for Norwegian companies only and vice versa in Sweden.

In order to qualify for a Support program a company must fulfil the set of criteria set out in the Support program in question. The criteria are not set by law.

Accordingly, the cross border obstacle is not a legal obstacle. It is an *administrative obstacle*.

In order to overcome the obstacle, the Support programs must be made neutral of the nationality of the company. More on this in section II no. 4, letter b. to g. in this report.

II. Description of the obstacle with indication of the legal/administrative provisions causing the obstacle and a description of possible solutions

1. The obstacle as described by the advised entity

In the application the advised entity described the obstacle as follows:

“Funding systems inhibit innovation through test beds:

The Swedish and Norwegian funding systems currently inhibit the ability of SMEs to make use of test beds and expertise in neighbouring countries as part of their development and innovation work. Different regulatory frameworks and structures for innovation support and funding in the two countries create obstacles.”

The border obstacle concerning use of test beds was identified by the Interreg project Bioeconomy Regions in Scandinavia. Several respondents considered this to be a major problem and they argued that if innovation is to be encouraged, funding needs to “follow companies across the border”. The funding systems also need to be simplified and harmonized, as stakeholders in the Nordic countries depend on each other’s expertise.”

“Public support structures must help, not hinder:

Companies today have limited access to public investment in test beds and expertise in innovation in neighbouring countries. This is due to the financial systems that limit them. This is a completely unnecessary border obstacle when viewed through the lens of the Nordic vision, to be the world's most sustainable and integrated region by 2030. Public services must naturally lead the way. Companies should not be stopped by different regulatory frameworks and structures for innovation support and funding create obstacles.

One example of how this particular border obstacle slows down development involves the testing of a certain plastic product. A Swedish company wanted to test the potential for manufacturing a new plastic product at the Siva catapult test center in Gjøvik. Contact was made with Paper Province and Sør-Hedmark

Næringshage, through the Interreg project Bioeconomy Regions in Scandinavia. As Sør-Hedmark Næringshage was unable to neither find a Norwegian partner nor to offer the Swedish company initial funding, it became impossible for the Swedish company to test the production possibilities at the test center in Gjøvik”.

“Testcenter Gjøvik could have produced the plastic products if the rules had allowed them to help the Swedish company. The identified border obstacle has caused a loss of a number of potential new jobs, loss of important market competence and the potential development of complementary products“.

2. How the expert understands the described obstacle

To conduct the necessary test, the test bed in question will normally ask for payment for their services.

The obstacle is connected to how an entity can receive support to pay for these services.

When making interviews with the advised entity I understand the main obstacle to be that when financing the purchase of the services from the test bed, the national Support programs are not open to foreign companies, e.g. that a Swedish company cannot take part in, and receive, Norwegian Support programs, and visa versa.

This is exemplified by the example inserted in this report section II no. 1 above.

3. A general description on national Support program institutions in Norway and Sweden

To support companies, and in particular start-ups, innovation and/or green tech, Norway and Sweden have several Support programs.

In addition to national institutions there are many institutions owned by local authorities and/or by the private. This report will not, however, investigate local support programs nor financial programs held by private institutions, companies nor private persons.

a. In **Norway** the main national institutions granting Support are:

i. **Innovasjon Norge** (Eng.: Innovation Norway):

Innovation Norway is an important instrument for innovation and development of Norwegian enterprises and industry. They provide competence, advisory services, promotional services and network services. The aim is to “assist Norwegian businesses grow and find new markets”, my underline.

Innovation Norway has programs for start-ups on e.g.:

- a. Market clarification projects
- b. Commercialization projects

The projects are reserved for Norwegian companies with an ambition to create values by innovation.

ii. **Norges Forskningsråd** (Eng.: The Research Council of Norway):

The Research Council's aim "*is to promote a society where research is created, used and shared, and thus contributes to restructuring and enhanced sustainability*".

The Research Council of Norway has programs on e.g.:

- a. Innovation projects
- b. Demonstration and verification projects
- c. Commercialization projects

In short, the company must be connected to a research organization in order to apply for Support. In addition, the company must be registered in Norway and have economic activity in Norway.

iii. **Selskapet for industrivekst** (Eng.: **Siva**):

Siva is "*a governmental enterprise facilitating a national infrastructure for innovation consisting of incubators, business gardens, catapult centres, innovation enterprises, innovation centres and industrial real estate*".

Siva develops, owns and finances a national infrastructure for innovation and business development consisting of incubators, business parks, catapult centres, innovation companies, as well as innovation centres and industrial buildings.

Siva is taking part in, or cooperates with, several local cluster centres, so-called "business gardens" and catapult centres.

Siva has separate programs for e.g.:

- a. Incubator's
- b. Catapult centres
- c. Business "gardens"
- d. Cluster centres

In the example forwarded by the Svinesund Committee the Swedish company did not receive support nor finance by the Norwegian business “garden” Sør-Hedmark Næringsshage nor the Norwegian catapult centre at Raufoss/Gjøvik (see section II no. 1 above in this report).

b. In **Sweden** the main national institutions granting support are:

i. **Vinnova:**

Vinnova is “Sweden’s innovation agency” and they “*help to build Sweden’s innovation capacity, contributing to sustainable growth*”, my underline. Their vision is “*that Sweden is an innovative force in a sustainable world*”, my underline.

Vinnova “*help to build Sweden’s innovation capacity, contributing to sustainable growth*”, my underline. Their work is governed by the Swedish government.

In terms of funding Vinnova has several projects. To my understanding these are not open for foreign applicants as such, e.g by forwarding an application from Norway, unless the applicant has some sort of activity or running business in Sweden.

ii. **Tillväxtverket** (Eng.: the Swedish Agency for Economic and Regional Growth):

Tillväxtverket is a “*government agency that works to promote sustainable growth and competitive companies throughout Sweden*”, my underline. They “*achieve this by supporting and strengthening companies and regions*”.

Tillväxtverket is a government agency under the Ministry of Climate and Enterprise and offers “*knowledge, networks, and financing*”.

As to funding Tillväxtverket “*works to ensure that companies in the development phase have access to the financing they need*”. A company can receive support by becoming part of a call of proposal. For foreign companies they can apply for calls for proposals within:

- a. Regional transport aid
- b. Regional investment aid
- c. Short-Time Work Allowance 2021
- d. Support for the production of audiovisual works

To my understanding none of these calls for proposals are applicable for the funding and support in connection to the cross border use of test beds.

iii. RISE

RISE is "Sweden's research institute and innovation partner", my underline. RISE aim to "*ensure the competitiveness of the Swedish business community on an international level and contribute to a sustainable society*", my underline.

RISE is "*an independent, State-owned research institute*". It is "*one of 43 companies that is completely or partially owned by the Swedish state*".

The services RISE offer can be divided into four categories:

1. Transition management
2. Applied research and development
3. Testing, inspection and certification
4. Lifelong learning

In terms of financing "*one important objective for RISE...is to contribute to the ongoing competitiveness and renewal of Swedish industry*", my underline.

In addition to national Support programs there are EU/EEA support programs, such as e.g. Horizon Europe. This report will not investigate these kind of international support programs.

4. Cross border obstacle on national Support programs

a. The current cross border obstacle

There are numerous financial Support programs in both Norway and Sweden. Each of them has detailed criteria that needs to be fulfilled in order to be granted the Support in question.

To my understanding it is outside the scope of this report, nor the need for the advised entity, to receive an evaluation on each Support program. On the contrary, it is my understanding the advised entity would like to understand what hinder a Swedish/Norwegian company to receive Support in Norway/Sweden on a general level on the use of a test bed in Norway or Sweden.

Common for the Norwegian and Swedish Support programs are that they are all national/regional financial programs. By this the applicant need to have a national/regional connection in order to be granted Support. Companies that are not national/regional will not be qualified to receive Support.

I have not detected any inter-Nordic financial Support program, e.g. a Norwegian Support program that is open for a Swedish company not having any business, activity nor any other connection to Norway. Similar for Norwegian companies in Sweden.

To some extent the national criteria is not visible for the applicant. On some Support programs the limitation is indirect, e.g. that the applicant must be a company that conducts business in a specific national region, has to be registered in the national register of companies (in Norway; Brønnøysundregistrene, in Sweden; Bolagsverket), has a subsidiary in the applicable country or has some kind of activity or presence in Norway/Sweden.

b. Possible solution on the cross border obstacle I: A change of the existing Support programs

The reason why the Support programs are national, is in my opinion to do with how the Support programs are financed and organized.

To much extent the Support programs are finance, either directly or indirectly, by annual allowances made in the annual state budgets in Norway and Sweden.

For the most part the annual budget shall cover the annual national expenditure for the state of Norway/Sweden. In general the national expenditure does not include foreign expenditure unless this is voluntary taken on by the Norwegian/Swedish state.

The annual state budgets for Norway and Sweden are decided by the parliament in each country. In order to open the national Support programs generally for foreign companies, the decision must be made on a parliament level, i.e. by high level politicians.

Generally, it is hard to receive funds via the annual state budget. Commonly, you will need to find a high level politician in the right position to fight your interest. High level politicians have limited time and it is my general experience it is hard to get their attention and/or their understanding.

To alter existing Support programs, which has limited funding and which is financed by the state budget, to be open for foreigners too, will in my opinion be hard to achieve.

In order to achieve this, it must be expected to spend much time (and money).

I also expect that such an alteration will be fought against by some politicians and national/local organisations.

Accordingly, to alter the existing national Support programs to also include foreign companies, is in my opinion not a quick fix.

Even though most of the funding is made over the annual national state budget, it might be advisable to study whether some of the Support programs can be changed within the current award criteria. If this is possible, I expect it will be easier to change the existing Support programs to also include foreign companies from Sweden/Norway.

c. Possible solution on the cross border obstacle II: Establish cross border Support programs

Rather than changing existing Support programs I expect it will be easier to create new Support programs.

New Support programs will not compete with existing Support programs and will not result in less companies receiving Support. By this I expect less will argue against a new Support program and I expect it will be easier to receive the support from the necessary politicians and/or stakeholders.

The way such Support programs are set up can be many.

One option can be that Norway and Sweden set up a joint Norwegian-Swedish Support programme. This can e.g. be structured by each country contributing financially with the funding and that Norwegian and Swedish companies can apply to receive support on equal terms.

Another option can be to define regions in Norway and Sweden as one region and neutral of the national borders, e.g. to define parts of Viken on the Norwegian side, and parts Västres Götalandsregionen on the Swedish side, as one common region. By this applicants on both sides for the Norwegian/Swedish border can apply on equal terms.

A third option can be to have already established cross border public bodies between Norway and Sweden, such as e.g. the Svinesund Committee, to be in charge and/or administer joint Norwegian-Swedish Support programs.

d. Possible solution on the cross border obstacle III: Alter the financing structure for test beds etc.

A different approach can be to alter the financing structure for test beds etc.

Simply put, today the ones using the services of a test bed must pay for the services.

Instead of asking for payment for services, the test beds can receive direct funding aimed at new developed Support programs which companies in both Norway and Sweden can apply to, and neutral of the country of origin. The funding of these Support programs to come from both countries.

By this both Norwegian and Swedish companies can apply to test bed services on equal terms and regardless of whether the test bed is in Norway or Sweden.

There are many good arguments to set up such country neutral Support programs.

One argument from the applicant's side, is that it is in the interest of the applicant that they can make use of the best test bed for their product, as many test beds have different specializations.

An argument from the test bed side, is that it is in the best interest for the test bed that they have as many users/customers asking for assistance/tests on the products they are most specialized on.

In sum this will be a "win-win" situation for both the applicant and the test bed centre.

An argument against may be that "Norwegian/Swedish money is spent on funding a Swedish/Norwegian company/test bed centre". However, if this is financed in a dual financed Support program by Norway and Sweden, this argument will in my opinion not hold.

e. Possibility to avoid the cross border obstacle I: Receive financial Support locally in your own jurisdiction

An interesting finding is that if a national financing Support program is granted, it is not always an obligation that the funds are spent in the same country.

Once a company is granted a national Support program, the company has e.g. qualified to receive Support to develop a new innovative or green tech product. The investigations have revealed that most of these Support programs do not require that the company receiving Support only can make use of test beds in the same country in which the financial Support is granted. Hence, once qualified the receiving company may make use of the received financial support to purchase test bed services in Sweden, or in Norway, or in other countries.

During the investigation the Sør-Hedmark Næringsshage has informed that they have assisted a Norwegian company on their purchase of services from RISE in Sweden. The company received innovation support from Sør-Hedmark Næringsshage / SIVA in Norway.

Further, the investigations have revealed that the e.g. Swedish companies can purchase services from SIVA's catapult centres in Norway, including the test centre in Gjøvik.

Back to the cross border obstacle example given by the Svinesund Committee; if the Swedish company in questions first had qualified for a national Support program in Sweden, it is a high probability they would have been free to spend from this financial Swedish Support program to purchase advise and services at the test bed centre in Gjøvik in Norway.

Even dough financial support is granted on a national level, most Support programs have not any cross border restrictions on the spending of the received financial

support. Upon receipt of a national Support the company is commonly free to purchase the services from e.g. SIVA's test beds in Norway or similar from RISE in Sweden.

f. [Possibility to avoid the cross border obstacle II: Establish sufficient local presence to fulfil the criteria to be granted support](#)

Many national Support programs are made for companies registered in the national register of business.

Accordingly, a Norwegian subsidiary of the Swedish parent company will often fulfil this criteria. If the Swedish company establish a Norwegian subsidiary, the Norwegian subsidiary may have the possibility to participate on national Norwegian Support programs on equal terms as all other Norwegian companies.

Some Support programs only acquire a Norwegian organisation number to be part of the program. For these programs the Swedish company does not even need to establish a Norwegian subsidiary. It will be sufficient to establish a branch in Norway.

Other Support programs require some sort of activity in Norway, or in a specific part/region in Norway, in order to fulfil the "national" criteria. Such criteria must be met by Norwegian companies too, and in order to qualify the company must have some sort of business activity in the region. If the defined region includes parts in both Norway and Sweden, as mentioned in this report section II no. 4 letter c. above, the cross border obstacle can be deleted (in this common region). However, in order to qualify to existing Support programs, it is needed to establish the business/activity as required in the Support program in question.

In conclusion, in order to overcome the cross border obstacle in existing Support programs, it is a possibility to establish a Norwegian subsidiary, branch or activity, depending on the Support program in question. Similar for Sweden.

Hence, it might be advisable to study the "national" criteria prior to deciding whether to apply and how to fulfil the "national" criteria.

g. [Possibility to avoid the cross border obstacle III: Increase the knowledge of current Support programs and how they work](#)

As demonstrated both in section II. no. 4 letter e. and f., there are possibilities to overcome the cross border obstacle within the framework of the current legislation and the current scheme for the national Support programs in both Norway and Sweden.

However, and based on the feedback the Svinesund Committee has received from the wood industry in both Norway and Sweden, the *knowledge and information* on how to overcome the cross border obstacle have room for improvement.

My investigation on the public available information on the websites for the main applicable institutions in Norway and Sweden (see section II. no. 3 above), has revealed that there is much information available on the national Support programs and what the applicable institutions does on a national level.

I also find information on what the applicable institutions do on an international level, e.g. on an EU/EEA level.

What I find hard to find is general information on the set of criteria for each Support program. My impression is that the websites may be constructed to make it easy to apply on the separate Support programs. However, I miss to find easily accessible information on the qualification criteria.

Further, I find very little information on any cooperation between Norway and Sweden, or on a Nordic level.

I have not found any explicit information on how a foreign company can be qualified for a national Support program in Norway or Sweden.

I also miss easily accessible information on the different test bed/centres in Norway, Sweden (and other countries), and what they do and are specialized on. For the test bed/centres I believe the more they are known and used by national and foreign companies, who wants to benefit from their expertise, the better.

It is also an impression that the companies somehow have some kind of mental barrier that prohibit them from thinking that once they are granted national Support, they can actually spend from the financial Support to purchase advice, assistance and support in other countries. On this I have no information on what information is given to the company when a Support is granted. However, when taken into account the information received from the Svinesund Committee, this might have room for improvement too.

Similar, with information on the test bed centres in other countries and their specialities.

In addition to information given by the institutions in question, information on how to overcome this cross border obstacle can be given by others working with cross border issues, international cooperations, cooperation within the Nordics etc.

III. A full list of all legal provisions relevant to the case with the correct citation both in original language and in English

In order to qualify for the different Support programs the applicants must fulfil detailed requirements, depending on which Support program the company apply for.

The number of programs are multiple and will not be evaluated in detail in this report. Common for all is that the programs are national (as mentioned in part II).

IV. Other relevant aspects to this case if relevant

N/A.

V. References and Appendix/Appendices if any

a. Relevant web sites for national Support programs:

Norway:

- Innovation Norway: <https://www.innovasjon Norge.no/en/start-page/>
- The Research Council of Norway: <https://www.forskningsradet.no/en/>
- SIVA: <https://siva.no/english/>
- Sør-Hedmark Næringsshage: <https://shnh.no/> (in Norwegian only)

Sweden:

- Vinnova: <https://www.vinnova.se/en/>
- Swedish Agency for Economic and Regional Growth: <https://tillvaxtverket.se/tillvaxtverket/inenglish.2908.html>
- RISE: <https://www.ri.se/en/about-rise/about-rise>

b. Attachments to the report:

- The Svinesund Committee: «Funding systems inhibit innovation through test beds.pdf»
- The Svinesund Committee: “Opplevde grensehinder i skogbasert bioøkonomi – Norge og Sverige”

c. In connection with the report the expert has held talks, interviewed and/or has corresponded with:

- The Svinesund Committee
- The Nordic Council of Ministers
- Innovation Norway
- The Research Council of Norway
- SIVA
- Vinnova
- Swedish Agency for Economic and Regional Growth
- RISE
- Sør-Hedmark Næringsshage

It has been made efforts to get in contact with the person representing the Swedish company mentioned in the example by the Svinesund Committee. Unfortunately, we have not succeeded to establish any contact.