



13 May 2019

(19-3288)

Page: 1/32

Committee on Subsidies and Countervailing Measures

Original: English

## 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

#### MONTENEGRO

The following communication, dated 11 March 2019, is being circulated at the request of the Delegation of Montenegro.

<b>I. THE YEAR 2017:</b>	<b>3</b>
<b>A.</b>	<b>3</b>
<b>1 PROGRAMME FOR SUPPORTING THE DEVELOPMENT OF THE MANUFACTURING INDUSTRY</b>	<b>4</b>
<b>2 PROGRAMME OF ENHANCING INNOVATION IN SMALL AND MEDIUM ENTERPRISES FOR 2017 - FINANCIAL SUPPORT PROJECT FOR SMALL AND MEDIUM ENTERPRISES (SMES) FROM THE MANUFACTURING SECTOR</b>	<b>5</b>
<b>3 PROGRAMME OF INCREASING THE REGIONAL AND LOCAL COMPETITIVENESS THROUGH COMPLIANCE WITH THE REQUIREMENTS OF INTERNATIONAL BUSINESS STANDARDS FOR THE PERIOD 2017-2020</b>	<b>6</b>
<b>4 PROGRAMME FOR STIMULATING THE DEVELOPMENT OF CLUSTERS IN MONTENEGRO 2017-2020</b>	<b>7</b>
<b>5 THE SUBSIDY PROGRAMME IN ACCORDANCE WITH THE ENERGY LAW FOR ELECTRICITY PRODUCED FROM RENEWABLE RESOURCES</b>	<b>8</b>
<b>B. SUPPORT FOR FISHERY PRODUCTS</b>	<b>9</b>
<b>1 SUPPORT TO DEVELOPMENT OF MARINE FISHERIES AND MARICULTURE - MODERNIZATION OF PROFESSIONAL FISHING FLEET FOR DEMERSAL RESOURCES</b>	<b>9</b>
<b>2 SUPPORT TO DEVELOPMENT OF MARINE FISHERIES AND MARICULTURE - MODERNIZATION OF PROFESSIONAL FISHING FLEET FOR PELAGIC RESOURCES</b>	<b>10</b>
<b>3 SUPPORT TO DEVELOPMENT OF MARINE FISHERIES AND MARICULTURE - MODERNIZATION OF PROFESSIONAL FISHING FLEET IN SMALL COMMERCIAL FISHING (VESSELS OF UP TO 10M LOA)</b>	<b>11</b>
<b>4 SUPPORT FOR DEVELOPMENT OF MARINE FISHERIES AND AQUACULTURE - REVITALIZATION OF THE FISHING GEAR OF THE KALIMERA FISHING NETS</b>	<b>12</b>
<b>5 SUPPORT TO DEVELOPMENT OF MARINE FISHERY AND MARICULTURE - IMPROVING THE COMPETITIVENESS AND EFFICIENCY OF MARICULTURE SECTOR</b>	<b>13</b>
<b>6 SUPPORT TO DEVELOPMENT OF MARINE FISHERY AND MARICULTURE - SUSTAINABLE MANAGEMENT AND CONSERVATION OF RESOURCES OF FISH AND OTHER MARINE ORGANISMS</b>	<b>14</b>

<b>7 SUPPORT TO DEVELOPMENT OF FRESHWATER FISHERY AND FRESHWATER AQUACULTURE - STRENGTHENING COMPETITIVENESS AND EFFICIENCY OF FRESHWATER FISHERY SECTOR .....</b>	<b>15</b>
<b>8 SUPPORT TO DEVELOPMENT OF MARINE FISHERY AND FRESHWATER AQUACULTURE - SUSTAINABLE FRESHWATER FISHERY MANAGEMENT.....</b>	<b>16</b>
<b>II. THE YEAR 2018: .....</b>	<b>17</b>
<b>A. ....</b>	<b>17</b>
<b>1 SUPPORT PROGRAMME FOR MODERNISATION OF THE PROCESSING INDUSTRY.....</b>	<b>17</b>
<b>2 PROGRAMME OF ENHANCING INNOVATION IN SMALL AND MEDIUM ENTERPRISES FOR 2018 - FINANCIAL SUPPORT PROJECT FOR SMALL AND MEDIUM ENTERPRISES (SMES) .....</b>	<b>18</b>
<b>3 PROGRAMME OF INCREASING THE REGIONAL AND LOCAL COMPETITIVENESS THROUGH COMPLIANCE WITH THE REQUIREMENTS OF INTERNATIONAL BUSINESS STANDARDS FOR THE PERIOD 2017-2020, FOR 2018 .....</b>	<b>19</b>
<b>4 PROGRAMME FOR STIMULATING THE DEVELOPMENT OF CLUSTERS IN MONTENEGRO 2017-2020, FOR 2018 .....</b>	<b>20</b>
<b>5 ANNUAL PLAN OF THE INVESTMENT AND DEVELOPMENT FUND OF MONTENEGRO A.D. FOR 2018.....</b>	<b>21</b>
<b>6 THE SUBSIDY PROGRAMME IN ACCORDANCE WITH THE ENERGY LAW FOR ELECTRICITY PRODUCED FROM RENEWABLE RESOURCES .....</b>	<b>22</b>
<b>7 PROGRAMME FOR AWARDING GRANTS FOR INNOVATIVE PROJECTS 2018-2020.....</b>	<b>23</b>
<b>B. SUPPORT FOR FISHERY PRODUCTS.....</b>	<b>24</b>
<b>1 SUPPORT TO DEVELOPMENT OF MARINE FISHERIES AND MARICULTURE - MODERNIZATION OF PROFESSIONAL FISHING FLEET FOR DEMERSAL RESOURCES.....</b>	<b>24</b>
<b>2 SUPPORT TO DEVELOPMENT OF MARINE FISHERIES AND MARICULTURE - MODERNIZATION OF PROFESSIONAL FISHING FLEET FOR PELAGIC RESOURCES .....</b>	<b>25</b>
<b>3 SUPPORT TO DEVELOPMENT OF MARINE FISHERIES AND MARICULTURE - MODERNIZATION OF PROFESSIONAL FISHING FLEET IN SMALL COMMERCIAL FISHING (VESSELS OF UP TO 10M LOA).....</b>	<b>26</b>
<b>4 SUPPORT TO DEVELOPMENT OF MARINE FISHERY AND MARICULTURE - IMPROVING THE COMPETITIVENESS AND EFFICIENCY OF MARICULTURE SECTOR.....</b>	<b>27</b>
<b>5 SUPPORT TO DEVELOPMENT OF MARINE FISHERY AND MARICULTURE - SUSTAINABLE MANAGEMENT AND CONSERVATION OF RESOURCES OF FISH AND OTHER MARINE ORGANISMS.....</b>	<b>28</b>
<b>6 SUPPORT TO DEVELOPMENT OF MARINE FISHERY AND MARICULTURE - EQUIPPING OF FIRST LANDING SITES AND SETTING UP OF ELECTRONIC DATA COLLECTION SYSTEM AND TRACEABILITY IN SMALL COASTAL FISHING .....</b>	<b>29</b>
<b>7 SUPPORT TO DEVELOPMENT OF FRESHWATER FISHERY AND FRESHWATER AQUACULTURE - SUSTAINABLE FRESHWATER FISHERY MANAGEMENT.....</b>	<b>30</b>
<b>8 SUPPORT TO DEVELOPMENT OF FRESHWATER FISHERY AND FRESHWATER AQUACULTURE - STRENGTHENING COMPETITIVENESS AND EFFICIENCY OF FRESHWATER AQUACULTURE SECTOR .....</b>	<b>31</b>
<b>9 SUPPORT TO DEVELOPMENT OF MARINE FISHERY AND FRESHWATER AQUACULTURE - DIRECT PAYMENTS IN AQUACULTURE .....</b>	<b>32</b>

**I. THE YEAR 2017:****A.**

1. Title of the subsidy programme, if relevant, or brief description or identification of the subsidy

Annual Plan of the Investment and Development Fund of Montenegro A.D. for 2017.

2. Period covered by the notification

2017.

3. Policy objective and/or purpose of the subsidy

The subsidy was provided with the goal of realization of credit lines of the 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 and 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. 88/09,40/10 and 080/17); the Mid-term IDF work programme and the IDF Annual Work Plan for 2017.

5. Form of the subsidy

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

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

Beneficiaries, based on the Plan of the Investment and Development Fund for 2017, were entrepreneurs, micro, small and medium enterprises, as well as large enterprises as defined in the Programme.

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

Total funds allocated for this Plan in 2017 amounted to EUR 120,000,000.00 for loans.

8. Duration of the subsidy and/or any other 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

N/A.

**1 PROGRAMME FOR SUPPORTING THE DEVELOPMENT OF THE MANUFACTURING INDUSTRY**

1. Title of the subsidy programme

Programme for Supporting the Development of the Manufacturing Industry.

2. Period covered by the notification

2017.

3. Policy objective and/or purpose of the subsidy

The aim of the Programme was to strengthen the competitiveness of business entities, to improve business, productivity and profitability through investment in equipment.

The specific objectives of the Pilot Programme were:

- Improvement of technological processes, products and services,
- Increasing the volume and value of traffic,
- 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 has been the Ministry of Economy of Montenegro based on the Industrial Policy of Montenegro 2016-2020, Strategy of the Development of the Processing Industry 2014-2018 and the Regional Development Strategy of Montenegro 2014-2020.

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 Programme for Supporting the Development of the Manufacturing Industry. In 2017 the Ministry received five applications from the companies operating in the wood industry, furniture production, glass production and manufacturing plastic products. After checking the documentation, the Commission of the Ministry of Economy approved 4 requests in accordance with the Programme's rules. With the support of EUR 61,636.32, EUR 481,366.74 equipment was purchased.

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 2017 for the implementation of the pilot programme 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

N/A.

## **2 PROGRAMME OF ENHANCING INNOVATION IN SMALL AND MEDIUM ENTERPRISES FOR 2017 - FINANCIAL SUPPORT PROJECT FOR SMALL AND MEDIUM ENTERPRISES (SMEs) FROM THE MANUFACTURING SECTOR**

### **1. Title of the subsidy programme**

Programme of Enhancing Innovation in Small and Medium Enterprises for 2017 - Financial Support Project for small and medium enterprises (SMEs) from the manufacturing sector.

### **2. Period covered by the notification**

2017.

### **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 for realization and implementation of innovative activities. 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 has been the background authority for the subsidies based on the following documents: Industrial Policy of Montenegro 2016-2020, Action Plan for 2017. Strategy for the Development of the Processing Industry 2014-2018, Regional Development Strategy 2014-2020, Strategy for innovative activities 2016-2020.

### **5. Form of the subsidy**

The aid was granted as a reimbursement of 50% of the costs for engaging external consultants for implementing innovative activities.

### **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 programmes for the same activities.

SMEs from manufacturing sector which fulfil the aforementioned conditions and appraised with quantitative and qualitative criteria and selected to realize innovative activity (innovation of product, process, organization or marketing) conducted innovative activity in cooperation with external consultant. They paid costs of the consultants and asked for reimbursement of 50% of the costs, following the implementation of the innovative activities and submission of relevant evidence. In 2017 in total 6 companies submitted applications, while 3 companies fulfilled conditions and procedures, implemented innovative activities and thus were reimbursed EUR 10,425 (as grants).

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 2017 in the manufacturing industry was EUR 30,000.00 and the maximum amount of subsidy 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

N/A.

**3 PROGRAMME OF INCREASING THE REGIONAL AND LOCAL COMPETITIVENESS THROUGH COMPLIANCE WITH THE REQUIREMENTS OF INTERNATIONAL BUSINESS STANDARDS FOR THE PERIOD 2017-2020**

1. Title of the subsidy programme

Programme of increasing the regional and local competitiveness through compliance with the requirements of international business standards for the period 2017-2020.

2. Period covered by the notification

2017.

3. Policy objective and/or purpose of the subsidy

The aim of the Programme 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 2014-2020, the Strategy for innovative activities 2016-2020, the Strategy of the development of the processing industry of Montenegro 2014-2020, Industrial policy of Montenegro until 2020.

5. Form of the subsidy

The subsidy is provided according to the principle of refund. The beneficiary of the programme financed the project, and after realization and submission of evidence of realization, the Ministry refunded 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 2017 was 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

N/A.

**4 PROGRAMME FOR STIMULATING THE DEVELOPMENT OF CLUSTERS IN MONTENEGRO 2017-2020**

1. Title of the subsidy programme

Programme for stimulating the development of clusters in Montenegro 2017-2020.

2. Period covered by the notification

2017.

3. Policy objective and/or purpose of the subsidy

The objective of the Programme is financial support for more efficient functioning of innovative clusters and their better promotion in order to achieve a better competitive position of small and medium-sized enterprises on the national and international market.

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

The Ministry of Economy based on the Strategy of regional development of Montenegro 2014-2020, the National strategies for employment and human resources development 2016-2020, the Strategy for innovative activities 2016-2020, the Strategy of the development of the processing industry of Montenegro 2014-2020, Industrial policy of Montenegro until 2020.

5. Form of the subsidy

The subsidy is realized according to the principle of refund. The beneficiary of the programme financed the project, and after realization and submission of evidence of realization, the Ministry refunded the contracted amount.

The subject of support might 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 Programme for the Promotion of Cluster Development in Montenegro had 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 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

N/A.

**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

2017.

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 ("Official Gazette of Montenegro", No. 59/16), the Decree on incentive fees to encourage production of electricity from renewable energy sources and cogeneration ("Official Gazette of Montenegro", No. 33/16 and 3/17).

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, "Kronor" d.o.o. Podgorica, "Synergy" d.o.o. Podgorica, "Hydro Bistrica" d.o.o. Podgorica, "Igma Energy" d.o.o. Andrijevica and "Krnovo Green Energy" 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 has been 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.

During 2017, the status of a privileged producer for small hydropower plants was acquired by two companies "Kronor" d.o.o. Podgorica and "Igma Energy" d.o.o. Andrijevica and one company "Krnovo Green Energy" d.o.o. Podgorica for wind farm.

For SHPP "Babino polje", developed by "Kronor" d.o.o. Podgorica, has determined the selling price of 9,097 c€/kWh, and for SHPP "Piševska rijeka" developed by "Igma Energy" d.o.o. Andrijevica has determined the selling price of 10,450 c€/kWh. For wind farm "Krnovo" developed by "Krnovo Green Energy" d.o.o. Podgorica, has determined the selling price of 9,599 c€/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

N/A.

## **B. SUPPORT FOR FISHERY PRODUCTS**

### **1 SUPPORT TO DEVELOPMENT OF MARINE FISHERIES AND MARICULTURE - MODERNIZATION OF PROFESSIONAL FISHING FLEET FOR DEMERSAL RESOURCES.**

1. Title of subsidy

Support to development of marine fisheries and mariculture - Modernization of professional fishing fleet for demersal resources.

2. Period covered by notification

2017.

3. Policy objective and/or purpose of the subsidy

Montenegro structural measures for improvement of the fishing fleet through achieving the following objectives:

- Modernization of the fishing fleet for demersal resources; and
- Improving the standards of safety at sea, work conditions and maintenance of hygiene and health standards.

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

The Ministry of Agriculture and Rural Development.

5. Form of the subsidy

Support for modernisation of professional fishing fleet for demersal resources concerns co-financing for professional fishers (holders of the permits for commercial fishing) the costs of reconstruction of

fishing vessels, replacement of engines, improvement of hygiene and health standards on board, supply of fishing tools and gear, as well as electronic devices. The maximum contribution of budgetary funds was up to 50% of the value of the invoice submitted, maximum up to EUR 10,000.

The criteria for support were defined by a public call.

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

Professional fishers (holders of the permit for commercial fishing), with use of the fishing gear – trawl nets.

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

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

N/A.

## **2 SUPPORT TO DEVELOPMENT OF MARINE FISHERIES AND MARICULTURE - MODERNIZATION OF PROFESSIONAL FISHING FLEET FOR PELAGIC RESOURCES**

1. Title of subsidy

Support to development of marine fisheries and mariculture - Modernization of professional fishing fleet for pelagic resources.

2. Period covered by notification

2017.

3. Policy objective and/or purpose of the subsidy

Montenegro structural measures for improvement of the fishing fleet through achieving the following objectives:

- modernization of professional fishing fleet for pelagic resources; and
- improving the standards of safety at sea, work conditions and maintenance of hygiene and health standards.

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

The Ministry of Agriculture and Rural Development.

5. Form of the subsidy

Support for modernisation of professional fishing fleet for pelagic resources concerns co-financing for professional fishers (holders of the permits for commercial fishing) the costs of reconstruction of fishing vessels, replacement of engines, improvement of hygiene and health standards on board, supply of fishing tools and gear, as well as electronic devices for. The maximum contribution of budgetary funds was up to 50% of the value of the invoice submitted, maximum up to EUR 10,000.

The criteria for support were defined by a public call.

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

Professional fishers (holders of the permit for commercial fishing), with use of the fishing gear – purse seiners.

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

EUR 20,000.

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

N/A.

### **3 SUPPORT TO DEVELOPMENT OF MARINE FISHERIES AND MARICULTURE - MODERNIZATION OF PROFESSIONAL FISHING FLEET IN SMALL COMMERCIAL FISHING (VESSELS OF UP TO 10M LOA)**

1. Title of subsidy

Support to development of marine fisheries and mariculture - modernization of professional fishing fleet in small commercial fishing (vessels of up to 10m LoA).

2. Period covered by notification

2017.

3. Policy objective and/or purpose of the subsidy

The objectives of this measure are as follows:

- improving the efficiency of catch and technique in small commercial fishing,
- modernization of existing vessels in small commercial fishing.

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

The Ministry of Agriculture and Rural Development.

5. Form of the subsidy

Support to modernisation of existing fishing vessels of 3 to 10 m LOA in small commercial fishing concerns co-financing in costs of replacement of engines, reconstruction and adaptation of vessels, replacement of fishing tools to increase efficiency of catch, i.e. change for more selective tools. The maximum contribution of budgetary funds was up to 50% of the value of the invoice submitted, maximum up to EUR 5,000.

The criteria for support were defined by a public call.

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

Professional fishers (holders of the permit for small commercial fishing).

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.

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

N/A.

#### **4 SUPPORT FOR DEVELOPMENT OF MARINE FISHERIES AND AQUACULTURE - REVITALIZATION OF THE FISHING GEAR OF THE KALIMERA FISHING NETS**

1. Title of subsidy

Support for development of marine fisheries and aquaculture - revitalization of the fishing gear of the kalimera fishing nets.

2. Period covered by notification

2017.

3. Policy objective and/or purpose of the subsidy

The programme was designed with the aims of:

- protection of traditional fishing;
- revitalization of existing nets of kalimera; and
- suppression of illegal fishing.

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

The Ministry of Agriculture and Rural Development.

5. Form of the subsidy

Support for the revitalization of the fishing gears kalimera nets refers to co-financing in the costs of reconstruction or construction of a fishing gear kalimera net.

The support criteria were defined by a public call.

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

Professional fishers (holders of the permit for small commercial fishing).

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

EUR 30,000.

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

N/A.

## **5 SUPPORT TO DEVELOPMENT OF MARINE FISHERY AND MARICULTURE - IMPROVING THE COMPETITIVENESS AND EFFICIENCY OF MARICULTURE SECTOR**

1. Title of subsidy

Support to development of marine fishery and mariculture - improving the competitiveness and efficiency of mariculture sector.

2. Period covered by notification

2017.

3. Policy objective and/or purpose of the subsidy

The programme was designed with the aims of:

- improving the competitiveness and efficiency of the mariculture sector; and
- introduction of new technologies with regard to protection of farms against predators.

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

The Ministry of Agriculture and Rural Development.

5. Form of the subsidy

Support to competitiveness and efficiency of the mariculture sector concerns: co-financing of fish and mollusc farmers for reconstruction of farming sites; construction or reconstruction of facilities for storage of feed and equipment; supply of equipment for automation of the farming process; supply of equipment for improvement of hygiene in terms of food safety and marketing of farmed products; reconstruction or supply of rafts for operations on the farming site; supply of protective nets in order to protect the farming sites against predators.

Maximum share of budgetary funds were up to 50% of the investment value.

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

Business organisations and entrepreneurs holders of the mariculture permit.

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

EUR 45,000.

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

N/A.

**6 SUPPORT TO DEVELOPMENT OF MARINE FISHERY AND MARICULTURE - SUSTAINABLE MANAGEMENT AND CONSERVATION OF RESOURCES OF FISH AND OTHER MARINE ORGANISMS**

1. Title of subsidy

Support to development of marine fishery and mariculture - sustainable management and conservation of resources of fish and other marine organisms.

2. Period covered by notification

2017.

3. Policy objective and/or purpose of the subsidy

The programme was designed with the aims of:

- assessment of available resources of fish and other marine organisms;
- monitoring of the status and assessment of sustainable use of fish and other marine organisms,
- collection and processing of data on catch, fleet and fishing effort, biological, environmental and socio-economic data in marine fishery,
- monitoring of population dynamics of fish, water quality and biomonitoring of waters in farming sites,
- functionality of the satellite monitoring system for fishing vessels of Montenegro (VMS),
- introduction of more selective fishing gear in order to protect fish and other marine organisms and reduction of fishing costs.

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

The Ministry of Agriculture and Rural Development.

5. Form of the subsidy

Support was provided to the Institute for Marine Biology, for implementation of the Annual programme of data collection in marine fishery (DCF-DCRF), monitoring and biomonitoring of water quality for mariculture and assessment of bivalve mollusc resources in the Boka Kotorska Bay.

The support was provided for operators for provision of satellite and mobile communication services, for operation of the satellite system for monitoring of fishing vessels.

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

Institute for Marine Biology, operators for satellite and mobile communication systems and the project.

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

EUR 113,000.

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

N/A.

**7 SUPPORT TO DEVELOPMENT OF FRESHWATER FISHERY AND FRESHWATER AQUACULTURE - STRENGTHENING COMPETITIVENESS AND EFFICIENCY OF FRESHWATER FISHERY SECTOR**

1. Title of subsidy

Support to development of freshwater fishery and freshwater aquaculture - Strengthening competitiveness and efficiency of freshwater fishery sector.

2. Period covered by notification

2017.

3. Policy objective and/or purpose of the subsidy

The programme was designed with the aims of:

- strengthening competitiveness and efficiency of freshwater aquaculture sector; and
- introduction of new technologies for protection of farming sites against predators.

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

The Ministry of Agriculture and Rural Development.

5. Form of the subsidy

Support to strengthening the competitiveness and efficiency of the freshwater aquaculture sector concerns co-financing for fish farmers for reconstruction of the farming sites; construction or reconstruction of facilities for storage of feed and equipment; supply of equipment for automation of the farming process; supply of equipment for improvement of hygiene in terms of food safety and marketing of farmed products; supply of protective nets or other technical solutions in order to protect the farming sites against predators.

Maximum share of budgetary funds was up to 50% of the investment value.

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

Business organizations and entrepreneurs issued with authorization for aquaculture.

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

EUR 60,000.

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

N/A.

## **8 SUPPORT TO DEVELOPMENT OF MARINE FISHERY AND FRESHWATER AQUACULTURE - SUSTAINABLE FRESHWATER FISHERY MANAGEMENT**

1. Title of subsidy

Support to development of marine fishery and freshwater aquaculture - sustainable freshwater fishery management.

2. Period covered by notification

2017.

3. Policy objective and/or purpose of the subsidy

The programme was designed with the aims of:

- development of sports fishing tourism; and
- strengthening control of sports fishing activities in order to protect and develop fishing waters and fish stocks.

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

The Ministry of Agriculture and Rural Development.

5. Form of the subsidy

Support to users of fish stocks and to the Association for organization of sports fishery events, aimed at promoting sports fishery tourism.

Support to development of protection and preservation of fishery waters.

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

Association of sports fishing organizations of Montenegro and users of fish stocks.

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

EUR 25,000.

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

N/A.



## II. THE YEAR 2018:

### A.

#### 1 SUPPORT PROGRAMME FOR MODERNISATION OF THE PROCESSING INDUSTRY

##### 1. Title of the subsidy programme

Support Programme for Modernisation of the Processing Industry.

##### 2. Period covered by the notification

2018.

##### 3. Policy objective and/or purpose of the subsidy

The aim of the Programme was to strengthen the competitiveness of business entities, to improve business, productivity and profitability through investment in equipment.

The specific objectives of the Pilot Programme were:

- Improvement of technological processes, products and services,
- Increasing the volume and value of traffic,
- 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 has been the Ministry of Economy of Montenegro in cooperation with the Investment and Development Fund of Montenegro, based on the Industrial Policy of Montenegro 2016 – 2020, Strategy of the Development of the Processing Industry 2014 – 2018 and the Regional Development Strategy of Montenegro 2014 – 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.)

The right to participate in the Support Programme for Modernisation of the Processing Industry had registered micro, small and medium sized companies from manufacturing sector, operating for at least two 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 available funds in 2018 for the implementation of the Programme were EUR 150,000. In 2018 the Ministry received ten applications from the companies operating in the wood industry, furniture production and production of construction products. After checking the documentation, the Commission of the Ministry of Economy approved seven applications in accordance with the Programme's rules. With the support of EUR 126,498.00 by the Ministry of Economy, the equipment worth EUR 808,250.00 was purchased.

During last three years of the implementation of the Programme new machines and equipment were purchased (based on twelve applications) worth approximately EUR 1.34 million (EUR 1,339,616.00) and grants from the Ministry of Economy amounted around to EUR 200,000.00 (to EUR 197,634)

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

N/A.

**2 PROGRAMME OF ENHANCING INNOVATION IN SMALL AND MEDIUM ENTERPRISES FOR 2018 - FINANCIAL SUPPORT PROJECT FOR SMALL AND MEDIUM ENTERPRISES (SMEs)**

1. Title of the subsidy programme

Programme of Enhancing Innovation in Small and Medium Enterprises for 2018 - Financial Support Project for small and medium enterprises (SMEs).

2. Period covered by the notification

2018.

3. Policy objective and/or purpose of the subsidy

Improving the innovative capabilities of SMEs through encouraging the use of consulting services for realization and implementation of innovative activities. 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 has been the background authority for the subsidies based on the following documents: Industrial Policy of Montenegro 2016-2020, Action Plan for 2017, Strategy for the Development of the Processing Industry 2014-2018, Regional Development Strategy 2014-2020, Strategy for innovative activities 2016-2020, Strategy for SME Development 2018-2022.

5. Form of the subsidy

The aid was granted as a reimbursement of 50% of the costs for engaging external consultants for implementing innovative activities.

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) 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 programmes for the same activities.

SMEs which fulfil the aforementioned conditions and appraised with quantitative and qualitative criteria and selected to realize innovative activity (innovation of product, process, organization or marketing) conducted innovative activity in cooperation with external consultant. They paid costs of the consultants and asked for reimbursement of 50% of the costs, following the implementation of the innovative activities and submission of relevant evidence. In 2018 in total 20 companies submitted applications, while 9 companies fulfilled conditions and procedures, implemented innovative activities and thus were reimbursed EUR 30,725.00 (as grants).

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 2018 was EUR 50,000.00 and the maximum amount of subsidy 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

N/A.

### **3 PROGRAMME OF INCREASING THE REGIONAL AND LOCAL COMPETITIVENESS THROUGH COMPLIANCE WITH THE REQUIREMENTS OF INTERNATIONAL BUSINESS STANDARDS FOR THE PERIOD 2017-2020, FOR 2018**

1. Title of the subsidy programme

Programme of increasing the regional and local competitiveness through compliance with the requirements of international business standards for the period 2017-2020, for 2018.

2. Period covered by the notification

2018.

3. Policy objective and/or purpose of the subsidy

The Programme has aimed 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 2014-2020, the Strategy for innovative activities 2016-2020, the Strategy of the development of the processing industry of Montenegro 2014-2020, Industrial policy of Montenegro until 2020.

5. Form of the subsidy

The subsidy has been provided according to the principle of refund. The beneficiary of the programme financed the project, and after realization and submission of evidence of realization, the Ministry refunded 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. In 2018 in total 34 companies fulfilled conditions and procedures, implemented contracted activities and thus were reimbursed EUR 99,297.32 (as grants).

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 2018 was EUR 140,000.00.

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

N/A.

#### **4 PROGRAMME FOR STIMULATING THE DEVELOPMENT OF CLUSTERS IN MONTENEGRO 2017-2020, FOR 2018**

1. Title of the subsidy programme

Programme for stimulating the development of clusters in Montenegro 2017-2020, for 2018.

2. Period covered by the notification

2018.

3. Policy objective and/or purpose of the subsidy

The objective of the Programme is financial support for more efficient functioning of innovative clusters and their better promotion in order to achieve a better competitive position of small and medium-sized enterprises on the national and international market.

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

The Ministry of Economy based on the Strategy of regional development of Montenegro 2014-2020, the National strategies for employment and human resources development 2016-2020, the Strategy for innovative activities 2016-2020, the Strategy of the development of the processing industry of Montenegro 2014-2020, Industrial policy of Montenegro until 2020.

5. Form of the subsidy

The subsidy has been realized according to the principle of refund. The beneficiary of the programme financed the project, and after realization and submission of evidence of realization, the Ministry refunded the contracted amount.

The subject of support might 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 Programme for the Promotion of Cluster Development in Montenegro had 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 150,000.00.

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

N/A.

## **5 ANNUAL PLAN OF THE INVESTMENT AND DEVELOPMENT FUND OF MONTENEGRO A.D. FOR 2018**

1. Title of the subsidy programme

Annual Plan of the Investment and Development Fund of Montenegro A.D. for 2018.

2. Period covered by the notification

2018.

3. Policy objective and/or purpose of the subsidy

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

- Entrepreneurship development - encouraging employment (support to specific targeted groups: start-up 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 competitiveness of entrepreneurs and SMEs,
- Support of commodity producers in agriculture and food production,
- Support of innovative projects,
- Support of the projects in the field of ICT,
- Support of the development of tourism and catering,
- Balanced regional development in Montenegro,
- Starting new investment cycle for SMEs,
- Strengthening the existing capacities - maintenance and improvement of liquidity,
- Development of infrastructure projects, and projects of high ecological, local and national importance, 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. 88/09,40/10 and 80/17) and the IDF Annual Work Plan for 2018.

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 were entrepreneurs, micro, small and medium enterprises, as well as large enterprises as defined in the Programme, based on the Plan of the Investment and Development Fund for 2018.

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 2018 amounted to EUR 140,000,000.00 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

N/A.

## **6 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

2018.

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 ("Official Gazette of Montenegro", No. 59/16), the Decree on incentive fees to encourage production of electricity from renewable energy sources and cogeneration ("Official Gazette of Montenegro", No. 33/16 and 3/17).

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, "Kronor" d.o.o. Podgorica, "Synergy" d.o.o. Podgorica, "Hydro Bistrica" d.o.o. Podgorica, "Igma Energy" d.o.o. Andrijevica, "Krnovo Green Energy" d.o.o. and "Nord 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

Montenegro has determined the selling price of electricity produced in plants during the entire period of the purchase contract. Selling price has been 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.

During 2018 the status of a privileged producer for small hydropower plants was acquired by two companies "Nord Energy" d.o.o. Andrijevica and "Hydro Bistrica" d.o.o. Podgorica. For SHPP "Šeremet", developed by "Nord Energy" d.o.o. Andrijevica, has determined the selling price of 10,440 c€/kWh, and for SHPP "Bistrica" developed by "Hydro Bistrica" d.o.o. Podgorica has determined the selling price of 7,440 c€/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

N/A.

## **7 PROGRAMME FOR AWARDING GRANTS FOR INNOVATIVE PROJECTS 2018-2020**

1. Title of the subsidy programme

Programme for Awarding Grants for Innovative Projects 2018-2020.

2. Period covered by the notification

2018.

3. Policy objective and/or purpose of the subsidy

- Strengthening the competitiveness of Montenegrin companies by co-financing the development of innovative market-oriented products, services and technologies that have great potential for commercialization and market application;
- Supporting the transfer of innovative ideas from scientific research institutions to the market, through cooperation with partners from the economy or through the opening of new enterprises / spin-off companies in Montenegro;
- Strengthening human resources and creating new jobs.

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

The Ministry of Science is background authority for the subsidy. Subsidies are provided in line with the Law on Innovation Activities (OG MNE 42/16) and the Strategy of Innovation Activity (2016-2020) with the Action Plan within the Strategic Goal II "Strengthening the Instruments for Networking and Cooperation of Actors in the Innovation System".

5. Form of the subsidy

Grant.

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

Research institutions, higher education institutions and economic entities (innovation-entrepreneurship center, business incubator, company, or part of the company) and registered in the Register of Innovative Organizations.

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

The Ministry of Science provided support for 9 innovative projects in 2018 as a co-financier of innovative projects. Total support of the Ministry amounts to EUR 675,834.00, while contribution of the grant holders amounts EUR 389,495.00.00. Total value of the innovative projects is EUR 1,065,329.00.

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

The Programme is implemented through a Call for Awarding Grants for Innovative Projects (July-September 2018), while the projects' implementation will cover period 2019-2020.

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

N/A.

## **B. SUPPORT FOR FISHERY PRODUCTS**

### **1 SUPPORT TO DEVELOPMENT OF MARINE FISHERIES AND MARICULTURE - MODERNIZATION OF PROFESSIONAL FISHING FLEET FOR DEMERSAL RESOURCES**

1. Title of the subsidy programme

Support to development of marine fisheries and mariculture - Modernization of professional fishing fleet for demersal resources.

2. Period covered by notification

2018.

3. Policy objective and/or purpose of the subsidy

Montenegro structural measures for improvement of the fishing fleet through achieving the following objectives:

- modernization of the fishing fleet for demersal resources; and
- improving the standards of safety at sea, work conditions and maintenance of hygiene and health standards.



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

The Ministry of Agriculture and Rural Development.

5. Form of the subsidy

Support for modernization of professional fishing fleet for demersal resources concerns co-financing for professional fishers (holders of the permits for commercial fishing) the costs of reconstruction of fishing vessels, replacement of engines, improvement of hygiene and health standards on board, supply of fishing tools and gear, as well as for electronic devices. The maximum contribution of budgetary funds has been up to 50% of the value of the invoice submitted, maximum up to EUR 10,000.00.

The criteria for support have been defined by a public call.

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

Professional fishers (holders of the permit for commercial fishing), with use of the fishing gear – trawl nets.

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

EUR 70,000.00.

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

N/A.

**2 SUPPORT TO DEVELOPMENT OF MARINE FISHERIES AND MARICULTURE - MODERNIZATION OF PROFESSIONAL FISHING FLEET FOR PELAGIC RESOURCES**

1. Title of the subsidy programme

Support to development of marine fisheries and mariculture - Modernization of professional fishing fleet for pelagic resources.

2. Period covered by notification

2018.

3. Policy objective and/or purpose of the subsidy

Montenegro structural measures for improvement of the fishing fleet sector through achieving the following objectives:

- modernization of professional fishing fleet for pelagic resources;
- increase fishing efficiency; and
- Improving the standards of safety at sea, work conditions and maintenance of hygiene and health standards.

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

The Ministry of Agriculture and Rural Development.

5. Form of the subsidy

Support for modernisation of professional fishing fleet for pelagic resources concerns co-financing for professional fishers (holders of the permits for commercial fishing) the costs of reconstruction of fishing vessels, replacement of engines, improvement of hygiene and health standards on board, supply of fishing tools and gear, as well as for electronic devices. The maximum contribution of budgetary funds has been up to 50% of the value of the invoice submitted, maximum up to EUR 10,000.00.

The criteria for support have been defined by a public call.

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

Professional fishers (holders of the permit for commercial fishing), with use of the fishing gear – purse seiners.

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

EUR 20,000.

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

N/A.

**3 SUPPORT TO DEVELOPMENT OF MARINE FISHERIES AND MARICULTURE - MODERNIZATION OF PROFESSIONAL FISHING FLEET IN SMALL COMMERCIAL FISHING (VESSELS OF UP TO 10M LOA)**

1. Title of the subsidy programme

Support to development of marine fisheries and mariculture - Modernization of professional fishing fleet in small commercial fishing (vessels of up to 10m LoA).

2. Period covered by notification

2018.

3. Policy objective and/or purpose of the subsidy

The objectives of this measure have been as follows:

- improving the efficiency of catch and technique in small commercial fishing; and
- modernization of existing vessels in small commercial fishing.

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

The Ministry of Agriculture and Rural Development.

5. Form of the subsidy

Support to modernisation of existing fishing vessels of 3 to 10 m LOA in small commercial fishing concerns co-financing in costs of replacement of engines, reconstruction and adaptation of vessels, replacement of fishing tools to increase efficiency of catch, i.e. change for more selective tools. The maximum contribution of budgetary funds has been up to 50% of the value of the invoice submitted, maximum up to EUR 5,000.

The criteria for support have been defined by a public call.

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

Professional fishers (holders of the permit for small commercial fishing).

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

EUR 70,000.

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

N/A.

**4 SUPPORT TO DEVELOPMENT OF MARINE FISHERY AND MARICULTURE - IMPROVING THE COMPETITIVENESS AND EFFICIENCY OF MARICULTURE SECTOR**

1. Title of the subsidy programme

Support to development of marine fishery and mariculture - improving the competitiveness and efficiency of mariculture sector.

2. Period covered by notification

2018.

3. Policy objective and/or purpose of the subsidy

- To improve the competitiveness and efficiency of the mariculture sector;
- To introduce new technologies related to protection of farms against predators.

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

The Ministry of Agriculture and Rural Development.

5. Form of the subsidy

Support to competitiveness and efficiency of the mariculture sector concerns: co-financing of fish and mollusc farmers for reconstruction of farming sites; construction or reconstruction of facilities for storage of feed and equipment; supply of equipment for automation of the farming process; supply of equipment for improvement of hygiene in terms of food safety and marketing of farmed products; reconstruction or supply of rafts for operations on the farming site; supply of protective nets in order to protect the farming sites against predators.

Maximum share of budgetary funds has been up to 50% of the investment value.

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

Business organisations and entrepreneurs holders of the mariculture permit.

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

EUR 35,000.00.

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

N/A.

## **5 SUPPORT TO DEVELOPMENT OF MARINE FISHERY AND MARICULTURE - SUSTAINABLE MANAGEMENT AND CONSERVATION OF RESOURCES OF FISH AND OTHER MARINE ORGANISMS**

1. Title of the subsidy programme

Support to development of marine fishery and mariculture - sustainable management and conservation of resources of fish and other marine organisms.

2. Period covered by notification

2018.

3. Policy objective and/or purpose of the subsidy

- Assessment of available resources of fish and other marine organisms;
- Monitoring of the status and assessment of sustainable use of fish and other marine organisms,
- Collection and processing of data on catch, fleet and fishing effort, biological, environmental and socio-economic data in marine fishery,
- Monitoring of population dynamics of fish, water quality and biomonitoring of waters in farming sites,
- Functionality of the satellite monitoring system for fishing vessels of Montenegro (VMS),
- Introduction of more selective fishing gear in order to protect fish and other marine organisms and reduction of fishing costs,
- Diversification of production in mariculture – introduction of new autochthonous species.

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

The Ministry of Agriculture and Rural Development.

5. Form of the subsidy

Support has been provided to the Institute for Marine Biology, for implementation of the annual programme of data collection in marine fishery (DCF-DCRF), monitoring and biomonitoring of water quality for mariculture and assessment of bivalve mollusc resources in the Boka Kotorska Bay and supply of adult scallops to continue the project of experimental farming of Mediterranean scallop (*Pecten jacobaeus*).

The support has been provided for operators for provision of satellite and mobile communication services, for operation of the satellite system for monitoring of fishing vessels.

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

Institute for Marine Biology, operators for satellite and mobile communication systems and Project of experimental farming of Mediterranean scallop.

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

EUR 103,000.00.

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

N/A.

**6 SUPPORT TO DEVELOPMENT OF MARINE FISHERY AND MARICULTURE - EQUIPPING OF FIRST LANDING SITES AND SETTING UP OF ELECTRONIC DATA COLLECTION SYSTEM AND TRACEABILITY IN SMALL COASTAL FISHING**

1. Title of the subsidy programme

Support to development of marine fishery and mariculture - Equipping of first landing sites and setting up of electronic data collection system and traceability in small coastal fishing.

2. Period covered by notification

2018.

3. Policy objective and/or purpose of the subsidy

- Assessment of available resources of fish and other marine organisms;
- Monitoring of the situation and assessment of sustainable exploitation of fish and other marine organisms;
- Collection and processing of data on catch, fleet and fishing effort in marine fishery;
- Setting up of a traceability system in the fishery sector;
- Setting up of a system of electronic records in marine fishery.

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

The Ministry of Agriculture and Rural Development.

5. Form of the subsidy

Supply and installation of equipment necessary for first landing sites in small coastal fishing and setting up of a data collection system.

Measures and criteria for supply and installation of the equipment necessary and setting up of a data collection system in marine fishery have been in line with the World Bank criteria.

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

Beneficiaries have been defined in line with the criteria established by the Ministry of Agriculture and Rural Development.

Also, holders of the permit for commercial fishing could apply for support.

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

EUR 600,000.00.

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

N/A.

## **7 SUPPORT TO DEVELOPMENT OF FRESHWATER FISHERY AND FRESHWATER AQUACULTURE - SUSTAINABLE FRESHWATER FISHERY MANAGEMENT**

1. Title of the subsidy programme

Support to development of freshwater fishery and freshwater aquaculture - sustainable freshwater fishery management.

2. Period covered by notification

2018.

3. Policy objective and/or purpose of the subsidy

- Development of sports fishing tourism;
- Strengthening control of sports fishing activities in order to protect and develop fishery waters and fish stocks;
- Reliable estimate of available fish stocks in freshwater fishery waters – fishery master plan;
- Traceability of fishery products.

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

The Ministry of Agriculture and Rural Development.

5. Form of the subsidy

Support to users of fish stocks and to the Association for organization of sports fishery events, aimed at promoting sports fishery tourism.

Support to development of protection and preservation of fishery waters.

Support to a scientific institution that the Ministry authorises for development of fishery master plan.

Support to holders of permit for commercial fishing for supply of devices for keeping electronic records on sale (up to 50% of value of the device).

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

- Association of sports fishing organizations of Montenegro and users of fish stocks
- Scientific institution authorised by the Ministry
- Holders of the permit for commercial fishing.

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

N/A.

**8 SUPPORT TO DEVELOPMENT OF FRESHWATER FISHERY AND FRESHWATER AQUACULTURE - STRENGTHENING COMPETITIVENESS AND EFFICIENCY OF FRESHWATER AQUACULTURE SECTOR**

1. Title of the subsidy programme

Support to development of freshwater fishery and freshwater aquaculture - Strengthening competitiveness and efficiency of freshwater aquaculture sector.

2. Period covered by notification

2018.

3. Policy objective and/or purpose of the subsidy

- Strengthening competitiveness and efficiency of freshwater aquaculture sector;
- Introducing new technologies for protection of farming sites against predators.

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

The Ministry of Agriculture and Rural Development.

5. Form of the subsidy

Support to strengthening the competitiveness and efficiency of the freshwater aquaculture sector concerns co-financing for fish farmers for reconstruction of the farming sites; construction or reconstruction of facilities for storage of feed and equipment; supply of equipment for automation of the farming process; supply of equipment for improvement of hygiene in terms of food safety and marketing of farmed products; supply of protective nets or other technical solutions in order to protect the farming sites against predators.

Maximum share of budgetary funds has been up to 50% of the investment value.

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

Business organisations and entrepreneurs that have authorisation for aquaculture issued by the Ministry of Agriculture and Rural Development.

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

EUR 45,000.

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

N/A.

## **9 SUPPORT TO DEVELOPMENT OF MARINE FISHERY AND FRESHWATER AQUACULTURE - DIRECT PAYMENTS IN AQUACULTURE**

### 1. Title of the subsidy programme

Support to development of marine fishery and freshwater aquaculture - Direct payments in aquaculture.

### 2. Period covered by notification

2018.

### 3. Policy objective and/or purpose of the subsidy

- Increase the competitiveness of freshwater aquaculture production and creation of competitive farmers,
- Full use of all available production capacities,
- Improvement of business operations, and
- Increase of total aquaculture production.

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

The Ministry of Agriculture and Rural Development.

### 5. Form of the subsidy

Business organisations and entrepreneurs holding authorisation for aquaculture have been eligible to apply for support, which has been received exclusively for production from own farming site. Amount of support has been set based on the area of the farming site stated in the authorisation for aquaculture and based on average production for the past two years (balance sheets for 2016 and 2017) as follows:

- 3.0 €/m<sup>2</sup> of reported usable area of the farming site if the average of all fish size structures produced was above 22 kg/m<sup>2</sup>
- 2.5 €/m<sup>2</sup> of reported usable area of the farming site if the average of all fish size structures produced was above 22 -17 kg/m<sup>2</sup>
- 2.0 €/m<sup>2</sup> of reported usable area of the farming site if the average of all fish size structures produced was between 17 and 12 kg/m<sup>2</sup>
- 1.5 €/m<sup>2</sup> of reported usable area of the farming site if the average of all fish size structures produced was below 12 kg/m<sup>2</sup>

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

Business organisations and entrepreneurs that have authorisation for aquaculture issued by the Ministry of Agriculture and Rural Development.

### 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

N/A.