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Committee on Subsidies and Countervailing Measures

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SUBSIDIES

NEW AND FULL NOTIFICATION PURSUANT TO ARTICLE XVI:1 OF THE GATT 1994 AND ARTICLE 25 OF THE AGREEMENT ON SUBSIDIES AND COUNTERVAILING MEASURES

EUROPEAN UNION

Addendum

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

ESTONIA

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1 AID FOR RESEARCH AND DEVELOPMENT

1.1 R&D Financing Programme

1. Period covered by the notification

2015, 2016

2. Policy objective and/or purpose of the subsidy

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

3. Background and authority for the subsidy

Enterprise Estonia (Foundation).

Archimedes Foundation.

Agricultural Registers and Information Board (ARIB).

Ministry of Defence.

4. Legislation under which subsidy is granted

Procedure of the Management Board of Enterprise Estonia of 2 May 2012

Procedure of the Management Board of Enterprise Estonia of 18 March 2013

Regulation of the Minister of Education No. 17 of 19 April 2011

Regulation of the Minister of Education No. 71 of 3 December 2010

Regulation of the Minister of Education No. 13 of 1 April 2011

Regulation of the Minister of Education No. 46 of 16 September 2011

Regulation of the Minister of Education No. 27 of 28 August 2012

Regulation of the Minister of Agriculture No. 29 of 16 March 2010

Decree of Minister of Defence No. 407 of 28 October 2014

Decree of Minister of Defence No. 319 of 4 June 2016

5. Form of the subsidy

Grant.

6. To whom and how the subsidy is provided

In case of Enterprise Estonia:

The subsidies are provided to SME and large companies which undertake experimental development projects up to 75% of project's eligible costs. Subsidies are also provided for industrial property rights costs for SMEs up to 35% and for young innovative companies.

Maximum amount of support is 0.7 Mio EUR.

In case of support from foundation Archimedes the subsidies are provided to SMEs, large companies and R&D institutions, which undertake fundamental research and industrial research projects.

In case of fundamental research projects can be supported up to 95% of eligible costs.

In case of industrial research projects can be supported up to 60% of eligible costs.

Maximum amount of support is 1.3 Mio EUR.

In case of support from ARIB the subsidies are provided for businesses which produce or process TFEU Annex 1 products or forest products and which undertake industrial research and experimental development projects.

Generally the industrial research projects can be supported up to 50% of eligible costs, which may increase up to 80% in special cases (SMEs, cross-border cooperation, wide dissemination of the results etc.).

Experimental development projects can in general be supported up to 25%, which may reach up to 60% in certain cases.

Maximum amount of support is 0.32 Mio EUR.

In case of Ministry of Defence subsidies provided for experimental development projects and for SME innovation. Experimental development projects can be supported up to 25% of eligible costs, which may reach up to 45% in certain cases. SME innovation projects can be supported up to 50% of eligible 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 2015 – 1.966 Mio EUR

Fiscal year 2016 – 1.303 Mio EUR

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

The programme of Enterprise Estonia was valid till 31 December 2013, payments could be made later.

The programmes of Archimedes Foundation were valid till 31 December 2013, payments could be made later.

The programme of ARIB was valid till 31 December 2013, payments could be made later.

The programme of Ministry of Defence is valid till 31 December 2020.

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

N/A.

2 OTHER HORIZONTAL AID

2.1 Support for the Participation of Entrepreneurs in Trade Fairs

1. Period covered by the notification

2015, 2016

2. Policy objective and/or purpose of the subsidy

To organise and support the participation of entrepreneurs in trade fairs.

3. Background and authority for the subsidy

Tallinn City Enterprise Department.

For City of Narva – Department for Development and Economy

4. Legislation under which subsidy is granted

Regulation of Tallinn City Council No. 50 of 13 December 2007
Regulation of Tallinn City Council No. 3 of 13 January 2010
Regulation of Tallinn City Council No. 3 of 23 January 2014
Regulation of Tallinn City Council No. 12 of 5 February 2014

Regulation of Narva City Council No. 10 of 14 February 2008

5. Form of the subsidy

Grant.

6. To whom and how the subsidy is provided

Subsidy is paid to the participating company (or sole proprietor) as a payment for participation costs, stand rental and other similar expenses. The subsidy can cover up to 100% of the expenses.

For City of Narva subsidy is paid for SMEs or sole proprietors up to 50% of participation, stand rental or similar costs. The maximum sum will be 1600 euros.

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 2015 – 0.074 Mio EUR
Fiscal year 2016 – 0.068 Mio EUR

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.

2.2 Training Programmes for Companies

1. Period covered by the notification

2015, 2016

2. Policy objective and/or purpose of the subsidy

The aim of the training support is to promote the in-service training and knowledge of start-ups (in the frames of incubation services).

3. Background and authority for the subsidy

Tallinn City Enterprise Department.

Incubator Tallinn.

Estonian Unemployment Insurance Fund.

4. Legislation under which subsidy is granted

Regulation of Tallinn City Council No. 46 of 11 December 2008
Regulation of Tallinn City Council No. 35 of 15 August 2012

Regulation of Tallinn City Council No. 13 of 14 June 2012

Labour Market Services and Benefits Act; Government Regulation No. 174 of 12 December 2013.
Government Regulation No. 93 of 17 September 2015

Decree of Minister for Health and Labour No. 222 of 4 December 2014

Decree of Minister of Social Protection and Minister of Health and Labour No. 57 of 27 March 2015

Decree of Minister of Social Protection and Minister of Health and Labour No. 198 of 17 December 2015

5. Form of the subsidy

Grant.

6. To whom and how the subsidy is provided

The subsidy is provided to companies to cover up to 100% of eligible 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 2015 – 0.027 Mio EUR

Fiscal year 2016 – 0.060 Mio EUR

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

No time limits are attached to the programmes.

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

N/A.

2.3 Guarantee Scheme for Companies

1. Period covered by the notification

2015, 2016

2. Policy objective and/or purpose of the subsidy

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

3. Background and authority for the subsidy

Foundation KredEx.

Rural Development Foundation.

4. Legislation under which subsidy is granted

The Articles of Association of Foundation KredEx

Support of Enterprise and State Loan Guarantees Act

Conditions for guaranteeing SMEs loans approved by the Decree of the Head of Foundation No. 21-üld of 12 March 2014

Conditions for guaranteeing business loans approved by the Decree of the Head of Foundation No. 72-üld of 25 August 2015

Rural Development and Agricultural Market Regulation Act

Decision of Supervisory Board of Rural Development Foundation of 5 February 2015

Agreement of 30 March 2015 amending Management Contract No. 297 between Ministry of Rural Affairs and Rural Development Foundation

5. Form of the subsidy

Loan and lease guarantees.

6. To whom and how the subsidy is provided

The guarantees of Foundation KredEx 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. Guarantees are mainly provided to small and medium sized companies (SMEs), loans are secured up to 75% of the loan amount.

The loan recipient takes the primary responsibility for the loan, guaranteeing the loan with his property and/or that of third persons, and/or a personal surety. In case of surety, KredEx will take second responsibility. That means that if a business plan fails and the businessman will not be able to manage his/her loan, the loan guarantee property shall be disposed at first. The guarantee of KredEx shall be realised, if the income obtained from the realisation of guarantee property is not sufficient to fulfil the claims of the bank.

The maximum guarantee amount for small and medium-sized enterprises is 5 Mio EUR and the maximum guarantee amount for big enterprises is 1.5 Mio EUR. The guarantee amount decreases proportionally with the decreasing of the loan/leasing amount.

The contract fee is 1% of the guarantee amount. Guarantee amount for loan and lease starts from 0.8% of the guarantee balance per year and for bank guarantees from 0.4% of the guarantee balance per year.

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 guarantee covers not more than 80% of the loan and does not exceed 2.5 Mio EUR.

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 2015 – guarantee amount 84.014 (*aid element: 1.201*) Mio EUR

Fiscal year 2016 – guarantee amount 91.379 (*aid element: 1.788*) Mio EUR

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

The programmes are valid till 2020.

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

N/A.

2.4 Start-Up Programme

1. Period covered by the notification

2015, 2016

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

Enterprise Estonia (Foundation).

Estonian Unemployment Insurance Fund.

Tallinn City Enterprise Department.

For City of Narva - Department for Development and Economy.

4. Legislation under which subsidy is granted

Conditions of Programme for Start-up and Growth Support approved by the Management Board of Enterprise Estonia on 1 August 2011

Conditions of Programme for Start-up and Growth Support approved by the Management Board of Enterprise Estonia on 17 March 2011

Labour Market Services and Benefits Act

Government Regulation No. 174 of 12 December 2013

Decree of Minister for Health and Labour No. 222 of 4 December 2014

Government Regulation No. 93 of 17 September 2015

Decree of Minister of Social Protection and Minister of Health and Labour No. 57 of 27 March 2015

Decree of Minister of Social Protection and Minister of Health and Labour No. 198 of 17 December 2015

Regulation of Tallinn City Council No. 38 of 1 December 2011

Regulation of Narva City Council No. 25 of 28 June 2007

5. Form of the subsidy

Grant.

6. To whom and how the subsidy is provided

An applicant may be a sole proprietor or undertaking being founded in Estonia or an undertaking that was entered into the Commercial Registry no longer than 36 months before the date of registration of the application. In case of City of Tallinn the applicant has to be located in Tallinn and in case of City of Narva the applicant has to be located in Narva.

The grant amount will not exceed 32 000 EUR and 80% of eligible costs in case of Enterprise of Estonia, 20 000 EUR and 50% in case of City of Tallinn or 25% of the eligible costs in case of City of Narva.

For Estonian Unemployment Insurance Fund business start up subsidy is for registered unemployed persons who want to start business activities. The amount of the subsidy is up to 4474 EUR.

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 2015 – 2.266 Mio EUR

Fiscal year 2016 – 1.839 Mio EUR

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

Different time limits apply to different subsidies.

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

N/A.

2.5 Employment Aid

1. Period covered by the notification

2015, 2016

2. Policy objective and/or purpose of the subsidy

The aim of the programme 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

Estonian Unemployment Insurance Fund.

For City of Narva - Department for Development and Economy.

4. Legislation under which subsidy is granted

Labour Market Services and Benefits Act

Government Regulation No. 174 of 12 December 2013

Government Regulation No. 93 of 17 September 2015

Decree of Minister for Health and Labour No. 222 of 4 December 2014

Decree of Minister of Social Protection and Minister of Health and Labour No. 57 of 27 March 2015

Decree of Minister of Social Protection and Minister of Health and Labour No. 198 of 17 December 2015

Regulation of Narva City Council No. 9 of 11 March 2010.

5. Form of the subsidy

Grant.

6. To whom and how the subsidy is provided

Subsidies are provided to companies and sole proprietors for recruitment of disadvantaged and disabled workers, to cover additional costs of employment of disabled workers (adapting premises or equipment).

Wage subsidy is a benefit payable to employers for employing unemployed persons, who belong in risk groups (e.g. long-term unemployed, ex-prisoners). The size of the subsidy is 50% of the wage or salary of the employee but not more than the minimum monthly wage established by the Government. The subsidy is paid for 6 months.

Subsidy for the adaptation of premises and equipment is provided in case of recruitment of disadvantaged workers. The size of the subsidy is 50% of the cost of the adjustment but not in an amount exceeding the upper limit established for support.

For entrepreneurs in the City of Narva the support is based on percentage of the additional income tax of the project.

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 2015 – 2.327 Mio EUR

Fiscal year 2016 – 2.574 Mio EUR

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

Different time limits apply to different subsidies.

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

N/A.

2.6 Loan Scheme for Companies

1. Period covered by the notification

2015, 2016

2. Policy objective and/or purpose of the subsidy

The loan is aimed at improving the access of SMEs to capital.

3. Background and authority for the subsidy

Rural Development Foundation.

4. Legislation under which subsidy is granted

Rural Development and Agricultural Market Regulation Act.

Decision of Supervisory Board of Rural Development Foundation of 4 December 2014

Decision of Supervisory Board of Rural Development Foundation of 4 December 2014

Decision of Supervisory Board of Rural Development Foundation of 7 August 2015

Decision of Supervisory Board of Rural Development Foundation of 7 May 2015

Financial Agreement No. 10 for managing Rural Development Plan 2014-2020 Endowment Fund

5. Form of the subsidy

Loans.

6. To whom and how the subsidy is provided

Loans are meant for sustainable SMEs for investment and working capital in the sum of up to 500 000 EUR for 5 years maximum.

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 2015 – loan amount 1.995 Mio EUR (*aid element: 0.392*)

Fiscal year 2016 – loan amount 1.750 Mio EUR (*aid element 0.090 Mio EUR*)

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

The program of Rural Development Foundation is valid till 31 December 2020.

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

N/A.

2.7 Consultancy Programme

1. Period covered by the notification

2015, 2016

2. Policy objective and/or purpose of the subsidy

To enable to purchase consultations from professional consultants, to prepare applications or to get information regarding Intellectual Property.

3. Background and authority for the subsidy

Estonian Unemployment Insurance Fund.

Estonian Research Council.

Enterprise Estonia (Foundation).

Tallinn City Enterprise Department.

Estonian Intellectual Property and Technology Transfer Centre.

4. Legislation under which subsidy is granted

Labour Market Services and Benefits Act
Government Regulation No. 174 of 12 December 2013
Government Regulation No. 93 of 17 September 2015

Instructions approved by the Decision of the Management Board of Estonian Research Council of 5 January 2015
Instructions approved by the Decision of the Management Board of Estonian Research Council of 11 June 2014

Regulation of Minister of Economic Affairs and Communications No. 5 of 27 January 2009
Decree of Minister of Foreign Trade and Entrepreneurship No. 15-0094 of 31 March 2015

Regulation of Tallinn City Council No. 3 of 28 January 2010

Decision of the Managing Board of EIPTTC No. 14-005 of 6 November 2014

5. Form of the subsidy

Grant.

6. To whom and how the subsidy is provided

In case of Estonian Unemployment Insurance Fund the subsidy is provided for individual consultancy or consultancy in mentor club for persons who have got support for starting business. The maximum amount for consultancy is 959 EUR.

In case of support from Estonian Research Council maximum grant amount is 3 600 EUR.

In case of Enterprise of Estonia the aim is to support SMEs for consultancy, inter alia aimed at innovation.

In case of Tallinn City Enterprise Department the maximum amount of support is 2 600 EUR.

In case of EIPTTC aid is provided for individual consultancy on Intellectual Property for companies who have got the support for starting business. The maximum amount of subsidy is 1 050 EUR. The support covers 100% of the costs of consultancy.

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 2015 – 0.147 Mio EUR

Fiscal year 2016 – 0.19 Mio EUR

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

Different time limits apply to different subsidies.

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

N/A.

3 REGIONAL AID

3.1 Programme of Investment Support

1. Period covered by the notification

2015, 2016

2. Policy objective and/or purpose of the subsidy

To create non-agricultural jobs and revive the life in rural and other 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 (ARIB).

For City of Narva - Department for Development and Economy.

Rural Development Foundation.

Lääne-Nigula Rural Municipality Government.

4. Legislation under which subsidy is granted

Regulation of the Minister of Agriculture No. 20 of 12 March 2008
 Regulation of the Minister of Agriculture No. 119 of 22 December 2010
 Regulation of the Minister of Agriculture No. 75 of 21 September 2012
 Regulation of the Minister of Rural Affairs No. 11 of 23 October 2015
 Regulation of the Minister of Agriculture No. 25 of 13 March 2015

Budget of City of Narva

Rural Development and Agricultural Market Regulation Act
 Decision of Supervisory Board of Rural Development Foundation of 4 December 2014

Regulation of Lääne-Nigula Rural Municipality Government No. 6 of 24 March 2015

5. Form of the subsidy

Grant or capital injection.

6. To whom and how the subsidy is provided

In case of ARIB program the subsidy is provided to the companies diversifying or expanding activities, to the agricultural producers who start non-agricultural activities in rural areas or other companies (or activity groups whose members are companies) active in rural areas or small towns. Subsidy is provided for investments related to the promotion of tourism and handicrafts, provision of services for the economy and inhabitants of rural areas (small towns) and production of non-agricultural products etc. Up to 100% of the eligible costs may be covered.

Ad hoc support is granted by the Department for Development and Economy of City of Narva.

In case of Rural Development Foundation capital injection up to 200 000 EUR. Subsidy has to be repaid afterwards to the Foundation.

In case of Lääne-Nigula Rural Municipality subsidy provided to sole proprietors, companies, foundations and non-profit organisations in order to promote business environment in Lääne-Nigula Rural Municipality.

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 2015 – 1.056 Mio EUR

Fiscal year 2016 – 0.640 Mio EUR

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

Different time limits apply to different programmes.

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

N/A.

4 ENVIRONMENTAL AID

4.1 Substitution of the Pollution Charge

1. Period covered by the notification

2015, 2016

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

Ministry of Environment.

4. Legislation under which subsidy is granted

Environmental Charges Act, Articles 48-55

Decree of Minister of Environment No. 919 of 4 October 2012

Decree of Minister of Environment No. 259 of 16 March 2015

Decree of Minister of Environment No. 87 of 26 January 2015

5. Form of the subsidy

Pollution charge substitution with investments in environmental protection or energy efficiency.

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% 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.

In certain cases the applicant has to undertake energy efficiency measures for substitution. Subsidy could be granted up to 65% of eligible 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 2015 – 0.225 Mio EUR

Fiscal year 2016 – 0.750 Mio EUR

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

Duration of support for applicant is up to 3 years, the program is valid till 2020.

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

N/A.

4.2 Environmental Programme

1. Period covered by the notification

2015, 2016

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).

Tori Rural Municipality Government.

Private Forest Centre Foundation.

Agricultural Registers and Information Board (ARIB).

4. Legislation under which subsidy is granted

Regulation of Minister of Environment No. 13 of 17 February 2006

Terms of granting regional aid approved by the Decision of the Council of Environmental Investment Center No. 607 of 29 April 2009.

Terms of granting state aid on the basis of block exemption regulation approved by the Decision of the Council of Environmental Investment Center.

Terms of financing environmental program approved by the Council of Environmental Investment Center of 12 December 2011.

Terms of granting *de minimis* aid approved by the Council of Environmental Investment Center No. 1-4/729 of 11 July 2014 and No. 1-4/781 of 17 February 2015.

Order of Tori Rural municipality government No. 192 of 15 October 2016; No. 42 of 4 March 2015; No. 3 of 21 January 2015; No. 75 of 17 April 2015; No. 164 of 17 June 2015.

Forest Act

Regulation of the Minister of Environment No. 11 of 11 February 2009

Regulation of the Minister of Environment No. 10 of 14 April 2014

Regulation of Minister of Agriculture No. 50 of 11 July 2013

5. Form of the subsidy

Grant.

6. To whom and how the subsidy is provided

In case of Environmental Investment Centre the subsidy is provided to applicant's projects, which are targeted at environmental protection, inter alia for infrastructure projects. Subsidies are granted mostly for investments up to 100% of eligible costs. The maximum amount of subsidy can be 15 Mio EUR.

In case of Tori Rural Municipality subsidy is mostly granted to co-finance the reconstruction of municipality's water and sewage infrastructure.

Subsidies for promotion of forests are granted in accordance with the relevant conditions of Private Forest Centre Foundation. Maximum subsidy amount is up to 200 000 EUR.

In case of Regulation of Minister of Agriculture No. 50, the subsidy is provided for young and micro entrepreneurs in rural areas for investments in bio energy (heat, electricity and gas produced from biomass). The maximum amount of grant is 512 000 EUR, up to 50% of eligible costs can be supported.

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 2015 – 6.296 Mio EUR

Fiscal year 2016 – 7.461 Mio EUR

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

Different time limits apply to different programs.

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

N/A.

4.3 Support for electricity produced from renewable sources and efficient cogeneration

1. Period covered by the notification

2015, 2016

2. Policy objective and/or purpose of the subsidy

The purpose of the subsidy scheme is to eliminate the market barrier for producers using renewable sources to produce electricity and to produce electricity in efficient cogeneration mode.

3. Background and authority for the subsidy

Elering AS (Transmission System Operator).

4. Legislation under which subsidy is granted

Electricity Market Act § 59.

5. Form of the subsidy

Grant.

6. To whom and how the subsidy is provided

The subsidy is paid monthly on the basis of applications from producers who produce electricity using renewable sources or producers who produce electricity in efficient cogeneration regime.

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 2015 – 71.686 Mio EUR

Fiscal year 2016 – 69.327 Mio EUR

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

The subsidy is paid on monthly basis for 12 years beginning from the date when the producer first started to produce electricity.

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

N/A.

4.4 Modernisation of electricity generation installations through transitional free allocation of greenhouse gas emission allowances

1. Period covered by the notification

2015, 2016

2. Policy objective and/or purpose of the subsidy

The purpose of the subsidy scheme is to support investments in the modernisation of electricity generation installations through the free allocation of greenhouse gas emission allowances to these installations pursuant to Article 10(c)(5) of the EU ETS Directive, with the aim to reduce greenhouse gas emissions.

3. Background and authority for the subsidy

Ministry of Environment.

4. Legislation under which subsidy is granted

Ambient Air Protection Act

Regulation of the Minister of Environmental Affairs No. 53 of 18 August 2011

5. Form of the subsidy

Grant.

6. To whom and how the subsidy is provided

At its inception, in 2013, total free allowances will not exceed 70% of the verified greenhouse gases emissions in the period 2005-2007 from electricity installations for the amount corresponding to the gross final national consumption of Estonia. The total transitional free allowances are then planned to be steadily decreased by 10% each year, with free allowances being thus phased out completely in 2020. The quantity of transitional free emission allowances will be deducted from the quantity of allowances that Estonia will auction.

The costs of eligible investments are limited to the total investment costs (tangible and intangible assets) irrespective of operating costs and benefits of the corresponding installation. The market value of the free allowances shall not exceed the total investment costs. The monitoring and enforcement mechanism ensures that the allowances allocated are clearly mirrored by investments in the modernisation of the electricity generation sector and therefore the aid does not exceed 100% of the eligible 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 2015 – 31.383 Mio EUR

Fiscal year 2016 – 20.284 Mio EUR

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

The subsidy is paid on during the transitional period of allocation of free greenhouse gas emission allowances (2013-2019).

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

N/A.

4.5 Exemption on Excise Duty for Biogas used as Fuel

1. Period covered by the notification

2015, 2016

2. Policy objective and/or purpose of the subsidy

The purpose of the subsidy scheme is to promote the usage of biogas as fuel.

3. Background and authority for the subsidy

Ministry of Economic Affairs and Communication.

4. Legislation under which subsidy is granted

Alcohol, Tobacco, Fuel and Electricity Excise Duty Act § 27(1)(28)

Decree of Minister of Economic Affairs and Infrastructure No. 15-0031 of 28 January 2015

5. Form of the subsidy

Grant.

6. To whom and how the subsidy is provided

Exemption of biogas from excise duty is targeted at companies or private persons who use biogas (CN 2711 29 00) as a 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 2015 – 0.714 Mio EUR

Fiscal year 2016 – 0.299 Mio EUR

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

The program is valid till 2020.

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

N/A.

5 DOMESTIC SUPPORT IN AGRICULTURE

5.1 General Services

1. Period covered by the notification

2015; 2016

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 Rural Affairs

4. Legislation under which is granted:

- State Budget Act of 2015;
- State Budget Act of 2016;
- European Union Common Agricultural Policy Implementation Act, 2014;
- Rural Development and Agricultural Market Regulation Act of 19 June 2008;
- Infectious Animal Disease Control Act 16 June 1999;
- Estonian Rural Development Plan 2007-2013 (RDP 2007-2013);
- Estonian Rural Development Plan 2014-2020 (RDP 2014-2020);
- National Programme "Conservation and Utilization of Plant Genetic Resources for Food and Agriculture 2014-2020"
- National Programme "Applied Research and Development in Agriculture 2015-2021"
- The Estonian Organic Farming Action Plan 2014-2020 (OFAP 2014-2020);
- National Programme for Plant Breeding 2009-2019;
- Action Plan for the Sustainable Use of Plant Protection Products for 2013-2017
- Development plan of seed business 2014-2020
- National Apiculture Programme 2013-2016
- Strategic document "Estonian Food 2015-2020"

5. Form of the subsidy

Grants, subsidized services.

6. To whom and how the subsidy is provided

- (a) **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 and conservation and utilization of plant genetic resources from RDP 2007-2013 and 2014-2020 and from different national programmes. Also support for cooperation, which will contribute to cutting-edge research and technology and farmers, businesses and advisory services strengthening the link between them, is included.
- (b) **The support for pest and disease control** is provided to institutions for developing pest and disease control measures. The compensation of removal and destruction of fallen stock and compensation of eradicating costs of African swine fever are also included.
- (c) **The support for training services** includes practical training support, education support, technical aid (seminars) from RDP 2007-2013 and 2014-2020 and from different national programmes. 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.
- (d) **Extension and advisory services** include advice and information costs of information collection, publications, brochures, cross compliance materials, thematic seminars) 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 systems 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, and analyses, advertising the advisory service, and looking for new advisers). The Ministry of Rural Affairs of the Republic of Estonia has subscribed to surveys about assessing and planning advisory activities and training services.
- (e) **The support for inspection services** includes services concerning veterinary and food control, food quality and safety inspection programmes.
- (f) **Marketing and promotion services** are aimed at supporting the marketing and promotion activities for agricultural producers and processors through participating in exhibitions and trade fairs and other joint promotion activities; gathering market information; granting support for activities related to improving the production, processing or marketing 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.).
- (g) **The support for infrastructural services** involves the maintenance of amelioration structures, aiming at promoting the development of infrastructure in rural areas.
- (h) Under **other types**, the support for the replacement of agricultural producer during the vacation period and illness is implemented.

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 2015 - 27.690 Mio EUR from the Estonian state budget
 Fiscal year 2016 - 30.303 Mio EUR from the 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 2007-2013(the payments in 2015 according the demands of the measure conditions) and new RDP 2014-2020, National Programme "Conservation and Utilization of Plant Genetic Resources for Food and Agriculture 2014-2020 and for National Programme Applied Research and Development in Agriculture 2015-2019, the

Estonian Organic Farming Action Plan 2014-2020, National Apiculture Programme 2013-2016, National Programme for Plant Breeding 2009- 2019, Action Plan for the Sustainable Use of Plant Protection Products for 2013-2017, Development plan of seed business 2014- 2020, Strategic document „Estonian Food" 2015-2020. For state aid measures, the validation period is the end of 2020. Other grants, subsidies and measures have no time limits attached to them.

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

N/A.

5.2 Public Stockholding For Food Security Purposes

1. Period covered by the notification

2015; 2016

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 Rural Affairs.

4. Legislation under which it is granted

- State Budget Act of 2015;
- State Budget Act of 2016;
- Emergency Act of 15 June 2009.

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 Rural Affairs has agreements with private 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 2015 - grants of 0.547 Mio EUR from Estonian state budget

Fiscal year 2016 - grants of 0.560 Mio EUR 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.

5.3 Domestic food AID

1. Period covered by the notification

2015; 2016

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.

The school fruit scheme provides school children (and since September 2012 also kindergarten children) with fruit and vegetables, aiming thus to encourage good eating habits in young people.

3. Background and authority for the subsidy

The Ministry of Rural Affairs.

4. Legislation under which it is granted

- State Budget Act of 2015;
- State Budget Act of 2016;
- European Union Common Agricultural Policy Implementation Act 2014.

5. Form of the subsidy

Grants.

6. To whom and how the subsidy is provided

The school milk support and school fruit scheme are common market organization measures aimed to increase the consumption of milk or fruits and vegetables by school pupils, as well as to encourage healthy eating habits and thereby promote the consumption of milk, milk products, fruits and vegetables. Support may be granted for educational institutions (school/kindergarten), milk product providers, city governments/local municipalities or legal persons (e.g. non-profit organizations) which represent school/kindergarten.

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 2015 - grants of 1.009 Mio EUR from the Estonian state budget

Fiscal year 2016 - grants of 1.152 Mio EUR from the Estonian state budget

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

No time limits are attached to school milk support and school fruit scheme.

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

N/A.

5.4 Decoupled income support

1. Period covered by the notification

2015; 2016

There was no decoupled income support granted from Estonian national budget on period covered by the notification. All measures were granted from European Union budget.

5.5 Government financial participation in income insurance and income safety- net programmes

1. Period covered by the notification

2015; 2016

2. Policy objective and/or purpose of the subsidy

The insurance support measure was implemented to partially (65%) compensate the insurance payments for agricultural crops, agricultural animals, poultry and bees to small and medium sized agricultural enterprises (SMEs). The purpose is to offer a sustainable solution to agricultural producers to manage the losses caused by adverse weather conditions, climate disasters and animal and plant diseases or pest infestations.

3. Background and authority for the subsidy

The Ministry of Rural Affairs.

4. Legislation under which it is granted

- State Budget Act of 2015, granted as state aid according to Commission Regulation (EC) No. 702/2014;
- State Budget Act of 2016, granted as state aid according to Commission Regulation (EC) No. 702/2014;
- Rural Development and Agricultural Market Regulation Act of 19 June 2008.

5. Form of the subsidy

Grants.

6. To whom and how the subsidy is provided

The insurance support is provided for small and medium-sized agricultural enterprises (SMEs).

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 2015 – grants of 0.009 Mio EUR from the Estonian state budget.
Fiscal year 2016 – grants of 0.008 Mio EUR from the Estonian state budget.

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

For state aid measures, the validation period is the end of 2020.

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

N/A.

5.6 Payment for Relief from Natural Disasters

There were no grants of payment for relief from natural disasters awarded in 2015 and 2016.

5.7 Structural adjustment assistance provided through resource retirement programmes

1. Period covered by the notification

2015; 2016

2. Policy objective and/or purpose of the subsidy

Compensation was paid to those pig farm owners whose herds were culled and feed and equipment were destroyed due to the diagnosis of African swine fever.

3. Background and authority for the subsidy

The Ministry of Rural Affairs, Rural Development Foundation.

4. Legislation under which it is granted

- State Budget Act of 2015, granted as state aid according to Commission Regulation (EC) No. 702/2014;
- State Budget Act of 2016, granted as state aid according to Commission Regulation (EC) No. 702/2014;
- Infectious Animal Disease Control Act 16 June 1999;
- Rural Development and Agricultural Market Regulation Act of 19 June 2008.

5. Form of the subsidy

Grants.

6. To whom and how the subsidy is provided

The support is provided for pig farm owners whose herds affected by African Swine fever.

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 2015 – grants of 0.625 Mio EUR from the Estonian state budget.
Fiscal year 2016 – grants of 0.079 Mio EUR from the Estonian state budget.

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

For state aid measures, the validation period is the end of 2020.

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

N/A.

5.8 Structural Adjustment Assistance Provided Through Investment Aids

1. Period covered by the notification

2015; 2016

2. Policy objective and/or purpose of the subsidy

The programme aims at assisting producers by offering financial restructuring aid and the better access to capital.

3. Background and authority for the subsidy

The Ministry of Rural Affairs, Rural Development Foundation (RDF)

4. Legislation under which it is granted

- Estonian Rural Development Plan 2007-2013 (RDP 2007-2013);
- European Union Common Agricultural Policy Implementation Act 2009;
- Estonian Rural Development Plan 2014-2020 (RDP 2014-2020);
- European Union Common Agricultural Policy Implementation Act 2014;
- Rural Development and Agricultural Market Regulation Act of 19 June 2008;
- State Budget Act of 2015, granted as state aid according to Commission Regulation (EC) No. 702/2014; (EC) No. 1408/2013;
- State Budget Act of 2016, granted as state aid according to Commission Regulation (EC) No. 702/2014; (EC) No. 1408/2013.

5. Form of the subsidy

Grants, guarantees, loans, interest concession.

6. To whom and how the subsidy is provided

The objective of the measures is to develop viable and sustainable food production-oriented agricultural sector which is competitive, resource-efficient, and with sustainable age structure.

Through the **RDP 2007-2013** following subsidies are provided in 2015:

- Measure 1.2 - Setting up of young agricultural producers, 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 - Modernisation of agricultural holdings, support for micro agricultural holdings with the target to enlarge the competitiveness of agricultural production via diversification of agricultural activities.
- Measure 1.5 - Improving the economic value of forests and adding value to forestry products, the overall objective of the support for improving the economic value of forests and adding value to forestry products is to improve the competitiveness of private forest owners (both natural persons and legal persons governed by private law), non-profit associations and commercial associations (forestry associations) of forest owners, and micro-enterprises active in industrial production of wood and in forest management.
- Measure 1.6 - Adding value to agricultural and non-forestry products, the overall objective is to improve the competitiveness of agricultural and non-wood forestry sector through the improvement of the general performance of agricultural and non-wood forestry produce processing enterprises (improvement of general economic indicators, decrease in environmental load, growth of export potential, etc.), and to ensure their long-term sustainability.
- Measure 1.8 - Infrastructure of agriculture and forest management, support for land improvement activities of land improvement associations via preserving the operation of drainage systems on agricultural land.
- Measure 2.5 - Non-productive investments, the objective of the support for the establishment and restoration of stonewalls is to contribute to the establishment and restoration of stonewalls as traditional elements of agricultural landscapes, having high historic, cultural and landscape value.

Through the **RDP 2014-2020** following subsidies are provided:

- Measure 4 - Investments in physical assets, included support of investments into improving the performance of agricultural holdings, investments into processing and marketing of agricultural products and investments into development and maintenance of agricultural and forestry infrastructure.
- Measure 6 - Farm and business development, included support of setting up of young farmers, development of small farms and support for the diversification of rural economy towards non-agricultural activities.
- Measure 8 - Investments in forest area development and improvement of the viability of forests, included support for prevention and elimination of damages to forests and restoration of damaged forests, support for elimination damage caused by forest fires, natural disasters and disasters and support for improving the viability and economic value of forests.
- For better implementation of sub-measures 4.1 (Investments into improving the performance of agricultural holdings), 4.2 (Investments into processing and marketing of agricultural products) and 6.4 (Support for the diversification of rural economy towards non-agricultural activities) of RDP 2014-2020, the following financial instruments are available via RDF since February 2016:
 - The growth loan for micro and small enterprises;
 - Long-term investment loan.

The target of the financial instruments is to ensure the better access to capital. The target group of the measure are small and medium size enterprises.

RDF guarantees and loans to farmers and other rural entrepreneurs and non-profit organisations from its own budget for different purposes are provided several years. In 2015 and 2016, the RDF continued to grant loans and guarantees to farmers and other rural entrepreneurs and non-profit organisations for different investments.

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 2015 – grants of 5.634 Mio EUR from the Estonian state budget (including the amount of reduced guarantee fee and loan interest concession 0.288 Mio EUR)

Fiscal year 2016 – grants of 5.324 Mio EUR from the Estonian state budget (including the amount of reduced guarantee fee and loan interest concession 0.463 Mio EUR and RDP 2014-2020 financial instruments 0.047 Mio EUR)

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

Duration of a subsidy is the validation period of RDP 2007-2013 (the last payments in 2015) and RDP 2014-2020. For state aid measures and *de minimis* measures, the validation period is the end of 2020. Duration of the financial instrument validation period ends 2023.

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

N/A.

5.9 Payment Under Environmental Programs

1. Period covered by the notification

2015; 2016

2. Policy objective and/or purpose of the subsidy

Support under the RDP is provided for environmentally friendly and sustainable production methods. The compensation of damages caused by wild animals and birds (protected by the Nature Conservation Act) is provided to compensate for the loss of yield for agricultural producers.

3. Background and authority for the subsidy

The Ministry of Rural Affairs, the Environmental Board.

4. Legislation under which it is granted

- European Union Common Agricultural Policy Implementation Act 2014;
- Estonian Rural Development Plan 2007-2013 (RDP 2007-2013);
- Estonian Rural Development Plan 2014-2020 (RDP 2014-2020);
- Nature Conservation Act of 21 April 2004.
- State Budget Act of 2015, granted as state aid according to Commission Regulation (EC) No. 1408/2013
- State Budget Act of 2016, granted as state aid according to Commission Regulation (EC) No. 1408/2013

5. Form of the subsidy

Grants.

6. To whom and how the subsidy is provided

The aim of the support provided by the RDP 2014-2020 (measure 10, before in RDP 2007-2013 measure 2.3) is to introduce environmentally friendly production methods that will promote sustainability of the environment by restricting the use of fertilizers and pesticides in the handling of 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 the limitations on the use of fertilizers, plant protection products or other inputs.

The aim of the support provided by the RDP 2014-2020 (measure 11, Conversion and maintaining the organic farming, before in RDP 2007-2013 measure 2.3.2) is to introduce organic farming 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. 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 the limitations on the use of fertilizers, plant protection products or other inputs.

The support for grazing animals (animal welfare) is provided through the RDP 2014-2020 (measure 14, before in RDP 2007-2013 measure 2.4). The objective of this measure is to improve animal welfare, to maintain and improve biological and landscape diversity and to improve the soil fertility of cultural grasslands. This support is available for farmers (natural and legal persons, civil law partnerships and other associations of persons without the status of a legal person). Support is paid with regard to cattle, pigs, sheep, goats, hens and horses, if the stocking density is up to 1.0 LU/ha.

The compensation of damages caused by wild animals and birds (protected by Nature Conservation Act) is financed by the Environmental Board as *de minimis* for agricultural producers. The aim of support is to compensate yield or animal losses or re-sowing of arable crops.

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 2015 - grants of 9.652 Mio EUR from the Estonian state budget

Fiscal year 2016 - grants of 11.424 Mio EUR from the 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 2007-2013 (the last payments in 2015) and RDP 2014-2020. For *de minimis* measure the validation period ends 2020.

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

N/A.

5.10 Payment Under Regional Assistance Programs

1. Period covered by the notification

2015; 2016

2. Policy objective and/or purpose of the subsidy

General objective of the measure is to secure continuous land use in less-favoured areas (LFA) and NATURA 2000 areas.

3. Background and authority for the subsidy

The Ministry of Rural Affairs

4. Legislation under which it is granted

- European Union Common Agricultural Policy Implementation Act 2014;
- Estonian Rural Development Plan 2007-2013;
- Estonian Rural Development Plan 2014-2020.

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 areas the agricultural lands compensation for the restrictions in LFA and NATURA 2000; this compensation is given RDP 2007-2013 (measures 2.1 and 2.2 - last implementation year was 2015).

Also, RDP 2007-2013 measure 2.7 NATURA 2000 support for private forest land is provided under regional assistance areas. The overall objective of this measure is to contribute to the sustainable use of private forest land located in NATURA 2000 areas.

In RDP 2014-2020 the similar support measure for NATURA 2000 areas was provided (measure 12).

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 2015 - grants of 1.164 Mio EUR from the Estonian state budget
Fiscal year 2016 - grants of 1.140 Mio EUR from the 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 the RDP 2007-2013 (last payments in 2015) and new RDP 2014-2020.

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

N/A.

5.11 Fuel Tax Exemption1. Period covered by the notification

2015; 2016

2. Policy objective and/or purpose of the subsidy

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

3. Background and authority for the subsidy

The Ministry of Finance, Ministry of Rural Affairs.

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;
- Community Guidelines for State Aid in the Agriculture and Forestry Sector 2014-2020
- Alcohol, Tobacco and Fuel Excise Duty Act of 4 December 2002;
- 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

Tax exemption is for agricultural produces using diesel fuel marked with fiscal markers in the production process.

7. 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 amount of diesel fuel bought for use in agriculture and the difference between the normal excise duty rate and reduced excise duty rate of diesel fuel marked with fiscal marker.

During the period 1st of January 2015 till 31st of January 2016 the subsidy per unit (1000 liter) was 291.97 EUR and during the period 1st of February till 31st of December in 2016, 327.00 EUR.

Fiscal year 2015 – tax exemption is calculated in the amount of 36.270 Mio EUR

Fiscal year 2016 – tax exemption is calculated in the amount of 47.664 Mio EUR

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

Duration of tax exemption validation period ends 2020.

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

N/A.

5.12 Short-Term Loans and LOAN Guarantees1. Period covered by the notification

2015; 2016

2. Policy objective and/or purpose of the subsidy

The short-term loans (not for investments) with interest concession and the Guarantee Scheme are aimed to facilitating SMEs access to financial resources. Short-term loans and loan guarantees as state aid or *de minimis* are given by the Rural Development Foundation (RDF) for agricultural producers. The guarantee extends only to the debtor's principal obligation to the debtor's liability, and supplements. The Foundation is responsible only, if the claim against the principal debtor could not be met.

In the context of low prices for milk and financial difficulties in the milk sector, the Member States have exceptionally been given (by Commission Implementing Regulation (EU) 2015/517) the possibility to collect the surplus levy related to the milk quota year 2014/15 under a three year instalment scheme at zero interest rate. Estonia was one of the countries allowing producers to use this instalment scheme.

3. Background and authority for the subsidy

Rural Development Foundation, Ministry of Rural Affairs.

4. Legislation under which it is granted

- Rural Development and Agricultural Market Regulation Act of 19 June 2008;
- State Budget Act of 2015, granted as state aid according to Commission Regulation (EC) No. 1408/2013;
- State Budget Act of 2016, granted as state aid according to Commission Regulation (EC) No. 1408/2013 and (EC) No. 702/2014;
- Commission Implementing Regulation (EU) 2015/517;
- European Union Common Agricultural Policy Implementation Act 2014.

5. Form of the subsidy

Reduced guarantee fee, loan interest concession.

6. To whom and how the subsidy is provided

The deposit exemption and loan interest concession are for agricultural producers using short-term loans and loan guarantees given by the RDF as *de minimis*.

The surplus levy related instalment scheme at zero interest rate was for milk producers who collected the surplus levy related to the milk quota year 2014/15.

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 2015 – deposit exemption 0.049 Mio EUR and instalment the milk quota surplus levy at 0% interest 0.172 Mio EUR

Fiscal year 2016 – deposit exemption 0.010 Mio EUR

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

For *de minimis* measure, the validation period is the end of 2020. The surplus levy *de minimis* validation period is 1st October 2015 till 1st October 2017.

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

N/A.

5.13 Transitional National Aid (coupled)

1. Period covered by the notification

2015; 2016

There was no coupled income support granted from Estonian national budget on period covered by the notification. All measures were granted from European Union budget.

5.14 Exceptional market support measures

1. Period covered by the notification

2015; 2016

2. Policy objective and/or purpose of the subsidy

The objective of exceptional aid to livestock farmers was to compensate deteriorated livestock market situation throughout 2014 and 2015.

3. Background and authority for the subsidy

Ministry of Rural Affairs.

4. Legislation under which it is granted

- European Union Common Agricultural Policy Implementation Act 2014
- The Commission Delegated Regulation (EU) No. 2015/1853

5. Form of the subsidy

Grant.

6. To whom and how the subsidy is provided

The exceptional aid to livestock farmers was paid to pig meat and milk producers per animal (pig or dairy cow) in Agricultural Register and Information Board (ARIB) animal register.

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 2015 – grants of 3.000 Mio EUR

Fiscal year 2016 – grants of 4.002 Mio EUR

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

Duration of validation period ends 30th of June, 2016.

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

N/A.
