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Page: 1/26

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 25.1 OF THE AGREEMENT ON SUBSIDIES AND COUNTERVAILING MEASURES

MONTENEGRO

The following communication, dated 4 April 2019, is being circulated at the request of the Delegation of Montenegro.

The year 2015:

1 ACTIVITY PROGRAM STIMULATING ENTREPRENEURSHIP IN 2015.

1. Title of the subsidy programme

Activity program stimulating entrepreneurship in 2015.

2. Period covered by the notification

2015.

3. Policy objective and/or purpose of the subsidy

The goal of the program is to stimulate entrepreneurship in the area of the Capital City.

4. Background authority for the subsidy (including identification of the legislation under which it is granted)

Podgorica (the Capital City) is the background authority for the subsidies based on the Decision on the Budget for the Podgorica Capital City for 2015 ("Official Gazette of Montenegro", no 37/14") and the Activities Program stimulating entrepreneurship in 2015.

5. Form of the subsidy

Funds are granted through favourable loans with the annual interest rate of 3%, the repayment period of three years in semi-annual annuities and the grace period of one year.

6. To whom and how the subsidy is provided (to producers, exporters and others, through what mechanism, etc.)

Entrepreneurs and small enterprises from the territory of Podgorica had the right to receive loans under this program.

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

Funds were awarded on the basis of a call for competitions announced by Podgorica Capital City. The total amount of funds allocated under the Program was EUR 10,000.00.

8. Duration of the subsidy and/or any time limits attached to it, including date of inception/commencement

One year.

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

Not available.

2 ANNUAL PLAN OF THE INVESTMENT AND DEVELOPMENT FUND OF MONTENEGRO A.D. FOR 2015.

1. Title of the subsidy programme

Annual Plan of the Investment and Development Fund of Montenegro A.D. for 2015.

2. Period covered by the notification

2015.

3. Policy objective and/or purpose of the subsidy

The subsidy was provided with the goal of realization of credit lines of Investment and Development Fund of Montenegro AD, intended for:

- Entrepreneurship development - encouraging employment (support to specific targeted groups: startup companies, young people in business, women in business, students, innovative and research companies, promotion of online and ICT business, cluster production, persons with disabilities, unemployed persons with university education and the like),
- Increasing of competitiveness of entrepreneurs and SMEs,
- Support the creation of commodity producers in agriculture and food production,
- Support to innovative projects,
- Support to projects in the field of ICT,
- Improving the support to the development of tourism and catering;
- Balanced regional development in Montenegro,
- Starting a new investment cycle for SMEs,
- Strengthening the existing capacities - maintenance and improvement of liquidity,
- Development of infrastructure projects, projects from ecological, local and national significance, and
- Projects in the field of energy and energy efficiency.

4. Background authority for the subsidy (including identification of the legislation under which it is granted)

Investment and Development Fund of Montenegro A.D based on the Law on Investment Development Fund of Montenegro ("Official Gazette of Montenegro", No. 88/09 and 40/10); the Mid-term IDF work program and the IDF Annual Work Plan for 2015.

5. Form of the subsidy

The aid is granted in the form of subsidized interest rates on the loans.

6. To whom and how the subsidy is provided (to producers, exporters and others, through what mechanism, etc.)

Beneficiaries, based on the Plan of the Investment and Development Fund for 2015, were entrepreneurs, micro, small and medium enterprises, as well as large enterprises as defined in the Program.

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

Total funds allocated for this Plan in 2015 amounted to EUR 80,000,000.00 for loans.

8. Duration of the subsidy and/or any time limits attached to it, including date of inception/commencement

One year.

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

Not available.

3 PILOT STATE AID PROGRAM FOR SMALL AND MEDIUM-SIZED ENTERPRISES IN THE MANUFACTURING SECTOR FOR 2015 - PROJECT OF FINANCIAL SUPPORT TO SMES FROM MANUFACTURING INDUSTRY

1. Title of the subsidy programme

Pilot state aid program for small and medium-sized enterprises in the manufacturing sector for 2015 - Project of financial support to SMEs from manufacturing industry.

2. Period covered by the notification

2015.

3. Policy objective and/or purpose of the subsidy

The objective of the Program was to improve innovative capabilities of small and medium-sized enterprises in the manufacturing sector through encouraging the use of consulting services for improving innovation and competitiveness.

Specific objectives and purpose were related to:

- Strengthening of innovative potentials of small and medium-sized enterprises (SMEs),
- Business modernization,
- Improving the awareness on the importance of using consulting services by SMEs and building links between SMEs and consultant services providers,
- Increasing productivity and competitiveness of SMEs, and
- Increasing the internationalization of SMEs.

4. Background authority for the subsidy (including identification of the legislation under which it is granted)

The Ministry of Economy was the background authority for the subsidy based on the following documents: the Strategy on Development of Processing Industry 2014-2018 - Action Plan for 2015, the Strategy for Development of SMEs 2011-2015, the Strategy for Fostering Competitiveness on the Micro Level 2011-2015, the Strategy on Scientific Research Activities 2008-2016 and the Amendments to the Strategy on Scientific Research Activities 2012-2016.

5. Form of the subsidy

The aid was granted as a reimbursement of 50% of the costs for engaging external consultants for implementing innovative activity in form of subsidy.

6. To whom and how the subsidy is provided (to producers, exporters and others, through what mechanism, etc.)

The right to participate in the State Aid project of financial support to SMEs from manufacturing industry had registered micro, small and medium sized companies from manufacturing sector, operating for at least 2 years and fulfilling following conditions:

- To be 100% privately owned,
- Had no operating losses in the last two financial years,
- Regularly paid taxes and contributions, and
- Had not use any financial assistance from the budget or donor programs for the same activities.

In 2015 no company received a subsidy, since no interest was expressed.

As envisaged by the Programme the companies from manufacturing sector fulfilling the aforementioned conditions were supposed to be assessed based on the quantitative and qualitative criteria and therefore selected to be financially supported. The company would have paid the costs of external consultant and asked for reimbursement of 50% of the costs following the implementation of the innovative activities and submission of relevant evidence.

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

The total amount of funds allocated under the Program was EUR 30.000,00 or a maximum amount of EUR 2,500.00 per enterprise, excluding VAT.

8. Duration of the subsidy and/or any time limits attached to it, including date of inception/commencement

One year.

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

Not available.

4 THE SUBSIDY PROGRAMME IN ACCORDANCE WITH THE ENERGY LAW FOR ELECTRICITY PRODUCED FROM RENEWABLE RESOURCES

1. Title of the subsidy programme

The subsidy programme in accordance with the Energy Law for electricity produced from renewable resources.

2. Period covered by the notification

2015.

3. Policy objective and/or purpose of the subsidy

The Energy Development Strategy of Montenegro until 2030, which was adopted in 2014, has recognized the development of renewable energy sources as a strategic goal of Montenegro. The Strategy has aimed to the development of wind farms since the study of the potential of renewable sources in the territory of Montenegro had showed significant wind potential, in addition to the hydro potentials and potentials of solar energy and biomass.

4. Background authority for the subsidy (including identification of the legislation under which it is granted)

The Ministry of Economy is the background authority for the subsidy based on the following documents: the Law on Energy, the Decree on the tariff system for determining the incentive price of electricity from renewable energy sources and high efficiency cogeneration ("Official Gazette of

Montenegro", No. 52/11, 28/14 and 79/15), the Decree on acquiring the status and accomplishing entitlements of the privileged producer electricity, the Decree on incentive fees to encourage production of electricity from renewable energy sources and cogeneration.

5. Form of the subsidy

The aid has been granted in the form of guaranteed price, guaranteed purchase and release of balance responsibility.

6. To whom and how the subsidy is provided (to producers, exporters and others, through what mechanism, etc.)

Pursuant to the legal possibilities provided for in the Law on Energy and after fulfilling all prescribed conditions the companies: "Hidroenergija Montenegro" d.o.o. Berane, "Synergy" d.o.o. Podgorica and "Igma Energy" d.o.o. Andrijevica have gained the status of a privileged producer for 12 years. In accordance with the status of a privileged producer they have been entitled to use the aid.

After acquiring the status of a privileged producer, the companies have signed the Electricity Purchase Agreement with the Montenegrin Electricity Market Operator, guarantying purchase at a defined price for 12 years.

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

The State of Montenegro has determined the selling price of electricity produced in plants during the entire period of the purchase contract. Selling price is determined in accordance with the Decree on tariff system for determining the incentive prices for electricity produced from renewable energy sources and high efficient cogeneration.

"Hidroenergija Montenegro" d.o.o. Berane developed four power plants - "Bistrica", "Orah", "Rmuš" and "Spaljevići 1". "Synergy" d.o.o. Podgorica developed one power plant "Vrelo", the same as "Igma Energy" which developed power plant "Bradavec".

For power plants developed by "Hidroenergija Montenegro" d.o.o. Berane the following selling prices has determined: for SHPP "Bistrica" has determined the selling price of 7,868 €/ kWh, for SHPP "Orah" has determined the selling price of 10,575 €/ kWh, for SHPP "Rmuš" has determined the selling price of 7,868 €/ kWhf and for SHPP "Spaljevići 1" has determined the selling price of 10,575 €/ kWh.

For SHPP "Vrelo", developed by "Synergy" d.o.o. Podgorica, has determined the selling price of 10,575 €/ kWh, and for SHPP "Bradavec" developed by "Igma Energy" d.o.o. Andrijevica has determined the selling price of 10,575 €/ kWh.

The subsidy has represented the difference between the determined price and the market price.

8. Duration of the subsidy and/or any time limits attached to it, including date of inception/commencement

The period during which all the measures are to be implemented is 12 years, beginning on the date when the Decision on acquiring the status of a privileged producer is issued.

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

Not available.

5 TRAINING PROGRAM FOR UNEMPLOYED PERSONS ENABLING THEM TO GAIN PRACTICAL KNOWLEDGE AND SKILLS, NECESSARY FOR WORKING INDEPENDENTLY

1. Title of the subsidy programme

Training program for unemployed persons enabling them to gain practical knowledge and skills, necessary for working independently.

2. Period covered by the notification

2015.

3. Policy objective and/or purpose of the subsidy

The training program enabled unemployed people registered with the Employment Agency of Montenegro to acquire knowledge and skills needed to work independently based on the contract concluded between the employer selected by the Employment Agency and participants. The program was designed with the following objectives:

- Increasing the employment and employability,
- Contribution to the balanced regional development of Montenegro,
- Raising the level of knowledge and skills of unemployed people in order to prevent long-term unemployment,
- Supporting employers, primarily small and medium-sized enterprises, and
- Reduction of working in the "gray" zone economy.

4. Background authority for the subsidy (including identification of the legislation under which it is granted)

Employment Agency of Montenegro was in charge of the program based on the Law on Employment and Realization of the Rights from Unemployment Insurance ("Official Gazette" of Montenegro No. 14/10), the National Strategy for Employment and Human Resources Development 2012-2015 and the 2015 Training program for independent work developed by the Employment Agency.

5. Form of the subsidy

The aid was granted as a refund of costs to employers up to the minimum wage of an employee, i.e. EUR 193 per person.

6. To whom and how the subsidy is provided (to producers, exporters and others, through what mechanism, etc.)

The subsidy was provided to employers employing up to 100 persons in the northern and less developed municipalities, including: Bijelo Polje, Mojkovac, Berane, Andrijevica, Plav, Rozaje, Petnjica, Gusinje, Pljevlja, Zabljak, Pluzine, Savnik, Kolasin, Niksic, Danilovgrad, Ulcinj and Cetinje. The final beneficiaries of the funds were 100 unemployed persons with university or high school diploma.

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

EUR 250,000 were provided for the program, i.e. EUR 193 (minimal wage in Montenegro) per employee per month.

8. Duration of the subsidy and/or any time limits attached to it, including date of inception/commencement

October 2015 - July 2016 (9 months).

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

Not available.

6 THE EMPLOYMENT AGENCY OF MONTENEGRO UNDER THE TRAINING PROGRAM FOR WORK WITH THE EMPLOYER

1. Title of the subsidy programme

The Employment Agency of Montenegro under the Training Program for Work with the Employer.

2. Period covered by the notification

2015.

3. Policy objective and/or purpose of the subsidy

The training program was conducted with an aim to help the participants – unemployed persons registered with the Employment Agency to acquire necessary knowledge and skills and to familiarize with the working environment. The program lasted for a month, following its finalization the employer would have concluded the working contract with participants for a period not shorter than three months. The goals of the Program were as follows:

- Increasing the employment and employability;
- Contribution to the balanced regional development of Montenegro;
- Raising the level of knowledge and skills of young people in order to prevent long-term unemployment;
- Supporting employers, primarily small and medium-sized enterprises;
- Contribution to higher quality of employers' performances;
- Reduction of working in the "gray" zone economy; and finally
- Raising the employment of domestic working force.

350 unemployed persons participated in the program.

4. Background authority for the subsidy (including identification of the legislation under which it is granted)

The Employment Agency of Montenegro conducted the program based on the Law on Employment and Realization of the Rights from Unemployment Insurance ("Official Gazette" Montenegro no. 14/10), the National Strategy for Employment and Human Resources Development 2012-2015, and the Training program for work with the employer of the employment office for 2015.

5. Form of the subsidy

The aid was granted in the form of partial refund of the costs for the wages.

6. To whom and how the subsidy is provided (to producers, exporters and others, through what mechanism, etc.)

The aid was granted to the employers with the headquarters located in following municipalities: Bijelo Polje, Mojkovac, Berane, Andrijevica, Plav, Rozaje, Pljevlja, Zabljak, Niksic, Pluzine, Savnik, Kolasin, Danilovgrad, Cetinje, Ulcinj, Podgorica, Bar, Budva, Herceg Novi, Kotor and Tivat. The final beneficiaries of the programme were unemployed persons as registered with the Employment Agency of Montenegro.

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

The total funds in the amount of EUR 450,000 were provided for the Program to subsidize up to 50% of the earnings of the participants depending on the complexity and the length of the contract signed with the employees.

8. Duration of the subsidy and/or any time limits attached to it, including date of inception/commencement

15 October 2015 - 31 January 2016.

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

Not available.

SUPPORT FOR FISHERY PRODUCTS

1 SUPPORT TO DEVELOPMENT OF MARINE FISHERIES AND MARICULTURE - IMPROVEMENT OF FISHING FLEET

1. Title of subsidy

Support to development of marine fisheries and mariculture - Improvement of fishing fleet

2. Period covered by notification

2015.

3. Policy objective and/or purpose of the subsidy

The programme was established with the following objectives:

- Modernization of the fishing fleet to catch demersal resources,
- Improving the efficiency and competitiveness of catch of the fish and other marine organisms,
- Increasing the professional fishing fleet in catching the pelagic fish species,
- Improving the efficiency of catching and techniques in small-scale commercial fishing, and
- Modernization of existing vessels in a small-scale commercial fishing.

4. Legal authority for the subsidy

The Ministry of Agriculture and Rural Development.

5. Type of the subsidy

Financial support for:

- Modernization of the fishing fleet for the catch of demersal and pelagic resources,
- Improving the efficiency and competitiveness of catch of the fish and other marine organisms, increase the professional fishing fleet in catching the demersal and pelagic fish species,
- Improving the efficiency of catching and techniques in small-scale commercial fishing, as well as modernization of existing vessels in a small-scale commercial fishing.

The Ministry reimbursed up to 50% of expenses for purchased equipment.

6. To whom and how to subsidy is provided

Support was provided to professional fishermen, holders of permits for commercial fishing in the case of demersal resources, or professional fishermen licensed for commercial fisheries, in the case of support for small scale commercial fishing vessels and to the companies and entrepreneurs entered into the Central Registry of Commercial Entities for performing commercial activity 'Fish catching in the sea' on the *Co-financing principle*.

7. Total budget

EUR 110,000

8. Duration of Program

One year.

9. Trade effects

No effects on trade.

2 SUPPORT TO DEVELOPMENT OF MARINE FISHERIES AND MARICULTURE - MEASURE FOR IMPROVEMENT OF MARICULTURE SECTOR

1. Title of subsidy

Support to development of marine fisheries and mariculture - Measure for improvement of mariculture sector.

2. Period covered by notification

2015.

3. Policy objective and/or purpose of the subsidy

The programme was established with the following objectives:

- Improving the competitiveness and efficiency of the mariculture sector,
- Improving the protection of shellfish breeding sites from predator, and
- Creating conditions for maintenance and preservation of fish and other marine organism

4. Legal authority for the subsidy

The Ministry of Agriculture and Rural Development.

5. Type of the subsidy

- The support to improving the competitiveness and efficiency of the mariculture sector as regards the breeders of fish and shellfish for the reconstruction of the breeding sites,
- Construction or reconstruction of facilities for food storage and storage of equipment, purchase of equipment for automating of the growing process, the purchase of equipment for improving the hygiene in terms of food safety and placement of breeding products on the market,
- Support for improvement in the protection of shellfish breeding sites from predators as regards the shellfish breeding sites for the purchase of nets, and
- Support as regards creation of conditions for maintenance and preservation of fish and other marine organisms at the land.

The Ministry reimbursed up to 50% of expenses for purchased equipment.

6. To whom and how to subsidy is provided

Companies and entrepreneurs that have licenses for mariculture and who are registered into Central Register of the Commercial Court on the Co – financing principle.

7. Total budget

EUR 45,000

8. Duration of Program

One year.

9. Trade effects

No effects on trade

3 SUPPORT TO DEVELOPMENT OF MARINE FISHERIES AND MARICULTURE - SUSTAINABLE MANAGEMENT AND PRESERVATION OF RESOURCES OF FISH AND OTHER MARINE ORGANISMS

1. Title of subsidy

Support to development of marine fisheries and mariculture - Sustainable management and preservation of resources of fish and other marine organisms.

2. Period covered by notification

2015.

3. Policy objective and/or purpose of the subsidy

Structural measure for improvement of fisheries and mariculture (better of fishery resources) with the objectives as follows:

- Reliable assessment of available resources of fish and other marine organisms (demersal, pelagic fish, bivalve mollusks) with the capacity for setting the catch quotas,
- Fishery sea safe zones, in terms of health, for farming mariculture products,
- Reduction in number of illegal fishing activities at sea, and
- Maintenance, improvement and further development of the Fishery Information System and Satellite Monitoring System for Vessels.

4. Legal authority for the subsidy

The Ministry of Agriculture and Rural Development.

5. Type of the subsidy

Financial support provided for scientific purposes, improvement of Fisheries Information System FMC and implementation of the measures for control of fishing activities.

6. To whom and how to subsidy is provided

- Financing of activities mentioned in point 6.
- Institute for Marine Biology, IT experts and satellite and mobile service providers.

7. Total budget

EUR 61,000

8. Duration of Program

One year.

9. Trade effects

No effects on trade.

4 SUPPORT FOR DEVELOPMENT OF FRESHWATER FISHERIES AND AQUACULTURE - MEASURE FOR IMPROVEMENT OF FRESHWATER FISHERIES

1. Title of subsidy

Support for development of freshwater fisheries and aquaculture - Measure for improvement of freshwater fisheries.

2. Period covered by notification

2015.

3. Policy objective and/or purpose of the subsidy

Structural measure for improvement of freshwater fisheries with the following objectives:

- Reliable estimation of available fish resources in freshwater fishery waters-fishing grounds,
- Development of sport fishing tourism, and
- Strengthening the activities of sport fishermen clubs in protection of fishery waters and resources.

4. Legal authority for the subsidy

Ministry of Agriculture and Rural Development.

5. Type of the subsidy

Support was provided to fishing stock beneficiaries and Confederation of sport organizations, fishing events with the aim to promote sport fishing tourism, development of the fishery grounds, as well as improvement and protection of fishing waters.

The ministry reimbursed up to 50% of expenses for purchased equipment.

6. To whom and how to subsidy is provided

- Financing of activities mentioned in point 5.
- Faculty of Natural Science, fishing stock beneficiaries.

7. Total budget

EUR 24,000

8. Duration of Program

One year.

9. Trade effects

No effects on trade.

5 SUPPORT TO DEVELOPMENT OF MARINE FISHERY AND FRESHWATER AQUACULTURE - MEASURE IMPROVEMENT OF FRESHWATER AQUACULTURE

1. Title of subsidy

Support to development of marine fishery and freshwater aquaculture - Measure improvement of freshwater aquaculture.

2. Period covered by notification

2015.

3. Policy objective and/or purpose of the subsidy

Improving the competitiveness and efficiency of the freshwater aquaculture sector.

4. Legal authority for the subsidy

The Ministry of Agriculture and Rural Development.

5. Type of the subsidy

- The support to improvement of the competitiveness and efficiency of the freshwater aquaculture sector refers to the co-financing breeders of fish for the reconstruction of the breeding sites,
- Construction or reconstruction of facilities for food storage and storage of equipment,
- Purchase of equipment for automatization of the growing process,
- The purchase of equipment for improving the hygiene in terms of food safety and placement of breeding product on the market.

The Ministry reimbursed up to 50% of expenses for purchased equipment.

6. To whom and how to subsidy is provide

Companies and entrepreneurs registered for freshwater aquaculture activities on the principle of Co – financing.

7. Total budget

EUR 30,000

8. Duration of Program

One year.

9. Trade effects

No effects on trade.

The year 2016:**1 ANNUAL PLAN OF THE INVESTMENT AND DEVELOPMENT FUND OF MONTENEGRO A.D. FOR 2016**1. Title of the subsidy programme

Annual Plan of the Investment and Development Fund of Montenegro A.D. for 2016.

2. Period covered by the notification

2016.

3. Policy objective and/or purpose of the subsidy

The subsidy was provided with the goal of realization of credit lines of Investment and Development Fund of Montenegro AD, intended for:

- Entrepreneurship development - encouraging employment (support to specific targeted groups: startup companies, young people in business, women in business, students, innovative and research companies, promotion of online and ICT business, cluster production, persons with disabilities, unemployed persons with university education and the like),
- Increasing of competitiveness of entrepreneurs and SMEs,
- Support the creation of commodity producers in agriculture and food production,
- Support to innovative projects,
- Support to projects in the field of ICT,
- Improving the support to the development of tourism and catering;
- Balanced regional development in Montenegro,
- Starting a new investment cycle for SMEs,
- Strengthening the existing capacities - maintenance and improvement of liquidity,

- Development of infrastructure projects, projects from ecological, local and national significance, and
- Projects in the field of energy and energy efficiency.

4. Background authority for the subsidy (including identification of the legislation under which it is granted)

Investment and Development Fund of Montenegro A.D based on the Law on Investment Development Fund of Montenegro ("Official Gazette of Montenegro", No. 88/09 and 40/10); the Mid-term IDF work program and the IDF Annual Work Plan for 2016.

5. Form of the subsidy

The aid is granted in the form of subsidized interest rates on the loans.

6. To whom and how the subsidy is provided (to producers, exporters and others, through what mechanism, etc.)

Beneficiaries, based on the Plan of the Investment and Development Fund for 2016, were entrepreneurs, micro, small and medium enterprises, as well as large enterprises as defined in the Program.

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

Total funds allocated for this Plan in 2016 amounted to EUR 100,000,000.00 for loans.

8. Duration of the subsidy and/or any time limits attached to it, including date of inception/commencement

One year.

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

Not available.

2 PODGORICA CAPITAL CITY: PROGRAM FOR STIMULATING ENTREPRENEURSHIP ACTIVITIES IN 2016

1. Title of the subsidy programme

Podgorica Capital City: Program for stimulating entrepreneurship activities in 2016.

2. Period covered by the notification

2016.

3. Policy objective and/or purpose of the subsidy

- Provision of advisory services to all interested individuals and companies as regards starting a business,
- Organization of trainings for entrepreneurs and training for specific ones interest in hard-to-employ women,
- Organization of mini-fairs and other events,
- Printing of promotional material from the jurisdiction of the Secretariat,
- Implementation of micro-credit lines,
- Support to the NGO sector for consumer protection,
- Implementation of projects from the Strategic Development Plan of the Podgorica Capital City 2012-2017,
- Implementation of activities from the Action Plan for Achieving Gender Equality in the Capital city for the period 2016- 2017.

4. Background authority for the subsidy (including identification of the legislation under which it is granted)

Podgorica Capital City based on the Decision on the Capital Budget for 2016 ("Official Gazette of Montenegro -municipal regulations "number 049/15) and the Decision on the organization and manner of operation of the City Administration ("Official Gazette of Montenegro – Municipal regulations "number 19/13).

5. Form of the subsidy

The aid is granted in the form of loans under favourable interest rates.

6. To whom and how the subsidy is provided (to producers, exporters and others, through what mechanism, etc.)

Beneficiaries of this state aid program were entrepreneurs and small companies based on the criteria defined in the public call.

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

Total funds allocated for this plan in 2016 amounted to EUR 20.000,00.

8. Duration of the subsidy and/or any time limits attached to it, including date of inception/commencement

One year.

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

Not available.

3 PROGRAM OF ENHANCING INNOVATION IN SMALL AND MEDIUM ENTERPRISES FOR 2016 - FINANCIAL SUPPORT PROJECT SMALL AND MEDIUM ENTERPRISES (SMES) FROM THE MANUFACTURING SECTOR

1. Title of the subsidy programme

Program of Enhancing Innovation in Small and Medium Enterprises for 2016 - Financial Support Project small and medium enterprises (SMEs) from the manufacturing sector.

2. Period covered by the notification

2016.

3. Policy objective and/or purpose of the subsidy

Improving the innovative capabilities of SMEs in the manufacturing industry through encouraging the use of consulting services. Specific objectives and purpose were related to:

- Strengthening innovative potentials in SMEs,
- Modernization of business,
- Improving awareness of the importance of using consulting services by SMEs,
- Building links between SMEs and consultant services providers,
- Increasing productivity and competitiveness of SMEs, and
- Increasing the internationalization of SMEs.

4. Background authority for the subsidy (including identification of the legislation under which it is granted)

The Ministry of Economy is the background authority for the subsidies based on the following documents: Strategy for the Development of the Processing Industry 2014-2018, Regional

Development Strategy 2014-2020, Micro-Level Competitiveness Strategy 2011-2015, Strategy for Scientific Research Activities 2008-2016 and Strategy Amendments of Scientific Research Activities 2012-2016.

5. Form of the subsidy

The aid is granted as a reimbursement of 50% of the cost for engaging external consultant for implementing innovative activity in form of subsidy.

6. To whom and how the subsidy is provided (to producers, exporters and others, through what mechanism, etc.)

The right to participate in the Financial Support Project small and medium enterprises (SMEs) from the manufacturing sector had registered micro, small and medium sized companies from manufacturing sector, operating for at least 2 years, fulfilling the following conditions:

- To be 100% privately owned,
- Had no operating losses in the last two financial years,
- Regularly paid taxes and contributions, and
- Had not use any financial assistance from the budget or donor programs for the same activities.

As envisaged by the Programme the companies from manufacturing sector fulfilling the aforementioned conditions were supposed to be assessed based on the quantitative and qualitative criteria and therefore selected to be financially supported. The company would have paid costs of external consultant and then asked for reimbursement of 50% of the costs following the implementation of the innovative activities and submission of relevant evidence. In 2016 two companies submitted applications, while only one company fulfilled conditions and procedure and therefore was granted EUR 2,450 (as a subsidy).

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

Total Budget dedicated to the implementation of financial support project for small and medium-sized enterprises for 2016 in the manufacturing industry was EUR 30,000.00 and the maximum amount of aid per company was EUR 3,500.00, excluding VAT.

8. Duration of the subsidy and/or any time limits attached to it, including date of inception/commencement

One year.

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

Not available.

4 MINISTRY OF ECONOMY: PILOT PROGRAMME SUPPORTING THE INDUSTRY MODERNIZATION

1. Title of the subsidy programme

Ministry of Economy: Pilot programme supporting the industry modernization.

2. Period covered by the notification

2016.

3. Policy objective and/or purpose of the subsidy

The specific objectives of the Pilot Program are:

- Improvement of technological processes, products and services,

- Increasing the volume and value of traffic,
- Reducing the cost of equipment procurement, and
- Reducing the cost of financing the production equipment through subsidizing the part costs of equipment procurement.

4. Background authority for the subsidy (including identification of the legislation under which it is granted)

Background authority for the subsidy is the Ministry of Economy of Montenegro based on the Strategy of the Development of the Processing Industry 2014 – 2018, the Regional Development Strategy of Montenegro 2014 – 2020, and the Draft Industrial Policy of Montenegro 2016 - 2020.

5. Form of the subsidy

Grants.

6. To whom and how the subsidy is provided (to producers, exporters and others, through what mechanism, etc.)

Micro, small and medium sized companies had the right to participate in the Pilot Industrial Modernization Support Program. In 2016 the Ministry received only one application from the company producing furniture. That company received grants in the amount of EUR 9,500 in order to purchase a machine worth EUR 47,500.

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

The available funds in 2016 for the implementation of the pilot program were EUR 100,000.

8. Duration of the subsidy and/or any time limits attached to it, including date of inception/commencement

One year.

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

Not available.

5 THE SUBSIDY PROGRAMME IN ACCORDANCE WITH THE ENERGY LAW FOR ELECTRICITY PRODUCED FROM RENEWABLE RESOURCES

1. Title of the subsidy programme

The subsidy programme in accordance with the Energy Law for electricity produced from renewable resources.

2. Period covered by the notification

2016.

3. Policy objective and/or purpose of the subsidy

The Energy Development Strategy of Montenegro until 2030, adopted in 2014, has recognized the development of renewable energy sources as a strategic goal of Montenegro. The Strategy has aimed to the development of wind farms, and the study of the potential of renewable sources in the territory of Montenegro had showed significant wind potential, in addition to the hydro potentials and potentials of solar energy and biomass.

4. Background authority for the subsidy (including identification of the legislation under which it is granted)

The Ministry of Economy is the background authority for the subsidy based on the following documents: the Law on Energy ("Official Gazette of Montenegro" No. 5/16), the Decree on the tariff system for determining the incentive price of electricity from renewable energy sources and high efficiency cogeneration ("Official Gazette of Montenegro", No. 52/11, 28/14 and 79/15), the Decree on acquiring the status and accomplishing entitlements of the privileged producer electricity ("Official Gazette of Montenegro", No. 59/16), and the Decree on incentive fees to encourage production of electricity from renewable energy sources and cogeneration ("Official Gazette of Montenegro", No. 33/16)

5. Form of the subsidy

The aid is granted in the form of guaranteed price, guaranteed purchase and release of balance responsibility.

6. To whom and how the subsidy is provided (to producers, exporters and others, through what mechanism, etc.)

Pursuant to the legal possibilities provided for in the Law on Energy and after fulfilling all prescribed conditions the companies: "Hidroenergija Montenegro" d.o.o. Berane for SHPP "Šekular", and "Kronor" d.o.o. Podgorica for SHPP "Jara" have gained the status of a privileged producer for 12 years. In accordance with the status of a privileged producer they have been entitled to use the aid.

After acquiring the status of a privileged producer, the companies have signed the Electricity Purchase Agreement with the Montenegrin Electricity Market Operator, guarantying purchase at a defined price for 12 years.

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

The state of Montenegro has determined the selling price of electricity produced in plants during the entire period of the purchase contract. Selling price is determined according to Decree on tariff system for determining the incentive prices for electricity produced from renewable energy sources and high efficient cogeneration.

For SHPP "Šekular" developed by "Hidroenergija Montenegro" d.o.o. Berane the selling price of 9,422 €/kWh has determined. For SHPP "Jara", developed by "Kronor" d.o.o. Podgorica, has determined the selling price of 7,857 €/ kWh.

The subsidy represents the difference between the determined price and the market price.

8. Duration of the subsidy and/or any time limits attached to it, including date of inception/commencement

The period during which all the measures are to be implemented is 12 years, beginning on the date when the Decision on acquiring the status of a privileged producer, is issued.

By acquiring the status of a privileged producer, the concessionaire exercised the right to selling price determined on Decree on tariff system for determining the incentive prices for electricity produced from renewable energy sources and high efficient cogeneration.

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

Not available.

6 PROGRAM OF INCREASING THE REGIONAL AND LOCAL COMPETITIVENESS THROUGH COMPLIANCE WITH THE REQUIREMENTS OF INTERNATIONAL BUSINESS STANDARDS FOR THE PERIOD 2014-2016

1. Title of the subsidy programme

Program of increasing the regional and local competitiveness through compliance with the requirements of international business standards for the period 2014-2016.

2. Period covered by the notification

2016.

3. Policy objective and/or purpose of the subsidy

The aim of this Decision is to provide support to entrepreneurs, small and medium sized enterprises (SMEs) and clusters of small and medium sized commercial ducks, especially from less developed municipalities and the northern region, to increase their own size to a greater extent of competitiveness, primarily through harmonization with the requirements of international standards related to their products, management systems, staffing, testing, controlling and certification and support for obtaining accreditation for conformity assessment.

4. Background authority for the subsidy (including identification of the legislation under which it is granted)

The Ministry of Economy based on the Law on Regional Development of Montenegro ("Official Gazette of the Republic of Montenegro", No. 20/11), the Law on Business Companies ("Official Gazette of the Republic of Montenegro", No. 06/02), the Strategy of regional development of Montenegro 2010-2014, the Strategy for the development of small and medium enterprises 2011-2015, the Strategy for Sustainable Economic Growth of Montenegro through introduction of clusters 2012-2016, the strategy for fostering competitiveness on the micro level 2011-2015 and the Development Directions of Montenegro 2013-2016.

5. Form of the subsidy

The subsidy is realized according to the principle of refund. The beneficiary of the program is financing the project, and after realization and submission of evidence of realization, the Ministry refunds the contracted amount.

Support was related to two components - for the introduction of international business standards and for obtaining accreditation for conformity assessment.

6. To whom and how the subsidy is provided (to producers, exporters and others, through what mechanism, etc.)

The beneficiaries were entrepreneurs, small and medium sized companies under the criteria defined in the public call for participation.

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

Amount budgeted for 2016 was EUR 100.000.

8. Duration of the subsidy and/or any time limits attached to it, including date of inception/commencement

Three years.

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

Not available.

7 PROGRAM FOR STIMULATING THE DEVELOPMENT OF CLUSTERS

1. Title of the subsidy programme

Program for stimulating the development of clusters.

2. Period covered by the notification

2016.

3. Policy objective and/or purpose of the subsidy

The programme was established with the aim to provide systematic mechanisms and measures that would contribute to the competitiveness of small and medium-sized enterprises.

4. Background authority for the subsidy (including identification of the legislation under which it is granted)

The Ministry of Economy based on the Strategy for Sustainable Economic Growth of Montenegro through the introduction of clusters 2012-2016, the Regional Development Strategy of Montenegro 2014-2020, and the Strategy for the development of small and medium enterprises 2011-2015.

5. Form of the subsidy

The subsidy is realized according to the principle of refund. The beneficiary of the program is financing the project, and after realization and submission of evidence of realization, the Ministry refunds the contracted amount.

The subject of support may be investments in tangible, intangible assets and operational costs of business.

6. To whom and how the subsidy is provided (to producers, exporters and others, through what mechanism, etc.)

The right to participate in the Program for the Promotion of Cluster Development in Montenegro for 2016 have clusters of entrepreneurs, micro, small and medium enterprises registered as legal entities.

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

EUR 50,000.00.

8. Duration of the subsidy and/or any time limits attached to it, including date of inception/commencement

One year.

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

Not available.

8 TRAINING PROGRAM FOR GAINING SKILLS AND KNOWLEDGE

1. Title of the subsidy programme

Training program for gaining skills and knowledge.

2. Period covered by the notification

2016.

3. Policy objective and/or purpose of the subsidy

- Increasing the employment and employability,
- Contribution to the balanced regional development of Montenegro,
- Raising the level of knowledge and skills of unemployed people in order to prevent long-term unemployment;
- Supporting employers, primarily small and medium-sized enterprises, and
- Reduction of working in the "gray" zone economy.

4. Background authority for the subsidy (including identification of the legislation under which it is granted) Legal basis:

The Employment Agency of Montenegro based on the Law on Employment and Realization of Rights from Unemployment Insurance ("Official Gazette of the Republic of Montenegro", and no.14/10), the National Strategy for employment and human resources development 2012-2020, and the Training program for work with the employer of the Agency for employment of Montenegro for 2016.

5. Form of the subsidy

Partial reimbursement of costs (not more than 50%).

6. To whom and how the subsidy is provided (to producers, exporters and others, through what mechanism, etc.)

The employers employing up to 260 employees in the period of validity of the program with the headquarters settled in following municipalities: Bijelo Polje, Mojkovac, Berane, Andrijevica, Plav, Rozaje, Pljevlja, Zabljak, Niksic, Pluzine, Savnik, Kolasin, Danilovgrad, Cetinje, Ulcinj, Podgorica, Bar, Budva, Herceg Novi, Kotor and Tivat. The final beneficiaries of the program were unemployed persons registered with the Agency for Employment of Montenegro.

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

Amount budgeted for 2016 was EUR 500,000.00.

8. Duration of the subsidy and/or any time limits attached to it, including date of inception/commencement

One year.

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

Not available.

9 TRAINING PROGRAMME FOR UNEMPLOYED PERSONS ENABLING THEM TO GAIN PRACTICAL KNOWLEDGE AND SKILLS, NECESSARY FOR WORKING INDEPENDENTLY

1. Title of the subsidy programme

Training programme for unemployed persons enabling them to gain practical knowledge and skills, necessary for working independently.

2. Period covered by the notification

2016.

3. Policy objective and/or purpose of the subsidy

- Increasing the employment and employability,
- Contribution to the balanced regional development of Montenegro,
- Raising the level of knowledge and skills of unemployed people in order to prevent long-term unemployment;

- Supporting employers, primarily small and medium-sized enterprises, and
- Reduction of working in the "gray" zone economy.

4. Background authority for the subsidy (including identification of the legislation under which it is granted)

The Employment Agency of Montenegro based on the Law on Employment and Realization of Rights from Insurance of Unemployment ("Official Gazette of the Republic of Montenegro", and no. 14/10), the National strategy for employment and human resources development 2016-2020 and the Training program for independent work of the Agency for employment of Montenegro for 2016.

5. Form of the subsidy

Partial reimbursement of costs.

6. To whom and how the subsidy is provided (to producers, exporters and others, through what mechanism, etc.)

The final beneficiaries of the funds foreseen by this program were unemployed persons with university or high school diploma without working experience.

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

The funds for realization of this program amount to EUR 200,000.00, respectively EUR 193 are subsidized per one employed person per month, representing the amount of the minimum wage in Montenegro.

8. Duration of the subsidy and/or any time limits attached to it, including date of inception/commencement

One year.

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

Not available.

SUPPORT FOR FISHERY PRODUCTS

1 SUPPORT TO DEVELOPMENT OF MARINE FISHERIES AND MARICULTURE - IMPROVEMENT OF FISHING FLEET

1. Title of subsidy

Support to development of marine fisheries and mariculture - Improvement of fishing fleet.

2. Period covered by notification

2016.

3. Policy objective and/or purpose of the subsidy

Structural measure for improvement of fishing fleet through achieving the next objectives:

- Modernization of the fishing fleet to catch demersal resources,
- Improving the efficiency and competitiveness of catch of the fish and other marine organisms,
- Modernization of professional fishing fleet in the catch of pelagic fish species,
- Improvement of the efficiency of catch and techniques in small-scale commercial fishing, and
- Modernization of existing vessels in a small-scale commercial fishing.

4. Legal authority for the subsidy

The Ministry of Agriculture and Rural Development

5. Type of the subsidy

Support for:

- Modernization of the fishing fleet for the catch of demersal and pelagic resources,
- Improving the efficiency and competitiveness of catch of the fish and other marine organisms, increase of professional fishing fleet in the catching of the dermesal and pelangic fish species,
- Improving the efficiency of catching and techniques in small-scale commercial fishing, as well as
- Modernization of existing vessels in a small-scale commercial fishing.

The Ministry reimbursed up to 50% of expenses for purchased equipment.

6. To whom and how the subsidy is provided (to producers, exporters and others, through what mechanism, etc.)

Subsidy is provided to professional fishermen, holders of permits for commercial fishing in the case of demersal resources, or professional fishermen licensed for commercial fisheries, in the case of support for small scale commercial fishing vessels and companies and entrepreneurs entered into the Central Registry of Commercial Entities for performing commercial activity 'Fish catching in the sea', under Co-financing principle.

7. Total budget

EUR 160,000

8. Duration of Program

One year.

9. Trade effects

No effects on trade.

2 SUPPORT TO DEVELOPMENT OF MARINE FISHERIES AND MARICULTURE - MEASURE FOR IMPROVEMENT OF MARICULTURE – SECTOR

1. Title of subsidy

Support to development of marine fisheries and mariculture - Measure for improvement of mariculture – sector.

2. Period covered by notification

2016.

3. Policy objective and/or purpose of the subsidy

The objectives of this measure are the following:

- Improving the competitiveness and efficiency of the mariculture sector, and
- Improving the protection of shellfish breeding sites from predator.

4. Legal authority for the subsidy

The Ministry of Agriculture and Rural Development.

5. Type of the subsidy

The support to improving the competitiveness and efficiency of the mariculture sector refers to the breeders of fish and shellfish for the reconstruction of the breeding sites; construction or reconstruction of facilities for food storage and storage of equipment, purchase of equipment for automating the growing process, the purchase of equipment for improving the hygiene in terms of food safety and placement of breeding products on the market; support for improving the protection of shellfish breeding sites from predators refers to the shellfish breeding sites for the purchase of nets.

The ministry reimbursed up to 50% of expenses for purchased equipment.

6. To whom and how the subsidy is provided (to producers, exporters and others, through what mechanism, etc.)

Companies and entrepreneurs that have licenses for mariculture under the co – financing principle.

7. Total budget

EUR 45,000

8. Duration of Program

One year.

9. Trade effects

No effects on trade.

3 SUPPORT TO DEVELOPMENT OF MARINE FISHERIES AND MARICULTURE - SUSTAINABLE MANAGEMENT AND PRESERVATION OF RESOURCES OF FISH AND OTHER MARINE ORGANISMS

1. Title of subsidy

Support to development of marine fisheries and mariculture - Sustainable management and preservation of resources of fish and other marine organisms

2. Period covered by notification

2016.

3. Policy objective and/or purpose of the subsidy

Structural measure for improvement of fisheries and mariculture (better utilization of fishery resources).

The objectives of this measure are following:

- Reliable assessment of available resources of fish and other marine organisms (demersal, pelagic fish, bivalve mollusks) with the capacity for setting the catch quotas,
- Fishery sea safe zones, in terms of health, for farming mariculture products,
- Reduction in number of illegal fishing activities at sea, and
- Maintenance, improvement and further development of the Fishery Information System and Satellite Monitoring System for Vessels.

4. Legal authority for the subsidy

The Ministry of Agriculture and Rural Development.

5. Type of the subsidy

Support is provided for scientific purposes, monitoring and bio monitoring of the seawater quality for mariculture and maintenance and operation of information systems in fisheries as well as engagement of IT experts for further development of the system functionality, providing satellite and mobile communication services for the smooth operation of the SMSFV (satellite monitoring system for the fishing vessels).

The ministry reimbursed up to 50% of expenses for purchased equipment.

6. To whom and how the subsidy is provided (to producers, exporters and others, through what mechanism, etc.)

- Financing of activities mentioned in point 5.
- Institute for Marine Biology, experts in information technology and satellite and mobile service providers.

7. Total budget

EUR 64,000

8. Duration of Program

One year.

9. Trade effects

No effects on trade.

4 SUPPORT FOR DEVELOPMENT OF FRESHWATER FISHERIES AND AQUACULTURE - MEASURE FOR IMPROVEMENT OF FRESHWATER FISHERIES

1. Title of subsidy

Support for development of freshwater fisheries and aquaculture - Measure for improvement of freshwater fisheries.

2. Period covered by notification

2016.

3. Policy objective and/or purpose of the subsidy

Montenegrin structural measure for improvement of freshwater fisheries the objectives of this measure had the following objectives:

- Reliable estimation of available fish resources in freshwater fishery waters-fishing grounds,
- Development of sport fishing tourism, and
- Strengthening the activities of sport fishermen clubs in protection of fishery waters and resources.

4. Legal authority for the subsidy

The Ministry of Agriculture and Rural Development.

5. Type of the subsidy

Support was provided for fishing stock beneficiaries and Confederation of sport organization, fishing events with the aim to promote sport fishing tourism, development of the fishery grounds as well as improvement and protection of fishing waters.

The Ministry reimbursed up to 50% of expenses for purchased equipment.

6. To whom and how the subsidy is provided (to producers, exporters and others, through what mechanism, etc.)

- Financing of activities mentioned in point 5.
- Faculty of Natural Science and sport fishing clubs.

7. Total budget

EUR 29,000

8. Duration of Program

One year.

9. Trade effects

No effects on trade.

5 SUPPORT TO DEVELOPMENT OF MARINE FISHERY AND FRESHWATER AQUACULTURE - MEASURE FOR IMPROVEMENT OF FRESHWATER AQUACULTURE

1. Title of subsidy

Support to development of marine fishery and freshwater aquaculture - Measure for improvement of freshwater aquaculture.

2. Period covered by notification

2016.

3. Policy objective and/or purpose of the subsidy

Improving the competitiveness and efficiency of the freshwater aquaculture sector.

4. Legal authority for the subsidy

The Ministry of Agriculture and Rural Development.

5. Type of the subsidy

The support to improvement of the competitiveness and efficiency of the freshwater aquaculture sector refers to the co-financing breeders of fish for the reconstruction of the breeding sites; construction or reconstruction of facilities for food storage and storage of equipment; purchase of equipment for automatization of the growing process; the purchase of equipment for improving the hygiene in terms of food safety and placement of breeding product on the market.

The Ministry reimbursed up to 50% of expenses for purchased equipment.

6. To whom and how the subsidy is provided (to producers, exporters and others, through what mechanism, etc.)

Companies and entrepreneurs registered for freshwater aquaculture activities under the co - financing principle.

7. Total budget

EUR 50,000

8. Duration of Program

One year.

9. Trade effects

No effects on trade.
