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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 COMMUNITIES

Addendum

The following addendum to the notification of the European Communities* relates to subsidy programmes of **Estonia**.

* On 1 December 2009, the Treaty of Lisbon amending the Treaty on European Union and the Treaty establishing the European Community (done at Lisbon, 13 December 2007) entered into force. On 29 November 2009, the WTO received a Verbal Note (WT/L/779) from the Council of the European Union and the Commission of the European Communities stating that, by virtue of the Treaty of Lisbon, as of 1 December 2009, the European Union replaces and succeeds the European Community.

ESTONIA

TABLE OF CONTENTS

| | <i>Page</i> |
|---|-------------|
| I. AID FOR RESEARCH AND DEVELOPMENT..... | 3 |
| A. R&D FINANCING PROGRAMME | 3 |
| B. COMPETENCE CENTRES PROGRAMME | 4 |
| II. OTHER HORIZONTAL AID | 5 |
| A. SUPPORT FOR THE PARTICIPATION OF ENTREPRENEURS IN TRADE FAIRS | 5 |
| B. SUPPORT IN THE FRAMEWORK OF EXPORT PLANNING AND EXPORT MARKETING PROGRAMMES..... | 6 |
| C. TRAINING PROGRAMMES FOR COMPANIES..... | 7 |
| D. GUARANTEE SCHEME FOR SMALL AND MEDIUM-SIZED ENTERPRISES..... | 9 |
| E. CONSULTING PROGRAMME..... | 11 |
| F. START-UP PROGRAMME | 11 |
| G. TRAINING PROGRAMME FOR BUSINESS INCUBATORS | 12 |
| H. EMPLOYMENT AID | 13 |
| III. REGIONAL AID | 15 |
| A. BUSINESS INFRASTRUCTURE DEVELOPMENT PROGRAMME..... | 15 |
| B. PROGRAMME OF TOURISM..... | 16 |
| C. PROGRAMME OF INVESTMENT SUPPORT (FOR DEVELOPMENT AND DIVERSIFICATION OF ALTERNATIVE ECONOMIC ACTIVITIES IN RURAL AREAS & FOR RENOVATION AND DEVELOPMENT OF VILLAGES) | 17 |
| D. INVESTMENT SUPPORT FOR SCIENCE AND TECHNOLOGY PARKS..... | 18 |
| IV. ENVIRONMENTAL AID..... | 19 |
| A. SUBSTITUTION OF THE POLLUTION CHARGE | 19 |
| B. ENVIRONMENTAL PROGRAMME | 20 |
| C. EXCISE DUTY EXEMPTION FOR BIOFUEL..... | 22 |
| V. DOMESTIC SUPPORT IN AGRICULTURE..... | 23 |
| A. GENERAL SERVICES | 23 |
| B. PUBLIC STOCKHOLDING FOR FOOD SECURITY PURPOSES | 25 |
| C. DOMESTIC FOOD | 26 |
| D. DIRECT PAYMENTS TO PRODUCERS..... | 27 |
| E. PAYMENT FOR RELIEF FROM NATURAL DISASTERS | 28 |
| F. STRUCTURAL ADJUSTMENT ASSISTANCE PROVIDED THROUGH INVESTMENT AIDS | 28 |
| G. PAYMENT UNDER ENVIRONMENTAL PROGRAMMES..... | 30 |
| H. PAYMENT UNDER REGIONAL ASSISTANCE PROGRAMMES | 31 |
| I. INSURANCE SUPPORT..... | 32 |
| J. FUEL TAX EXEMPTION | 33 |

I. AID FOR RESEARCH AND DEVELOPMENT**A. R&D FINANCING PROGRAMME****1. Period covered by the notification**

2007, 2008.

2. Policy objective and/or purpose of the subsidy

The programme aims at increasing the competitiveness of companies through the support of R&D projects leading to new technologies, products, processes and services.

The programme of Tallinn City Enterprise Department aims at helping to implement innovative solutions in business situating in Tallinn and to assist the protection of innovative solutions by gaining industrial property protection in foreign countries.

3. Background and authority for the subsidy

Enterprise Estonia (Foundation), which is an implementing agency for the Ministry of Economic Affairs and Communication.

For City of Tallinn – City Enterprise Department.

4. Legislation under which subsidy is granted

2004 2006 Structural Assistance Act; 2007-2013 Structural Assistance Act; Regulation of the Minister of Economic Affairs and Communications No. 51 of 9 May 2005; Regulation of the Minister of Economic Affairs and Communications No. 40 of 15 May 2008.

Regulation of Tallinn City Council No. 23 of 20 April 2006.

5. Form of the subsidy

Grant.

6. To whom and how the subsidy is provided

The subsidies are provided to SMEs, large companies and R&D institutions, which undertake industrial research, pre competitive development activity projects, and feasibility studies. Aid is also granted to SMEs for the costs associated with obtaining and validating patents and other industrial property rights.

Generally the industrial research projects can be supported up to 60 per cent of eligible costs, which may increase up to 75 per cent in special cases (SMEs, cross-border cooperation, wide dissemination of the results etc.).

In case of industrial research carried out by public R&D institutions, public support can go up to 75 per cent of the project costs.

Pre competitive development activity projects can in general be supported up to 35 per cent, which may reach up to 50 per cent in certain cases.

Technical feasibility studies preparatory to industrial research activities can be supported up to 75 per cent and technical feasibility studies preparatory to pre competitive development activities up to 50 per cent of the studies' costs.

Costs for industrial property rights can be supported up to 50 per cent.

Maximum amount of support in case feasibility studies is EEK 0.3 Mio, in case of industrial research project EEK 30.0 Mio.

For business in Tallinn: eligible applicants are companies, self employed entrepreneurs, natural persons. The maximum support amount is EEK 100,000 and may cover up to 2/3 of the total project cost. Support can be applied for only to cover the justified expenses of a specific project, i.e. to cover the costs (fees and drafting costs) of national and international proceedings related to the international patent applications.

7. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for the subsidy:

Fiscal year 2007 – EEK 22.0 Mio.

Fiscal year 2008 – EEK 26.7 Mio.

8. Duration of a subsidy and/or any other time-limits attached to it

The programme is valid until 30 June 2015.

No time-limits are attached to the Tallinn City Enterprise Department programme.

9. Statistical data permitting an assessment of the trade effects of a subsidy

N/A

B. COMPETENCE CENTRES PROGRAMME

1. Period covered by the notification

2007, 2008.

2. Policy objective and/or purpose of the subsidy

To improve the competitiveness of enterprises through strategic cooperation between science and industry sectors. To achieve this aim support is given to the establishment of small R&D consortiums – the competence centres.

3. Background and authority for the subsidy

Enterprise Estonia (Foundation)

4. Legislation under which subsidy is granted

2004-2006 Structural Assistance Act; 2007-2013 Structural Assistance Act; Regulation of the Minister of Economic Affairs and Communications No. 97 of 25 August 2005.

5. Form of the subsidy

Grant.

6. To whom and how the subsidy is provided

Support is given to competence centres, which carry out fundamental, industrial research or pre competitive development activities.

Competence centres are small R&D institutions established and operated together by number of companies and universities. Main characteristic of such centres is strong focus on industrial research, which is needed for the product development of the founders of these centres.

Fundamental research projects can be supported up to 100 per cent.

Industrial research projects can be supported up to 70 per cent of eligible costs, which may increase up to 75 per cent in special cases (SMEs, cross border cooperation, wide dissemination of the results etc).

Pre-competitive development activity projects can in general be supported up to 45 per cent, which may reach up to 50 per cent in special cases.

Technical feasibility studies preparatory to industrial research can be supported up to 75 per cent and technical feasibility studies preparatory to pre competitive development activities up to 50 per cent of the studies' costs.

7. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for the subsidy:

Fiscal year 2007 – EEK 18.7 Mio.

Fiscal year 2008 – EEK 24.7 Mio.

8. Duration of a subsidy and/or any other time limits attached to it

The programme is valid until 31 August 2015.

9. Statistical data permitting an assessment of the trade effects of a subsidy

N/A

II. OTHER HORIZONTAL AID

A. SUPPORT FOR THE PARTICIPATION OF ENTREPRENEURS IN TRADE FAIRS

1. Period covered by the notification

2007, 2008.

2. Policy objective and/or purpose of the subsidy

To organize and support the participation of entrepreneurs in international trade fairs.

3. Background and authority for the subsidy

Enterprise Estonia (Foundation)
For City of Tallinn – City Enterprise Department

4. Legislation under which subsidy is granted

2004-2006 Structural Assistance Act; 2007-2013 Structural Assistance Act; Regulation of the Minister of Economic Affairs and Communications No. 67 of 24 July 2008.

Regulation of Tallinn City Council No. 50 of 13 December 2007.

5. Form of the subsidy

Grant.

6. To whom and how the subsidy is provided

Subsidy is paid to the fair operator/fair organiser or participating company as a payment for stand rental and other similar expenses. The subsidy cannot cover more than 50 per cent of the expenses.

7. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for the subsidy:

Fiscal year 2007 – EEK 4.9 Mio.
Fiscal year 2008 – EEK 0.7 Mio.

8. Duration of a subsidy and/or any other time-limits attached to it

The programme is valid until 31 December 2013.
No time-limits are attached to the Tallinn City Enterprise Department programme.

9. Statistical data permitting an assessment of the trade effects of a subsidy

N/A

B. SUPPORT IN THE FRAMEWORK OF EXPORT PLANNING AND EXPORT MARKETING PROGRAMMES

1. Period covered by the notification

2007, 2008.

2. Policy objective and/or purpose of the subsidy

To support the drafting of companies' long term export plans and financing their implementation.

3. Background and authority for the subsidy

Enterprise Estonia (Foundation)

4. Legislation under which subsidy is granted

2004-2006 Structural Assistance Act; 2007-2013 Structural Assistance Act; the Regulation of the Minister of Economic Affairs and Communications No. 114 of 26 September 2005, the Regulation of the Minister of Economic Affairs and Communications No. 11 of 5 February 2008.

5. Form of the subsidy

Grant.

6. To whom and how the subsidy is provided

The programme enables companies to expand their export activities offering them appropriate training, consultation services and funding.

The execution of different marketing activities (participation at trade shows, visits to foreign markets, consultation services, promotional materials, participation in the contact events, etc.) will be supported by Enterprise Estonia in the amount of up to EEK 1,000,000.

The export marketing grant can be applied for the marketing costs (compliance with the requirements of the export market, making the product samples and advertising material, development of the product brands and registration in the target country), market research, visiting the target markets and organizing the marketing events. The minimum amount of the grant is 150,000 and the maximum is EEK 2,500,000 per project.

The self financing rate for both stages is 50 per cent of the eligible expenses.

7. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for the subsidy:

Fiscal year 2007 – EEK 6.1 Mio.

Fiscal year 2008 – EEK 4.0 Mio.

8. Duration of a subsidy and/or any other time limits attached to it.

The programme is valid until 31 December 2013.

9. Statistical data permitting an assessment of the trade effects of a subsidy

N/A

C. TRAINING PROGRAMMES FOR COMPANIES

1. Period covered by the notification

2007, 2008.

2. Policy objective and/or purpose of the subsidy

The aim of the training support is to promote the in service training and retraining of entrepreneurs and the persons working in the companies for maintaining or increasing the competitiveness of employees at the labour market, developing entrepreneurship, establishing the

conditions for the creation of new jobs and increasing the capability of persons in the field of research and development activities and development of technology.

3. Background and authority for the subsidy

For City of Tallinn – City Enterprise Department.

Enterprise Estonia (Foundation), Estonian Labour Market Board, Estonian Agricultural Registers and Information Board.

4. Legislation under which subsidy is granted

Regulation of Tallinn City Council No. 26 of 18 April 2002; Regulation of Tallinn City Council No. 64 of 22 December 2005; Regulation of Tallinn City Council No. 49 of 9 December 2004.

2004-2006 Structural Assistance Act; 2007-2013 Structural Assistance Act; Regulation of the Minister of Economic Affairs and Communications No. 80 of 22 September 2006; Regulation of the Minister of Economic Affairs and Communications No. 83 of 22 September 2006; Regulation of the Minister of Social Affairs No. 35 of 4 April 2006; Regulation of the Minister of Social Affairs No. 100 of 16 September 2005.

Fisheries Market Organisation Act; Regulation of the Minister of Agriculture No. 70 of 9 June 2006.

5. Form of the subsidy

Grant

6. To whom and how the subsidy is provided

The subsidy is provided to companies and sole proprietors. The subsidy is also provided to the associations of entrepreneurs and trade associations. No support shall be provided for training intended to raise the general level of education. The subsidy can cover up to 70 per cent of eligible costs of SMEs and up to 50 per cent of large enterprises.

7. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for the subsidy:

Fiscal year 2007 – EEK 16.7 Mio.

Fiscal year 2008 – EEK 12.1 Mio.

8. Duration of a subsidy and/or any other time-limits attached to it

No time-limits are attached to the Tallinn City Enterprise Department programme. The programmes of Enterprise Estonia, Estonian Labour Market Board and Estonian Agricultural Registers and Information Board are valid until 31 December 2013.

9. Statistical data permitting an assessment of the trade effects of a subsidy

N/A

D. GUARANTEE SCHEME FOR SMALL AND MEDIUM-SIZED ENTERPRISES

1. Period covered by the notification

2007, 2008.

2. Policy objective and/or purpose of the subsidy

To promote small and medium-sized enterprises by supporting their access to capital by securing their bank loan.

3. Background and authority for the subsidy

Credit and Export Guarantee Foundation – KredEx
Rural Development Foundation

4. Legislation under which subsidy is granted

The Articles of Association of Credit and Export Guarantee Foundation (KredEx); Support of Enterprise and State Loan Guarantees Act; Regulation of the Minister of Economic Affairs and Communications No. 74 of 3 August 2006.

Rural Development and Agricultural Market Regulation Act; Procedure for Applying for a Guarantee and for Proceeding the Application (approved by the 12.12.07 Decision of Supervisory Board of Rural Development Foundation).

5. Form of the subsidy

Loan and leasing guarantees, equity loans.

6. To whom and how the subsidy is provided

KredEx's business loan guarantees are meant for companies whose value of the collateral property or self financing is not sufficient for getting a bank loan or who do not have a long history of operation. Loan guarantees are provided to SMEs, i.e. to companies with less than 250 employees and turnover less than EEK 625 million, and to sole proprietors.

Investment loan guarantee serves to cover long term investments: purchase of equipment; purchase, construction or renovation of production premises. The maximum possible guarantee amount is EEK 15 million. Working capital loan guarantee enables to secure the operations of newly launched companies as well as the existing small and medium sized companies. The loan guarantee is intended for short term financing of working capital: purchase of inventories; launch of large scale marketing campaigns; covering other scheduled or unscheduled current expenses. The maximum possible guarantee amount is EEK 8 million.

Kredex secures loans up to 75 per cent of the loan amount. The annual guarantee fee minimum is 1.8 per cent of the balance of the guarantee. The exact rate of the guarantee fee depends on the risk level of the project. In addition, the transaction involves an agreement fee in the amount of 1 per cent of the guarantee, payable upon the conclusion of the guarantee agreement.

Leasing guarantee is basically a property redemption guarantee (mainly used for the lease of machinery and equipment). KredEx guarantees up to 40 per cent of the unpaid redemption price of the leased property (i.e. the amount unpaid to the leasing company, w/o VAT and interest); the

guarantee amount is reduced proportionally with the reduction of the redemption price of the leased property. The maximum possible guarantee amount is EEK 15 million. The annual guarantee fee minimum is 1.2 per cent of the balance of the guarantee. The exact rate of the guarantee fee depends on the risk level of the project. In addition, the transaction involves an agreement fee in the amount of 1 per cent of the guarantee, payable upon the conclusion of the guarantee agreement.

The equity loan is a loan product intended for successful and quickly developing companies, which have already gained some track record in their field of business, and need additional capital for expanding their business but do not meet the criteria established for receiving a bank loan in the desired amount. KredEx will grant the entrepreneur the use of capital without demanding any collateral. Since the equity loan is not, as a rule, repayable until the end of the loan period, the equity loan will, in the bank's eyes, conditionally raise the company's equity, allowing the company to apply for an additional bank loan and finance its quick growth. In addition to being able to apply for otherwise unavailable financing, the company can also benefit from the fact that, unlike various venture capital funds, KredEx will not intervene in the management of the loan recipient. The loan amount is EEK 1 16 million, and minimum equity EEK 1 million; the share of equity in the balance sheet must amount to at least 10 per cent; the loan principal shall, as a rule, be repaid in lump sum at the end of the loan period, or in equal instalments at least two times a year, starting from the end of the grace period; the contract fee amounts to 1 per cent of the loan amount, but not more than EEK 100,000; interest shall, as a rule, be paid on a monthly basis; the interest rate has been fixed for the entire term of the loan, and ranges, as a rule, from annual 18 per cent to 22 per cent of the loan balance.

Rural Development Foundation issues a guarantee for the debt obligation of an entrepreneur (loan, leasing, etc). A guarantee can be received by a SME. The entrepreneur shall not have tax arrears or any financial difficulties and is able to perform the obligations arising from the loan agreement.

The extent of the guarantee necessary for a particular loan is decided by the bank which also submits a corresponding application to the Rural Development Foundation. The guarantee does not release the entrepreneur from proprietary liability the entrepreneur holds primary liability for the loan obligation which must be also secured with one's own property or a personal surety must be provided to the bank. If for any reasons the business of the entrepreneur fails and the pledged property of the borrower is not sufficient for deleting the loan residue, the Rural Development Foundation will pay the bank the agreed amount of the guarantee.

7. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for the subsidy:

Fiscal year 2007 – guarantee amount EEK 324.5 Mio.

Fiscal year 2008 – guarantee amount EEK 184.1 Mio.

8. Duration of a subsidy and/or any other time-limits attached to it

No time-limits are attached to the programme.

9. Statistical data permitting an assessment of the trade effects of a subsidy

N/A

E. CONSULTING PROGRAMME

1. Period covered by the notification

2007, 2008.

2. Policy objective and/or purpose of the subsidy

To enable SMEs and sole proprietors to purchase business consultations from professional consultants at affordable rates on favourable conditions.

3. Background and authority for the subsidy

Enterprise Estonia (Foundation)

4. Legislation under which subsidy is granted

2004-2006 Structural Assistance Act; Regulation of the Minister of Economic Affairs and Communications No. 74 of 13 April 2004.

5. Form of the subsidy

Grant

6. To whom and how the subsidy is provided

The subsidy is provided to SMEs or sole proprietors. The amount of the support per applicant is up to EEK 200,000 per year and may cover up to 50 per cent of the advisory services costs.

7. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for the subsidy:

Fiscal year 2007 – EEK 1.2 Mio.

Fiscal year 2008 – EEK 1.6 Mio.

8. Duration of a subsidy and/or any other time-limits attached to it

The programme is valid until 31 December 2008.

9. Statistical data permitting an assessment of the trade effects of a subsidy

N/A

F. START-UP PROGRAMME

1. Period covered by the notification

2007; 2008.

2. Policy objective and/or purpose of the subsidy

To provide individuals with the incentive to start business and create new jobs. Likewise, the programme intends to increase the survival ratio of new enterprises.

3. Background and authority for the subsidy

For City of Tallinn – City Enterprise Department
For other parts of Estonia – Enterprise Estonia (Foundation)

4. Legislation under which subsidy is granted

2004-2006 Structural Assistance Act; 2007-2013 Structural Assistance Act; Regulation of the Minister of Economic Affairs and Communications No. 65 of 26 July 2007; Regulation of the Minister of Economic Affairs and Communications No. 10 of 28 January 2008.

Regulation of Tallinn City Council No 26 of 18 April 2006; Regulation of Tallinn City Council No. 52 of 13 December 2007.

5. Form of the subsidy

Grant

6. To whom and how the subsidy is provided

An applicant may be an undertaking being founded in Estonia or an undertaking that was entered into the Commercial Registry no longer than 24 months before the date of registration of the application, and has no more than 25 per cent private or legal person in public law as shareholder.

The grant is up to EEK 200,000 per applicant. The grant amount will not exceed 75 per cent of the eligible costs, self financing is at least 25 per cent.

7. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for the subsidy:

Fiscal year 2007 – EEK 7.2 Mio.

Fiscal year 2008 – EEK 5.3 Mio.

8. Duration of a subsidy and/or any other time-limits attached to it

A project must be completed within 12 months.

9. Statistical data permitting an assessment of the trade effects of a subsidy

N/A

G. TRAINING PROGRAMME FOR BUSINESS INCUBATORS

1. Period covered by the notification

2007, 2008.

2. Policy objective and/or purpose of the subsidy

The aim of the programme is to support the creation and development of innovative companies by providing them incubation services.

3. Background and authority for the subsidy

Enterprise Estonia (Foundation)

4. Legislation under which subsidy is granted

2004-2006 Structural Assistance Act; 2007-2013 Structural Assistance Act; Regulation of the Minister of Economic Affairs and Communication No. 132 of 31 October 2005.

5. Form of the subsidy

Grant

6. To whom and how the subsidy is provided

Support is provided for start ups by the way of incubation services, which include training.

7. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for the subsidy:

Fiscal year 2007 – EEK 1.1 Mio.

Fiscal year 2008 – EEK 3.5 Mio.

8. Duration of a subsidy and/or any other time-limits attached to it

The programme is valid until 30 June 2009.

9. Statistical data permitting an assessment of the trade effects of a subsidy

N/A

H. EMPLOYMENT AID

1. Period covered by the notification

2007, 2008.

2. Policy objective and/or purpose of the subsidy

The aim of the benefits is the integration of unemployed people and people belonging to risk groups to the labour market, to increase the efficiency and quality of labour market services; to stimulate job creation.

3. Background and authority for the subsidy

Labour Market Board
Tallinn City Enterprise Department

4. Legislation under which subsidy is granted

2004-2006 Structural Assistance Act (eligibility period until 30.06.2009); 2007-2013 Structural Assistance Act (program "Increasing the Supply of a Qualified Labour Force 2007-2013" ratified on the ground of it); Regulation of the Minister of Social Affairs No. 100 of

16 September 2005 (eligibility period until 30.06.2009); Regulation of the Minister of Social Affairs No. 35 of 4 April 2006 (eligibility period until 30.06.2009); Regulation of the Minister of Social Affairs No. 69 of 5 November 2008; Labour Market Services and Benefits Act.

Regulation of Tallinn City Council No. 22 of 20 April 2006.

5. Form of the subsidy

Grant

6. To whom and how the subsidy is provided

Subsidies are provided to employers for recruitment of disadvantaged and disabled workers, to cover additional costs of employment of disabled workers (adapting premises or equipment) and for unemployed persons who start the entrepreneurship activity.

Wage subsidy is a benefit payable to employers for employing unemployed persons, who within the 12 months preceding registration as unemployed, have been released from prison or unemployed persons who have been registered as unemployed for more than twelve consecutive months (for unemployed persons of 16-24 years of age, who have been registered as unemployed for more than six consecutive months) and have not found work during such time. The size of the wage subsidy is 50 per cent of the wage or salary of the employee or public servant but not more than the minimum monthly wage established by the Government. The subsidy is paid for six months but not for longer than for one year after the date of entry into the contract under public law.

Business start up subsidy is for registered unemployed persons who want to start business activities. The upper limit of the subsidy in 2007 and 2008 was EEK 20,000 (The upper limit for business start up subsidy is established by the state budget for each budget year. A new upper limit for business start up subsidy must not be lower than the upper limit in force.). The upper limit of the subsidy from the program "Increasing the Supply of a Qualified Labour Force 2007-2013" is EEK 7,000.

Subsidy for the adaptation of premises and equipment is provided in case of recruitment of disabled workers. After a disabled person commences employment or service with an employer, the cost of the adjustment is compensated (until 30.05.2009 by the Labour Market Board, starting from 01.05.2009 by the Estonian Unemployment Insurance Fund) to the employer by 50 per cent but not in an amount exceeding the upper limit established for support (The upper limit for the support is established by the state budget for each financial year. A new upper limit for support is not lower than the upper limit in force.)

Working with a support person is a labour market service provided to disabled unemployed persons who, due to their disability, need help and direction while working. To offer the service, the Labour Market Board Department (starting from 01.05.2009 the Estonian Unemployment Insurance Fund) enters into a contract under public law with the support person or the employer who ensures the provision of the service of working with a support person to a disabled person. The fee (corresponding to the time limits of the service settled down in the Labour Market Services and Benefits Act) for the service is paid into the bank account of the support person or employer. (The hourly rate for the service of working with support person shall be established by the state budget for every financial year. A new hourly rate for the service of working with support person must not be lower than the hourly rate in force.)

For entrepreneurs in the City of Tallinn the maximum amount of support is EEK 200 000, 50 per cent of costs for job creation are covered.

7. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for the subsidy:

Fiscal year 2007 – EEK 7.6 Mio.

Fiscal year 2008 – EEK 6.0 Mio.

8. Duration of a subsidy and/or any other time-limits attached to it

No time-limits attached to the programme except for the higher limit (EEK 70,000) for the business start up subsidy, which is offered under the programme "Increasing the Supply of a Qualified Labour Force 2007-2013".

9. Statistical data permitting an assessment of the trade effects of a subsidy

N/A

III. REGIONAL AID

- A. BUSINESS INFRASTRUCTURE DEVELOPMENT PROGRAMME

1. Period covered by the notification

2007, 2008.

2. Policy objective and/or purpose of the subsidy

To improve the business environment of existing enterprises, by supporting the establishment of necessary business infrastructure and industrial real estate equipped with modern infrastructure.

3. Background and authority for the subsidy

Enterprise Estonia (Foundation)

4. Legislation under which subsidy is granted

2004-2006 Structural Assistance Act; The Regulation of the Minister of Economic Affairs and Communications No. 72 of 13 April 2004.

5. Form of the subsidy

Grant

6. To whom and how the subsidy is provided

The subsidy is provided to SMEs which investment projects are related to building technical infrastructure necessary for their business development outside the City of Tallinn.

The minimum amount of support is EEK 100,000, the maximum amount is EEK 2.5 million. Different conditions for SMEs located in the surrounding local governments of the City of Tallinn (up to 25 per cent of the eligible costs can be covered) and for SMEs located in other regions of Estonia (up to 50 per cent of the eligible costs can be covered).

7. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for the subsidy:

Fiscal year 2007 – EEK 18.7 Mio.

Fiscal year 2008 – EEK 1.5 Mio.

8. Duration of a subsidy and/or any other time limits attached to it

Programme closed in December 2006, last payments have been done 2008.

9. Statistical data permitting an assessment of the trade effects of a subsidy

N/A

B. PROGRAMME OF TOURISM

1. Period covered by the notification

2007, 2008.

2. Policy objective and/or purpose of the subsidy

To diversify the choice of Estonian tourism products and services, improve the quality of such products and services, raise international competitiveness of the products and services, and increase demand for Estonian tourism products on the international target markets; invest in local infrastructure (in case of Kihnu island programme)

3. Background and authority for the subsidy

Enterprise Estonia (Foundation)

4. Legislation under which subsidy is granted

2004-2006 Structural Assistance Act; 2007-2013 Structural Assistance Act; Regulation of the Minister of Economic Affairs and Communications No. 126 of 7 May 2004; Decree of the Minister of the Interior No. 123 of 22 November 2006.

5. Form of the subsidy

Grant

6. To whom and how the subsidy is provided

Any business company that is registered in Estonia and in which the state's or the local government's participation does not exceed 25 per cent, can apply for the grant.

Minimum amount of a product development grant is EEK 800,000 and maximum amount is EEK 10 Mio.

Minimum amount of a marketing grant is EEK 75,000 and maximum amount is EEK 1.5 Mio .

Grant can cover up to 50 per cent of the costs eligible for assistance, in the Northern regions of Estonia (Harjumaa County and the City of Tallinn) the percentage of aid may not exceed 40 per cent of the costs eligible for assistance.

In case of Kihnu island programme The applicants within the programme could be self employed persons and entrepreneurs whose activities are directed to the achievement of the objectives of the programme. The grant is provided e.g. for investments to the local infrastructure and for the development and marketing of tourism products. The maximum amount of the grant is up to 2.5 million kroons per project and up to 85 per cent of the eligible costs are compensated.

7. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for the subsidy:

Fiscal year 2007 – EEK 7.7 Mio.

Fiscal year 2008 – EEK 4.4 Mio.

8. Duration of a subsidy and/or any other time limits attached to it

The tourism programme is valid until 30 June 2009 (for suppliers until 30 April 2009).

The Kihnu island programme is valid until 31 December 2010.

9. Statistical data permitting an assessment of the trade effects of a subsidy

N/A

C. PROGRAMME OF INVESTMENT SUPPORT (FOR DEVELOPMENT AND DIVERSIFICATION OF ALTERNATIVE ECONOMIC ACTIVITIES IN RURAL AREAS & FOR RENOVATION AND DEVELOPMENT OF VILLAGES)

1. Period covered by the notification

2007, 2008.

2. Policy objective and/or purpose of the subsidy

To create non agricultural jobs and revive the life in the rural areas through the investment support of the diversification of economic activities in these areas.

3. Background and authority for the subsidy

Agricultural Registers and Information Board

4. Legislation under which subsidy is granted

2004-2006 Structural Assistance Act; 2007-2013 Structural Assistance Act; Regulation of the Minister of Agriculture No. 126 of 28 July 2004; Regulation of the Minister of Agriculture No. 176 of 29 October 2004, Regulation of the Minister of Agriculture No. 122 of 10 October 2007.

5. Form of the subsidy

Grant

6. To whom and how the subsidy is provided

Subsidy is provided to the companies diversifying or expanding activities and to the agricultural producers who start non agricultural activities in rural areas or other companies active in rural areas. Subsidy is provided for investments in rural areas related to the promotion of tourism and handicrafts, provision of services for the economy and inhabitants of rural areas and production of non agricultural products etc.

Eligible applicants have to be acting on the market for at least 6 months. Preference is given to those companies who use local raw materials/resources or offer services. Up to 50 per cent of the eligible costs may be covered.

7. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for the subsidy:

Fiscal year 2007 – EEK 3.4 Mio.

Fiscal year 2008 – EEK 6.7 Mio.

8. Duration of a subsidy and/or any other time limits attached to it

The programme is valid until 30 April 2009.

9. Statistical data permitting an assessment of the trade effects of a subsidy

N/A

D. INVESTMENT SUPPORT FOR SCIENCE AND TECHNOLOGY PARKS

1. Period covered by the notification

2007, 2008.

2. Policy objective and/or purpose of the subsidy

To improve the business environment of technology intensive enterprises, by supporting the establishment of necessary infrastructure in science and technology parks.

3. Background and authority for the subsidy

Enterprise Estonia (Foundation)

4. Legislation under which subsidy is granted

2004-2006 Structural Assistance Act; 2007-2013 Structural Assistance Act; The Regulation of the Minister of Economic Affairs and Communications No. 10 of 1 March 2007.

5. Form of the subsidy

Grant

6. To whom and how the subsidy is provided

The subsidy is provided to legal persons in private law who promote knowledge and technology transfer by providing high level infrastructure and support services and who have at least 3 year experience in this field.

The maximum amount for per application is EEK 33.2 million, up to 70 per cent of eligible costs may be covered. The eligible costs include costs of preparation of land for building, costs of planning and construction of buildings, costs of equipment etc.

7. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for the subsidy:

Fiscal year 2007 – EEK 3.7 Mio.

Fiscal year 2008 – EEK 3.1 Mio.

8. Duration of a subsidy and/or any other time-limits attached to it

The programme was valid until 30th of June 2008.

9. Statistical data permitting an assessment of the trade effects of a subsidy

N/A

IV. ENVIRONMENTAL AID

A. SUBSTITUTION OF THE POLLUTION CHARGE

1. Period covered by the notification

2007, 2008.

2. Policy objective and/or purpose of the subsidy

The programme aims at decreasing pollution by encouraging voluntary environmental protection investments.

3. Background and authority for the subsidy

The Ministry of Environment

4. Legislation under which subsidy is granted

Environmental Charges Act, Article 48.

5. Form of the subsidy

Pollution charge substitution with investments in environmental protection.

6. To whom and how the subsidy is provided

According to the Environmental Charges Act companies have to pay a charge for the release of pollutants or waste into the environment. According to Article 48 of the Environmental Charges Act, the obligation to pay the pollution charge can be substituted by investments if:

- The polluter implements measures, which ensure the reduction of pollutants over the course of 3 years by not less than 15 per cent in comparison with the last accounting period prior to the implementation of such measures;
- in case of hazardous waste, the eliminator of such waste implements over the course of 3 years measures, which allow the former hazardous waste to be treated as non-hazardous waste;
- in case of hazardous waste, which technically cannot be recycled, the eliminator of the waste builds a waste disposal site for such waste over the course of 3 years.

The extent to which the pollution charge is substituted shall not exceed the cost of the environmental protection measures.

7. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for the subsidy:

Fiscal year 2007 – EEK 3.7 Mio.

Fiscal year 2008 – EEK 2.2 Mio.

8. Duration of a subsidy and/or any other time limits attached to it

Duration of support for applicant is up to 3 years.

9. Statistical data permitting an assessment of the trade effects of a subsidy

N/A

B. ENVIRONMENTAL PROGRAMME

1. Period covered by the notification

2007, 2008.

2. Policy objective and/or purpose of the subsidy

To preserve the stability of environment.

3. Background and authority for the subsidy

Environmental Investment Centre (Foundation)
Ministry of Environment
Rural Development Foundation
Agricultural Registers and Information Board
Private Forest Centre Foundation

4. Legislation under which subsidy is granted

2004-2006 Structural Assistance Act; 2007-2013 Structural Assistance Act; Regulation of the Minister of Environmental Affairs No. 18 of 22 March 2005; Regulation of the Minister of Environmental Affairs No. 13 of 17 February 2006; Procedure of Environmental Investment Centre for financing environmental projects; Regulation of the Minister of Agriculture No. 31 of 3 March 2006.

Environmental Charges Act, Article 19(5)

Programme "Promotion of the Use of Biomass and Bioenergy" (approved by 13.12.06 Decision of the Supervisory Board of the Rural Development Foundation)

Forest Act; Procedure for Applying for Grant, Proceeding the Application and Arrangement for Paying (approved by the Supervisory Board of Private Forest Centre Foundation; Regulation of the Minister of Environment No. 22 of 14 March 2007.

5. Form of the subsidy

Grant

6. To whom and how the subsidy is provided

Subsidy is provided to applicant's projects, which meet the criteria of the measure "Development of Environmental Infrastructure" (Regulation of the Minister No 18) and national environmental programmes.

According to the Environmental Charges Act companies have to pay a charge for the release of pollutants into ambient air. Article 19 sections 3 and 4 stipulate certain pollution charge rates for CO₂. According to Article 19 section 5 allows relief of paying this charge in case of biomass, peat and energy use of waste.

Rural Development Foundation grants subsidies *inter alia* for arrangement of feasibility studies for the infrastructure to promote the use of biomass and bioenergy.

Subsidies for promotion of forestry are granted in accordance with the relevant conditions of Agricultural Registers and Information Board and Private Forest Centre Foundation.

7. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for the subsidy

Fiscal year 2007 – EEK 38.6 Mio.

Fiscal year 2008 – EEK 77.9 Mio.

8. Duration of a subsidy and/or any other time-limits attached to it

No time-limits are attached to it.

9. Statistical data permitting an assessment of the trade effects of a subsidy

N/A

C. EXCISE DUTY EXEMPTION FOR BIOFUEL

1. Period covered by the notification

2007, 2008.

2. Policy objective and/or purpose of the subsidy

To enhance the use of environmentally friendly fuels (bioethanol, biodiesel) in order to reduce the emission of greenhouse gases by supporting the production and use of biofuels.

3. Background and authority for the subsidy

Ministry of Finance/Taxation and Customs Board.

4. Legislation under which subsidy is granted

Alcohol, Tobacco and Fuel Excise Duty Act.

5. Form of the subsidy

Excise duty exemption

6. To whom and how the subsidy is provided

Excise duty exemption is granted to any producer of biodiesel or bioethanol in Estonia, any producer of biodiesel or bioethanol in another EU Member State (or third country) whose product is imported into Estonia and any importer of biodiesel or bioethanol into Estonia. The excise duty exemption takes place when the product is delivered for consumption, i.e. either as pure biofuel or blended into fossil fuel. Both the producing and blending of biofuels have to take place in excise warehouses.

The pure biodiesel or bioethanol are fully exempted from excise duty. If the biodiesel is blended into the fossil fuel or bioethanol blended into fossil petrol the exemption applies to the amount of biodiesel or bioethanol respectively in the blended fuel.

7. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for the subsidy:

Fiscal year 2007 – EEK 2.6 Mio.

Fiscal year 2008 – EEK 34.4 Mio.

8. Duration of a subsidy and/or any other time-limits attached to it

No time-limits are attached to it.

9. Statistical data permitting an assessment of the trade effects of a subsidy

N/A

V. DOMESTIC SUPPORT IN AGRICULTURE

A. GENERAL SERVICES

1. Period covered by the notification

2007, 2008

2. Policy objective and/or purpose of the subsidy

The programme aims at providing services and benefits to agriculture or the rural community.

3. Background and authority for the subsidy

The Ministry of Agriculture.

4. Legislation under which is granted:

- State Budget Act of 2007;
- State Budget Act of 2008;
- Rural Development and Agricultural Market Regulation Act of 21 April, 2004;
- Rural Development and Agricultural Market Regulation Act of 19, June 2008;
- Estonian Rural Development Plan 2004-2006 (RDP 2004-2006);
- Estonian National Development Plan 2004-2006 (NDP);
- Estonian Rural Development Plan 2007-2013 (RDP 2007-2013);
- Development plan 2007-2013 for enhancing the use of biomass and bioenergy;
- Development plan 2007-2013 Gathering and Storing the Genetic Resources of Agricultural Cultures;
- National Programme Applied Research and Development in Agriculture 2004-2008;
- The Estonian Organic Farming Action Plan 2007-2013;
- Development Plan "Estonian Food";
- Information provision and promotion measures for agricultural products on the internal market and in third countries: Information and promotion programme of honey and beekeeping products.

5. Form of the subsidy

Grants

6. To whom and how the subsidy is provided

Support for research is provided to the various institutions for development of agricultural policies, applied research for plant and livestock production, research related to breeding, incl. support for the breeding of farm animals.

The support for pest and disease control is provided to institutions for developing pest and disease control measures.

- (i) The support for training includes practical training support, technical aid (seminars) from NDP and from RDP 2004-2006 and RDP 2007-2013. Practical training support is provided to agricultural producers for partial compensation of the expenses incurred with the supervision and organisation of practical training in the enterprise for studying agricultural specialities.

Extension and advisory services include training (courses, publications, brochures, cross compliance materials, films) for farmers and entrepreneurs in forest and food sector, and consultation services for farmers and forest holders. The aim of the advisory and extension services is to support the setting up of farm advisory service system and to support the provision of farm advisory and extension services. Advisory centres have been designated to ensure the functioning of the agricultural advisory system, including the communication of information about state measures and the availability of quality advice (training plans, advisory tools, analyses, advertises the advisory service, and looks for new advisers). The Ministry of Agriculture of the Republic of Estonia has subscribed to surveys about assessing and planning advisory activities and training services.

The support for inspection services includes services concerning veterinary and food control, food quality and safety inspection programmes and removal and destruction of fallen stock.

Marketing and promotion services are aimed at supporting the marketing and promotion activities for agricultural producers and processors through participation in exhibitions and trade fairs and other joint promotion activities; issuing and promoting the Approved Taste quality label; gathering market information; granting support for activities related to improving the production, processing or marketing of agricultural produce and introducing the latest research and development findings into production (including market research, product development, promotional activities, training, competitions and fairs, quality assurance etc.).

The support for infrastructural services involves the maintenance of amelioration structures, aiming at promoting the development of infrastructure in rural areas.

7. Subsidy per unit, or in cases, where this is not possible, the total amount or the annual amount budgeted for the subsidy:

Fiscal year 2007 – grants of EEK 410.06 million from Estonian state budget

Fiscal year 2008 – grants of EEK 390.64 million from Estonian state budget

8. Duration of a subsidy and/or any other time-limits attached to it

Duration of a subsidy is the validation period of NDP 2004-2006 and RDP 2004-2006 and RDP 2007-2013, Development plan for enhancing the use of biomass and bioenergy 2007-2013 and Development plan gathering and storing the genetic resources of agricultural cultures 2007-2013, for National Programme Applied Research and Development in Agriculture 2004-2008. For state aid measures, the validation period is the end of 2013, if a shorter period is not indicated, according to the state aid guidelines. Other supports have no time-limits attached to them.

9. Statistical data permitting an assessment of the trade effects of a subsidy

N/A

B. PUBLIC STOCKHOLDING FOR FOOD SECURITY PURPOSES

1. Period covered by the notification

2007, 2008

2. Policy objective and/or purpose of the subsidy

The programme covers the expenditures for purchasing and storing reserve stocks of different foodstuffs.

3. Background and authority for the subsidy

The Ministry of Agriculture

4. Legislation under which it is granted:

- State Budget Act of 2007;
- State Budget Act of 2008;
- Emergency Preparedness Act of 22 November 2000.

5. Form of the subsidy

The establishment, storage and replenishment of the stockpile are financed in accordance with relevant agreements.

6. To whom and how the subsidy is provided

Ministry of Agriculture has agreements with different (8) enterprises, which act like partners of state to be prepared for urgency.

7. Subsidy per unit, or in cases, where this is not possible, the total amount or the annual amount budgeted for the subsidy:

Fiscal year 2007 - grants of EEK 0-059 million from Estonian state budget
Fiscal year 2008 - grants of EEK 0-071 million from Estonian state budget

8. Duration of a subsidy and/or any other time-limits attached to it

No time-limits are attached to it.

9. Statistical data permitting an assessment of the trade effects of a subsidy

N/A

C. DOMESTIC FOOD

1. Period covered by the notification

2007, 2008

2. Policy objective and/or purpose of the subsidy

The objective of granting school milk support is to increase the consumption of milk by school pupils and kindergarten children, to encourage healthy eating habits and thereby promote the consumption of milk and milk products.

Stock for the benefit of the most deprived persons in the Community is distributed by the Charitable Organizations. They distribute macaronis to the most deprived persons and are also the ones responsible for communication with the beneficiaries of the program i.e. those referred to as most deprived.

3. Background and authority for the subsidy

The Ministry of Agriculture.

4. Legislation under which it is granted

European Union Common Agricultural Policy Implementation Act of 24 March 2004.

5. Form of the subsidy

Grants

6. To whom and how the subsidy is provided

The school milk support is common market organization measure that is aimed to increase the consumption of milk by school pupils as well as to encourage healthy eating habits and thereby promote the consumption of milk and milk products. Support may be granted for learning facilities (school/kindergarten), milk products providers, city governments/local municipality or legal person (e.g. non profit organization) that represents school/kindergarten.

Stock for the benefit of the most deprived persons in the Community are distributed to the most deprived persons.

7. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for the subsidy

Fiscal year 2007 - grants of EEK 8.76 million from Estonian state budget
Fiscal year 2008 - grants of EEK 12.10 million from Estonian state budget

8. Duration of a subsidy and/or any other time-limits attached to it

No time-limits are attached to it.

9. Statistical data permitting an assessment of the trade effects of a subsidy

N/A

D. DIRECT PAYMENTS TO PRODUCERS

1. Period covered by the notification

2007, 2008

2. Policy objective and/or purpose of the subsidy

Support is provided as coupled and decoupled complementary national direct payments (CNDPs) to the single area payment scheme (SAPS).

3. Background and authority for the subsidy

The Ministry of Agriculture.

4. Legislation under which it is granted:

- European Union Common Agricultural Policy Implementation Act of 24 March 2004;
- Commission Decision C (2007) 2254 of 1 June, 2007;
- Commission Decision C (2008) 3119 of 30 June, 2008.

5. Form of the subsidy

Grants

6. To whom and how the subsidy is provided

Coupled CNDPs are provided to the applicant, who grows arable crops, raises suckler cows or ewes. Decoupled CNDPs are provided to the applicant, who grew arable crops and seeds in 2006, cattle in 2006, ewes in 2007, or owned milk quota as of 31st of March 2007.

These payments act as supportive measures to ensure the basic reproduction of the sector and to prevent further growth of unused lands, which is also a supplementary effect of the measures.

The CNDP for arable crops is partially decoupled from production and is provided to the producers equally according to the arable crop area the producer attends, not depending on production or crop yield. There are also some additional requirements that must be fulfilled in order to receive the support.

The CNDP for suckler cows and ewes is provided to the producers equally, according to the number of animals the producer keeps. The animals have to be identified and registered in the Animal Register. It does not foresee the production growth and the support amount is neither linked to production volumes nor to price or income levels.

The CNDP for arable crops (decoupled) is provided to the person dealing with agricultural activities and, who had applied CNDP for arable crops and seeds in 2006 and according to the determined number of hectares of arable crops in 2006 and for which, aid application for SAPS is submitted in the current year;

The CNDP for seeds (decoupled) is provided to the person dealing with agricultural activities and, who had applied CNDP for arable crops and seeds in 2006, and according to the determined hectares of seeds in 2006, which were also fields inspected and approved by the Plant Production Inspectorate for the certification of seed.

The CNDP for cattle (decoupled) is provided to the person dealing with agricultural activities and, who had applied in 2006 CNDP for cattle or for dairy cows crossbreed with meat breed under CNDP for suckler cows and according to the authorised eligible animal livestock units in 2007;

The CNDP for milk (decoupled) is provided to the person dealing with agricultural activities and according to the milk quota on his name as of 31st March 2007.

The CNDP for ewes (decoupled) is provided to the person dealing with agricultural activities and who had applied in 2007 CNDP for ewes and according to the determined number of animals taking into account the minimum size of herd (10 ewes) in 2007.

7. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for the subsidy

Fiscal year 2007 - grants of EEK 591.65 million from Estonian state budget

Fiscal year 2008 - grants of EEK 780.25 million from Estonian state budget

8. Duration of a subsidy and/or any other time-limits attached to it

No time-limits are attached to it.

9. Statistical data permitting an assessment of the trade effects of a subsidy

N/A

E. PAYMENT FOR RELIEF FROM NATURAL DISASTERS

There were no grants of payment for relief from natural disasters awarded on 2007 and 2008.

F. STRUCTURAL ADJUSTMENT ASSISTANCE PROVIDED THROUGH INVESTMENT AIDS

1. Period covered by the notification

2007, 2008

2. Policy objective and/or purpose of the subsidy

The programme aims at assisting producers by offering financial restructuring aid.

3. Background and authority for the subsidy

The Ministry of Agriculture.

4. Legislation under which it is granted

- Estonian National Development Plan 2004-2006 (NDP 2004-2006);
- Estonian Rural Development Plan 2004-2006 (RDP);
- Estonian Rural Development Plan 2007-2013 (RDP 2007-2013);
- European Union Common Agricultural Policy Implementation Act of 24 March 2004.

5. Form of the subsidy

Grants

6. To whom and how the subsidy is provided

- (i) Investment subsidies are provided through NDP to agricultural producers, who are continuously maintaining economic productivity or, who can reach this after the investments are made. The producer must also fulfil at least the minimum amount of the requirements, which involve the environment, the hygiene and welfare of animals. Through investment aids, different investments in agricultural area are supported:

- Measure 3.1 - Investments in agricultural holdings - increasing the competitiveness of agriculture through raising the level of technology and improving the quality of products.
- Measure 3.2 - Investment support for improving processing and marketing of agricultural products - bringing the processing of agricultural production into conformity with new market requirements, finding new markets for agricultural products and improving the functioning of marketing channels.
- Measure 3.4 - Investment to integrated land improvement - land improvement and development of the infrastructure related to agricultural development.

Also two different measures are provided through the RDP 2004-2006:

- Support for agricultural holdings so they could meet the EU requirements – to adjust the agricultural production, stock raising and dung depots water protection demands to the EU requirements;
- support for semi subsistence farms to give smaller agricultural holdings temporary income support in the post accession transitional period, and to thus contribute to the maintenance of smaller agricultural holdings and make them more economically viable.

Subsidies are provided through the RDP 2007-2013:

- Measure 1.2 - Support to younger than 40 year old agricultural producers for setting up new holdings. Target is to relief the difficulties of changing the generations;
- Measure 1.4 - Support for micro agricultural holdings with target to enlarge the competitiveness of agricultural production via diversification of agricultural activities;

- Measure 1.8 - Support for land improvement activities of land improvement associations via preserving the operation of drainage systems on agricultural land.

7. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for the subsidy:

Fiscal year 2007 – grants of EEK 78.85 million from Estonian state budget

Fiscal year 2008 – grants of EEK 150.47 million from Estonian state budget

8. Duration of a subsidy and/or any other time-limits attached to it

Duration of a subsidy is the validation period of Estonian NDP 2004-2006, RDP 2004-2006 and RDP 2007-2013.

9. Statistical data permitting an assessment of the trade effects of a subsidy

N/A

G. PAYMENT UNDER ENVIRONMENTAL PROGRAMMES

1. Period covered by the notification

2007, 2008

2. Policy objective and/or purpose of the subsidy

This support is provided for environmentally friendly and sustainable production methods. It is also provided for afforestation of agricultural land that is unsuitable for agricultural production and is out of use.

3. Background and authority for the subsidy

The Ministry of Agriculture

4. Legislation under which it is granted

- Rural Development and Agricultural Market Regulation Act of 21 April, 2004;
- Rural Development and Agricultural Market Regulation Act of 19 June 2008;
- Estonian Rural Development Plan 2004-2006 (RDP 2004-2006);
- Estonian Rural Development Plan 2007-2013 (RDP 2007-2013).

5. Form of the subsidy

Grants

6. To whom and how the subsidy is provided

The aim of the support is to introduce environmentally friendly production methods and increase the share of organic farming in traditional agriculture that will promote sustainability of the environment by restricting the use of fertilizers and pesticides in the handling of organic foodstuffs, and facilitates the preservation of the natural fertility of the soil, the assurance of biological diversity and the continued use of semi natural grasslands. Support is granted annually and is calculated on the

basis of income foregone and additional costs resulting from the given actions and the need to provide an incentive. Payments are based on limitations on the use of fertilizers, plant protection products or other inputs.

The support for afforestation of agricultural lands unsuitable for agricultural production and out of use is provided through RDP 2004-2006 in order to contribute to the maintenance of landscape diversity and to the reasonable use of inferior (soil quality rating up to 35 evaluation points) agricultural lands.

7. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for the subsidy

Fiscal year 2007 – grants of EEK 77.67 million from Estonian state budget

Fiscal year 2008 – grants of EEK 85.72 million from Estonian state budget

8. Duration of a subsidy and/or any other time-limits attached to it

Duration of a subsidy is the validation period of RDP 2004-2006 and RDP 2007-2013.

9. Statistical data permitting an assessment of the trade effects of a subsidy

N/A

H. PAYMENT UNDER REGIONAL ASSISTANCE PROGRAMMES

1. Period covered by the notification

2007, 2008

2. Policy objective and/or purpose of the subsidy

General objective of the measure is to secure continuous land use in less favoured areas and Natura 2000 areas.

3. Background and authority for the subsidy

The Ministry of Agriculture

4. Legislation under which it is granted

- Estonian Rural Development Plan 2004-2006 (RDP 2004-2006);
- Estonian Rural Development Plan 2007-2013 (RDP 2007-2013).

5. Form of the subsidy

Grants

6. To whom and how the subsidy is provided

The aim of the measure is to secure the continuous land use in less favoured areas. According to the estimation, there are about 465 000 ha of agricultural land in Estonia that falls under the category of less favoured areas.

Considering the need to maintain biological and landscape diversity, it is necessary to ensure in Natura 2000 areas the agricultural lands compensation for the restrictions, this compensation is given via RDP 2004-2006 and RDP 2007-2013.

7. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for the subsidy

Fiscal year 2007 – grants of EEK 25.27 million from Estonian state budget

Fiscal year 2008 – grants of EEK 28.20 million from Estonian state budget

8. Duration of a subsidy and/or any other time-limits attached to it

Duration of a subsidy is the validation period of RDP 2004-2006 and RDP 2007-2013.

9. Statistical data permitting an assessment of the trade effects of a subsidy

N/A

I. INSURANCE SUPPORT

1. Period covered by the notification

2007, 2008

2. Policy objective and/or purpose of the subsidy

The aim of the support measure is to facilitate the insurance for agricultural crops, productive animals or fisheries against natural disasters and to motivate the producers to take a larger share of responsibility in case of a possible damage.

3. Background and authority for the subsidy

The Ministry of Finance, Ministry of Agriculture.

4. Legislation under which it is granted

Rural Development and Agricultural Market Regulation Act of 19 June 2008

5. Form of the subsidy

Grant

6. To whom and how the subsidy is provided

The support is provided to the agricultural producers who, as a precautionary measure, have concluded an insurance contract for agricultural crop or productive animals, poultry or swarm of bees against adverse climatic event which can be assimilated to natural disasters and/or losses caused by animal or plant diseases or pest infestations (according Commission Regulation (EC) No 1857/2006 Article 12). The requirement for receiving the support is that the payments are made correctly and on time, also the applicant must be registered in Estonian Agricultural Registers and Information Board.

7. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for the subsidy

Fiscal year 2007 – no grants were awarded.

Fiscal year 2008 – grants of EEK 0.22 million from Estonian state budget.

8. Duration of a subsidy and/or any other time-limits attached to it

Duration of a subsidy is until the end of 2013.

9. Statistical data permitting an assessment of the trade effects of a subsidy

N/A

J. FUEL TAX EXEMPTION

1. Period covered by the notification

2007, 2008

2. Policy objective and/or purpose of the subsidy

The tax exemption is for agricultural produces using diesel fuel marked with fiscal marker in the machinery used in agricultural production process. The aim is to reduce the tax burden of agricultural sector.

3. Background and authority for the subsidy

The Ministry of Finance, Ministry of Agriculture.

4. Legislation under which it is granted

- Council Directive 2003/96/EC of 27 October 2003 restructuring the Community framework for the taxation of energy products and electricity;
- Alcohol, Tobacco and Fuel Excise Duty Act of 4 December 2002;
- Rural Development and Agricultural Market Regulation Act of 21 April 2004;
- Rural Development and Agricultural Market Regulation Act of 19 June 2008.

5. Form of the subsidy

Tax exemption.

6. To whom and how the subsidy is provided

The tax exemption is for agricultural produces using diesel fuel marked with fiscal marker in the production process.

Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for the subsidy.

Tax exemption is calculated taking into account the difference between the normal tax rate and reduced tax rate.

Fiscal year 2007 – tax exemption is calculated approximately EEK 287.42 million Fiscal year 2008 – tax exemption is calculated approximately EEK 449.24 million from Estonian state budget

8. Duration of a subsidy and/or any other time-limits attached to it

No time-limits are attached to it.

9. Statistical data permitting an assessment of the trade effects of a subsidy

N/A
