

The Öresund connection

Prepared by the Statistics Sweden

The Öresund connection refers to the road and train link between the Swedish city of Malmö and Copenhagen, the capital of Denmark, over the Baltic sea. The link consists of a bridge, an artificial island (Peberholm) and a tunnel. The consortium Öresundskonsortiet, owned half by the Swedish government half by the Danish government, was created for the implementation of the international construction project. The consortium has the ownership of the Öresund connection during the first 50 years after its opening and operates this transport connection during this time.

The construction of the Öresund connection took place in the late 90ties. Due to the special nature of this construction project, questions concerning the allocation of the *construction production* and the *gross fixed capital formation* arose.

- The headquarters of the consortium were located in Denmark and these were therefore a resident unit in this country from the NA perspective.
- There were several construction companies from different countries involved in the project. The construction took more than one year to be completed. One problem to deal with was how to distribute the production of these companies and the capital formation between Denmark and Sweden¹.
- The whole construction project consisted of different parts which were technically different to implement and meant different outgoings. These parts were not placed equally between the Swedish and the Danish territories. One could argue that the part of the project carried out in Danish territory was more expensive and therefore the construction of the link should mean more production and capital formation in Denmark than in Sweden. On the other hand the project was financed half by Swedish half by Danish investors, and the different parts of the project did not make sense by themselves but as whole.

Discussions between the NSI in Denmark and Sweden were held in order to record the economic flows generated by the consortium in a consistent way. The consortium fitted in the multi territory enterprise definition (SNA 93§14.27). It was agreed that the national accounts of both countries would split the economic activity of the consortium according to the ENS recommendations.

When it comes to the construction production and the gross capital formation the figures for each country were calculated as follows: During *the construction phase*, four individual construction syndicates were established. Two of these syndicates were responsible for the formation of the artificial Peberholm Island in the middle of Öresund and the tunnel from Copenhagen to Peberholm Island. The other two syndicates were contracted to build respectively the high bridge and the access bridges connecting Malmö and Peberholm Island.

¹ When it comes to construction projects that take more than a year to complete, the ENS says that a nonresident enterprise, without the constructor creating a local legal unit should be treated as an institutional unit in the country where the construction project takes place, a notional unit is therefore created.

The two syndicates that were responsible for the construction of the Peberholm Island and the tunnel from Copenhagen were legally registered in Denmark. The other two were registered in Sweden, and there was due statistical reporting to both countries. Gross capital formation and construction production were registered in the National Accounts of the two countries according to the registration of the syndicates.

When it comes to the operation of the connection, the consortium was broken up in two notional units, one belonging to Denmark and the other one to Sweden. Both the production of the link services provided by the consortium and the intermediate consumption were prorated in accordance to the ownership of the consortium, i.e. half was assigned to Denmark and half to Sweden. A fundamental factor that made the collecting and the treatment of the transactions easier for the Swedish NSI was that the consortium is owned by two companies, one Swedish and one Danish (50 % ownership each). These companies were created with the aim of supervision of the Swedish respective Danish interest in the consortium. The accountings of the Swedish company show the same variables and structure as the consortium's accountings but these are half the amount of the consortium's. The NSI in Sweden collects the data concerning the Öresunds connection from this Swedish company instead of from the Consortium. In this way the NSI gets the prorated figures directly from the source.