

# WORLD TRADE ORGANIZATION

G/SCM/N/48/EEC/Add.4  
2 November 1999

(99-4744)

---

Committee on Subsidies  
and Countervailing Measures

Original: English

## SUBSIDIES

Updating Notifications Pursuant to Article XVI:1 of the GATT 1994  
and Article 25 of the Agreement on Subsidies and  
Countervailing Measures

EUROPEAN COMMUNITIES

### Addendum

The following addendum to the notification of the European Community relates to subsidy programmes of **Finland**.

# FINLAND

## TABLE OF CONTENTS

	<u>Page</u>
<b>I. AID TO SMALL AND MEDIUM-SIZED ENTERPRISES .....</b>	<b>3</b>
1. Small Business Aid .....	3
2. Development Aid .....	4
3. State Aid for the Internationalization of SMEs .....	5
4. Loan Programme for SMEs (Finnvera plc) .....	5
5. Development Loan Programme for SMEs (Finnvera plc) .....	6
6. Start-Up Loan Programme for Entrepreneurs (Finnvera plc) .....	7
7. Grant for Technical Consulting and Promotion (Åland) .....	8
8. State Aid to Developing Businesses (Åland) .....	9
9. Environment Loan Programme for SMEs (Finnvera plc) .....	10
10. Operational Conditions Aid .....	10
<b>II. AID FOR RESEARCH AND DEVELOPMENT .....</b>	<b>11</b>
1. Aid for Promoting R&D .....	11
2. Grant for Research and Development (Åland) .....	12
<b>III. REGIONAL AID .....</b>	<b>13</b>
1. Regional Investment Aid .....	13
2. Regional Transport Subsidy .....	14
3. Accelerated Regional Depreciation .....	15
4. Grant for Investments (Åland) .....	16
<b>IV. AID IN THE FIELD OF ENERGY .....</b>	<b>17</b>
1. Energy Grants .....	17
2. Aid Measures connected to Energy Taxation .....	18
<b>V. AID FOR ENVIRONMENTAL PROTECTION .....</b>	<b>18</b>
1. Grants for the Promotion of Environmental Protection .....	18
2. Waste Oil Management Financed by Waste Oil Charges .....	19
<b>VI. OTHER SUBSIDIES .....</b>	<b>20</b>
1. Ice Dues Classification Allowance .....	20
2. Investment Aid for Businesses Processing Agri-Based Products .....	21
3. Aid for Development Projects in the Food Industry .....	22
4. Aid for Shipbuilding .....	23

**I. AID TO SMALL AND MEDIUM-SIZED ENTERPRISES**

**1. Small Business Aid**

1. Title of the subsidy programme.  
Small-business aid
2. Period covered by the notification  
  
1998
3. Policy objective and/or purpose of the subsidy  
  
Aid to SMEs
4. Background and authority for the subsidy

Small-business aid can be granted throughout the country but is mainly awarded as investment aid or start-up aid to enterprises either operating or to be set up in rural districts or structural change areas. Aid can be granted to enterprises engaged in production, tourism or business services. Part of the aid can be granted in the form of incubator aid, which is mainly granted to units operating in connection with training establishment or technology parks in cases where such units provide premises and services for new entrepreneurs which are in the initial stages of their operation.

The firm is a small one with a personnel not exceeding 50 with either an annual turnover not exceeding 7 million euros or a balance sheet total not exceeding 5 million euros, and with not more than one-fourth of its equity in the hands of companies exceeding such a limit.

The aid is granted by the Ministry of Trade and Industry and the Business Departments of the regional Employment and Economic Development Centres. (Aid to Business Act 1136/1993).

5. Form of the subsidy  
  
Grant
6. To whom and how the subsidy is provided  
  
See point 4.
7. The total amount or the annual amount budgeted for the subsidy (indicating, if possible, the average subsidy per unit in the previous year)

The amount granted in 1998 was Fmk 111.4 million. The actual payments were Fmk 79.4 million.

In 1999, the estimated amount of grants is Fmk 112 million.

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

9. The trade effects of the subsidy

No effects on international trade

**2. Development Aid**

1. Title of the subsidy programme

Development aid

2. Period covered by the notification

1998

3. Policy objective and/or purpose of the subsidy

Aid to SMEs

4. Background and authority for the subsidy

Development aid can be granted to SMEs for their development projects aimed at improving the standard of firm's products or its production management or marketing. Aid can also be granted to have the potential and operating conditions for projected new firm verified.

The firm is a SME with a personnel not exceeding 250 employees with either an annual turnover not exceeding 40 million euros or a balance sheet total not exceeding 27 million euros and with max. a quarter of its shares in the hands of a company exceeding such a limit. The aid is granted by the Ministry of Trade and Industry and the Business Departments of the regional Employment and Economic Centres (Aid to Business Act 1136/1993).

5. Form of the subsidy

Grant

6. To whom and how the subsidy is provided

See point 4.

7. The total amount or the annual amount budgeted for the subsidy (indicating, if possible, the average subsidy per unit in the previous year)

The amount granted in 1998 was Fmk 47.1 million. The actual payments were Fmk 50.9 million. In 1999, the estimated amount of grants is Fmk 56 million.

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

Indeterminate

9. The trade effects of the subsidy

No effects on international trade.

**3. State Aid for the Internationalization of SMEs**

1. Title of the subsidy programme

State aid for the internationalization of SMEs

2. Period covered by the notification

1998

3. Policy objective and/or purpose of the subsidy

Aid for SMEs for development of their marketing, promotion and internationalization skills

4. Background and authority for the subsidy

The subsidy is granted by the Ministry of Trade and Industry (Trade Department) and the Employment and Economic Development Centres.

5. Form of the subsidy

Grant

6. To whom and how the subsidy is provided

The aid is provided to SMEs and granted by the Ministry of Trade and Industry and the Employment and Economic Development Centres on the basis of applications.

7. The total amount or the annual amount budgeted for the subsidy (indicating, if possible, the average subsidy per unit in the previous year)

The total amount of grants in 1998 was Fmk 266 million. The average subsidy per enterprise was approximately Fmk 80,000.

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

There are no time limits attached to this programme.

9. The trade effects of the subsidy

No direct effects on international trade. The subsidy is granted for the development of SMEs' internationalization skills.

**4. Loan Programme for SMEs (Finnvera plc)**

1. Title of the subsidy programme

Loan programme for SMEs (Finnvera plc). Soft loans for investments and working capital.

2. Period covered by the notification

1998

3. Policy objective and/or purpose of the subsidy

Aid for SMEs: access to risky loans on a reasonable interest rate level

4. Background and authority for the subsidy

The authorization to grant these loans is decided annually in the State budget.

5. Form of the subsidy

Loans with inadequate collaterals (in comparison to market terms), interest rate subsidy

6. To whom and how the subsidy is provided

The subsidy is granted to manufacturing enterprises and tourism industry by Finnvera plc (state-owned company that was formed by merging the activities of Kera Ltd and the Finnish Guarantee Board on 1 January 1999). Subsidy element is in availability and in interest rate of the loans.

7. The total amount or the annual amount budgeted for the subsidy (indicating, if possible, the average subsidy per unit in the previous year)

The net present cost of the programme in 1998 is Fmk 160 million, the administrative costs of Finnvera plc (Kera Ltd) included. The aid intensity of loans is about 10-16 per cent (calculated on loans).

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

Indeterminate. The subsidy is given during years to maturity, which is 5-10 years.

9. The trade effects of the subsidy

No effects on international trade

**5. Development Loan Programme for SMEs (Finnvera plc)**

1. Title of the subsidy programme

Development loan programme for SMEs (Finnvera plc). Soft loans for product development and managerial skills.

2. Period covered by the notification

1998

3. Policy objective and/or purpose of the subsidy

Aid for SMEs

4. Background and authority for the subsidy

The authorization to grant these loans is decided annually in the State budget.

5. Form of the subsidy

Loans with inadequate collaterals (in comparison to market terms), interest rate subsidy

6. To whom and how the subsidy is provided

The subsidy is granted to manufacturing enterprises and tourism industry by Finnvera plc (state-owned company that was formed by merging the activities of Kera Ltd and the Finnish Guarantee Board on 1 January 1999). Subsidy element is in availability and in interest rate of the loans.

7. The total amount or the annual amount budgeted for the subsidy (indicating, if possible, the average subsidy per unit in the previous year)

The net present cost of the programme in 1998 is Fmk 25 million, the administrative costs of Finnvera plc (Kera Ltd) included. The aid intensity of the loans is about 22 per cent (calculated on loans).

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

Indeterminate. The subsidy is given all the years to maturity, usually 5 years.

9. The trade effects of the subsidy

No effects on international trade

**6. Start-Up Loan Programme for Entrepreneurs (Finnvera plc)**

1. Title of the subsidy programme

Start-up loan programme for entrepreneurs (Finnvera plc). Soft loans for entrepreneurs when establishing an enterprise.

2. Period covered by the notification

1998

3. Policy objective and/or purpose of the subsidy

Aid to new enterprises (entrepreneurs)

4. Background and authority for the subsidy

The authorization to grant these loans is decided annually in the State budget.

5. Form of the subsidy

Loans with inadequate collaterals (in comparison to market terms), interest rate subsidy.

6. To whom and how the subsidy is provided

The subsidy is provided to persons who start a new manufacturing or tourism enterprise. It is granted by Finnvera plc (state-owned company that was formed by merging the activities of Kera Ltd and the Finnish Guarantee Board on 1 January 1999). Subsidy element is in availability and in interest rate of the loans.

7. The total amount or the annual amount budgeted for the subsidy (indicating, if possible, the average subsidy per unit in the previous year)

The net present cost of the programme in 1998 is Fmk19 million, the administrative costs of Finnvera plc (Kera Ltd) included. The aid intensity of the loans is about 33 per cent (calculated on loans).

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

Indeterminate. The subsidy is given all the years to maturity, i.e. 10 years..

9. The trade effects of the subsidy

No effects on international trade

**7. Grant for Technical Consulting and Promotion (Åland)**

1. Title of the subsidy programme

Grant for technical consulting and promotion (Åland)

2. Period covered by the notification

1998

3. Policy objective and/or purpose of the subsidy

Aid to SMEs

4. Background and authority for the subsidy

The annual budget of the Government of Åland

5. Form of the subsidy

Grant

6. To whom and how the subsidy is provided

The aid is provided to SMEs and organizations. The subsidy is granted by the regional government of Åland.



7. The total amount or the annual amount budgeted for the subsidy (indicating, if possible, the average subsidy per unit in the previous year)

The annual amount of grants in 1998 was Fmk 0.7 million.

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

Indeterminate

9. The trade effects of the subsidy

No effects on international trade

**8. State Aid to Developing Businesses (Åland)**

1. Title of the subsidy programme

State aid to developing businesses (Åland)

2. Period covered by the notification

1998

3. Policy objective and/or purpose of the subsidy

Aid to SMEs (experiment and development projects)

4. Background and authority for the subsidy

The annual budget of the Government of Åland

5. Form of the subsidy

Grant

6. To whom and how the subsidy is provided

The subsidy is provided to SMEs and organizations. The maximum aid intensity is 50 per cent gross of eligible costs. The aid is granted by the regional government of Åland.

7. The total amount or the annual amount budgeted for the subsidy (indicating, if possible, the average subsidy per unit in the previous year)

The annual amount of grants in 1998 was Fmk 1.4 million.

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

Indeterminate

9. The trade effects of the subsidy

No effects on international trade

**9. Environment Loan Programme for SMEs (Finnvera plc)**

1. Title of the subsidy programme

Environment loan program for SMEs (Finnvera plc). Soft loans for environmental investments.

2. Period covered by the notification

1998

3. Policy objective and/or purpose of the subsidy

Aid to SMEs: to promote environment protection, energy saving, circulation of raw materials etc.

4. Background and authority for the subsidy

The authorisation to grant these loans is decided annually in the State budget.

5. Form of the subsidy

Loans with inadequate collaterals (in comparison to market terms), interest rate subsidy

6. To whom and how the subsidy is provided

The subsidy is granted to manufacturing enterprises and tourism industry by Finnvera plc (state-owned company that was formed by merging the activities of Kera Ltd and the Finnish Guarantee Board on 1 January 1999). Subsidy element is in availability of the loans and in interest rates.

7. The total amount or the annual amount budgeted for the subsidy (indicating, if possible, the average subsidy per unit in the previous year)

The net present cost of the programme is Fmk 18 million, the administrative costs of Finnvera plc (Kera Ltd) included. The aid intensity of loans is about 25 per cent (calculated on loans).

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

Indeterminate. The subsidy is given all the years to maturity, usually 5-10 years.

9. The trade effects of the subsidy

No effects on international trade.

**10. Operational Conditions Aid**

1. Title of the subsidy programme

Operational conditions aid.

2. Period covered by the notification

1998

3. Policy objective and/or purpose of the subsidy

Aid to SMEs: to develop enterprise support services for starting and existing SME:s.

4. Background and authority for the subsidy

The aid is granted by the Ministry of Trade and Industry and the Business Departments of the regional Employment and Economic Development Centres (Aid to Business Act 1136/1993 as changed by Act 552/1994, Act 297/95 and Act 1473/95).

5. Form of the subsidy

Grant

6. To whom and how the subsidy is provided

Aid can be granted to public institutions, foundations, private persons and enterprises. To qualify for aid, a project should create new service activities in the region and should be of essential significance for the regions SMEs. Mainly, aid may be granted for projects associated with counselling, research, quality management, marketing, product development and design services.

7. The total amount or the annual amount budgeted for the subsidy (indicating, if possible, the average subsidy per unit in the previous year)

The amount granted in 1998 was Fmk 50.4 million. The actual payments were Fmk 60.1 million.

In 1999, the estimated amount of grants is Fmk 56 million

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

Indeterminate

9. The trade effects of the subsidy

No effects on international trade

**II. AID FOR RESEARCH AND DEVELOPMENT**

**1. Aid for Promoting R&D**

1. Title of the subsidy programme

Aid for promoting R&D

2. Period covered by the notification

1998

3. Policy objective and/or purpose of the subsidy

Aid for research and development

4. Background and authority for the subsidy

Legal basis: Council of State decision on 17 June 1998 on general terms of grants and soft loans for R&D.

5. Form of the subsidy

Grant, soft loan and capital loan.

6. To whom and how the subsidy is provided

The subsidy is provided for enterprises on the basis of applications. The normal maximum aid intensity is 50 per cent for industrial research and 25 per cent for precompetitive development activity. These maximum levels can be raised up to 75 per cent in industrial research and up to 50 per cent in precompetitive development activity.

The subsidy is granted by the Technology Development Centre (TEKES).

7. The total amount or the annual amount budgeted for the subsidy (indicating, if possible, the average subsidy per unit in the previous year)

In 1998, the paid amount of grants was Fmk 669 million, for loans Fmk 208 million and for capital loans Fmk 95 million. The subsidy per project was on average 40 per cent of eligible costs.

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

The subsidy programme will be in force till 31 August 2003.

9. The trade effects of the subsidy

No effects on international trade

**2. Grant for Research and Development (Åland)**

1. Title of the subsidy programme

Grant for research and development (Åland)

2. Period covered by the notification

1998

3. Policy objective and/or purpose of the subsidy

Aid for research and development (SMEs).

4. Background and authority for the subsidy

The annual budget of the Government of Åland.

5. Form of the subsidy

Grant

6. To whom and how the subsidy is provided

The subsidy is provided to SMEs and organizations. The maximum intensity is 40 per cent of eligible costs. The subsidy is granted by the regional government of Åland.

7. The total amount or the annual amount budgeted for the subsidy (indicating, if possible, the average subsidy per unit in the previous year)

The annual amount of grants in 1998 was Fmk 0.1 million.

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

Indeterminate

9. The trade effects of the subsidy

No effects on international trade

**III. REGIONAL AID**

**1. Regional Investment Aid**

1. Title of the subsidy programme

Regional investment aid

2. Period covered by the notification

1998

3. Policy objective and/or purpose of the subsidy

Regional aid.

4. Background and authority for the subsidy

Investment aid can be granted to firms toward fixed assets needed for business operations and for making alterations or improvements to such fixed assets.

The aid is granted by the Ministry of Trade and Industry and the Business Departments of the regional Employment and Economic Development Centres (Aid to Business Act 1136/1993).

5. Form of the subsidy

Grant

6. To whom and how the subsidy is provided

Investment aid can be granted to firms in the regional development area and the structural adjustment areas. In other parts of Finland, investment aid can be granted only to small businesses.

7. The total amount or the annual amount budgeted for the subsidy (indicating, if possible, the average subsidy per unit in the previous year)

The amount granted in 1998 was Fmk 311.3 million. The actual payments were Fmk 284.1 million.

In 1999, the estimated amount of grants is Fmk 240 million.

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

Indeterminate

9. The trade effects of the subsidy

No effects on international trade

**2. Regional Transport Subsidy**

1. Title of the subsidy programme

Regional transport subsidy

2. Period covered by the notification

1998

3. Policy objective and/or purpose of the subsidy

Regional aid (SMEs)

4. Background and authority for the subsidy

Transport of goods in Finland, which start from regions which have less than 12.5 inhabitants per km<sup>2</sup>: Lapland, Ostrobothnia, Kainuu, North Karelia and South Savo, are eligible for subsidy (Act 954/1981 as changed by Act 613/1996).

Ministry of Trade and Industry (Business Development Department) grants the subsidies.

5. Form of the subsidy

Grant paid semiannually on basis of applications and evidence.

6. To whom and how the subsidy is provided

The subsidy can be granted for transports starting from the place of processing of products which have been processed by small or medium-sized companies within Lapland, Ostrobothnia, Kainuu, North Karelia and South Savo. Transport subsidy can be granted for carriage of the following

products: Food and drinks, earths and stone, wood and wood products, products of the paper industry, products of the metal industry, machinery and apparatus and products of the chemical industry.

7. The total amount or the annual amount budgeted for the subsidy (indicating, if possible, the average subsidy per unit in the previous year)

The actual payments in 1998 were Fmk 16.1 million.

For 1999 the expenditure forecast is Fmk 16.3 million.

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

Until 31 December 1999

9. The trade effects of the subsidy

No effects on international trade

### **3. Accelerated Regional Depreciation**

1. Title of the subsidy programme

Accelerated regional depreciation

2. Period covered by the notification

1998

3. Policy objective and/or purpose of the subsidy

Regional aid

4. Background and authority for the subsidy

Legal basis: Act 1262/1993 as amended by act 32/1998 and by act 1215/1998. The responsible authority is the Ministry of Finance.

5. Form of the subsidy

Tax benefit (accelerated depreciation)

6. To whom and how the subsidy is provided

The subsidy is granted in the national regional support areas I and II. Eligible sectors for this aid are manufacturing, hotels and lodging services for their investments in buildings and machinery. From 1998 onwards this aid is granted only to small and medium-sized enterprises and sensitive sectors of agriculture, synthetic fibres, motor vehicle industry, steel and shipbuilding are excluded. The normal maximum depreciation rate is raised by 50 per cent (for machinery from 25 per cent to 37.5 per cent and for industrial buildings from 7 per cent to 10.5 per cent). The maximum possible aid intensity that can be obtained in favour of any single project is 2 per cent.

7. The total amount or the annual amount budgeted for the subsidy (indicating, if possible, the average subsidy per unit in the previous year)

In 1998, the total aid amount was approximately Fmk 40 million.

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

The subsidy programme came into force on 1 January 1994 and is applied to investments made in 1994-2000. The benefit is granted in the year when the asset is taken into use and during the two following years. The scheme will remain in force until 31 December 2004.

9. The trade effects of the subsidy

No effects on international trade

#### **4. Grant for Investments (Åland)**

1. Title of the subsidy programme

Grant for investments (Åland)

2. Period covered by the notification

1998

3. Policy objective and/or purpose of the subsidy

Regional aid (investments in equipment and buildings)

4. Background and authority for the subsidy

Company aid act of Åland (ÅFS 46/1989)

5. Form of the subsidy

Grant

6. To whom and how the subsidy is provided

The subsidy is provided to small and medium-sized enterprises and organizations. The aid intensity in category I areas (the archipelago) is 35 per cent gross and in category II areas (main Åland) 27 per cent gross of eligible costs. SMEs may receive up to 10 percentage points more up to the maximum ceiling of 37 per cent gross. The subsidy is granted by regional government of Åland.

7. The total amount or the annual amount budgeted for the subsidy (indicating, if possible, the average subsidy per unit in the previous year)

The annual amount of grants in 1998 was Fmk 2.4 million.

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

Indeterminate



9. The trade effects of the subsidy

No effects on international trade

**IV. AID IN THE FIELD OF ENERGY**

**1. Energy Grants**

1. Title of the subsidy programme

Energy grants

2. Period covered by the notification

1998

3. Policy objective and/or purpose of the subsidy

Promotion of energy conservation, energy efficiency and the use of renewable energy; reduction of negative environmental impacts associated with energy production and usage and contribution to energy security and diversity of energy supply.

4. Background and authority for the subsidy.

Legal basis: Decision of the Council of State on the general conditions for awarding energy grants (45/1996)

5. Form of the subsidy

Grant

6. To whom and how the subsidy is provided

Subsidies can be granted to enterprises and communities on a case-by-case consideration. Subsidies are granted by the Ministry of Trade and Industry (Energy Department) on application and they are paid according to the progress of the project.

7. The total amount or the annual amount budgeted for the subsidy (indicating, if possible, the average subsidy per unit in the previous year)

The total amount of the commitments for energy grants was Fmk 144 million in 1998 budget. Average subsidy per project was Fmk 542 000.

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

The duration of the subsidy programme has not been specified.

9. The trade effects of the subsidy

No effects on international trade

**2. Aid Measures connected to Energy Taxation**

1. Title of the subsidy programme

Aid measures connected to energy taxation

2. Period covered by the notification

1998

3. Policy objective and/or purpose of the subsidy

The general aim of the programme is environmental. The purpose is i.a. to promote the use of renewable energy.

4. Background and authority for the subsidy

Legal basis: Act 1260/1996.

5. Form of the subsidy

Grant

6. To whom and how the subsidy is provided

The aid is granted for plants producing electricity from wood and wood-based fuels, for small power plants, for wind power as well as for electricity produced from the waste gas of metallurgic processes. The aid is equal to the electricity tax (Fmk 0.041 per kWh for wind power and Fmk 0.025 per kWh for others).

7. The total amount or the annual amount budgeted for the subsidy (indicating, if possible, the average subsidy per unit in the previous year)

The estimated amount of aid in 1998 is Fmk 155 million and in 1999 Fmk 190-215 million.

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

Indeterminate

9. The trade effects of the subsidy

No effects on international trade

**V. AID FOR ENVIRONMENTAL PROTECTION**

**1. Grants for the Promotion of Environmental Protection**

1. Title of the subsidy programme

Grants for the promotion of environmental protection

2. Period covered by the notification

1998

3. Policy objective and/or purpose of the subsidy

Environmental protection

4. Background and authority for the subsidy

The regional Environmental Centre takes decisions on grants within its allocated appropriation and taking into account its budget. The Ministry of the Environment may decide on grants if these are of national importance or for other special reason.

5. Form of the subsidy

Grant

6. To whom and how the subsidy is provided

The subsidy can be provided to enterprises, local authorities, joint municipal boards and other corporations for development, experimentation and investment projects which promote environmental protection.

7. The total amount or the annual amount budgeted for the subsidy (indicating, if possible, the average subsidy per unit in the previous year)

The amount of the commitments of grants for the promotion of environmental protection was Fmk 33.7 million in 1998. The annual amount budgeted for 1999 is Fmk 31.7 million.

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

Indeterminate

9. The trade effects of the subsidy

No effects on international trade

**2. Waste Oil Management Financed by Waste Oil Charges**

1. Title of the subsidy programme

Waste oil management financed by waste oil charges

2. Period covered by the notification

1998

3. Policy objective and/or purpose of the subsidy

Environmental protection

4. Background and authority for the subsidy

The Ministry of the Environment is the responsible authority.

5. Form of the subsidy

Grant

6. To whom and how the subsidy is provided

The subsidy can be provided to enterprises, which have made a contract on waste oil management with The Ministry of Environment.

7. The total amount or the annual amount budgeted for the subsidy (indicating, if possible, the average subsidy per unit in the previous year)

The annual amount budgeted for 1999 is Fmk 15 million.

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

Indeterminate

9. The trade effects of the subsidy

No effects on international trade

**VI. OTHER SUBSIDIES**

**1. Ice Dues Classification Allowance**

1. Title of the subsidy programme

Ice dues classification allowance

2. Period covered by the notification

1998

3. Policy objective and/or purpose of the subsidy

To support the necessary transport capacity taking into account the Finnish climate and other natural circumstances.

4. Background and authority for the subsidy

Legal basis: Act 433/1981, section 6 as amended by Act 1265/1993 and by act 1258/1996. The responsible authority is the Ministry of Finance.

5. Form of the subsidy

Tax allowance

6. To whom and how the subsidy is provided

The programme is applied to shiporders made during 1994-1998. The shipowner can deduct 3 per cent of the acquisition costs of the ship from the taxable income. The allowance is granted in the tax year when the ship has been taken into use and in the following year. The aid intensity per project is at the most 1.5 per cent.

7. The total amount or the annual amount budgeted for the subsidy (indicating, if possible, the average subsidy per unit in the previous year)

In 1998 the total budgeted amount was Fmk 5 million. The total amount budgeted for 1999 is also Fmk 5 million.

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

The present legislation applies to orders made during 1994-1998. The allowance came into force in amended form on 1 January 1994.

9. The trade effects of the subsidy

No effects on international trade

**2. Investment Aid for Businesses Processing Agri-Based Products**

1. Title of the subsidy programme

Investment aid for businesses processing agri-based products

2. Period covered by the notification

1998

3. Policy objective and/or purpose of the subsidy

The objective of the programme is to improve the processing and marketing conditions for agricultural products.

Investment aid can be granted for a project aimed at improving the quality of products or the reorientation of production to correspond to market demand; other improvements in processing, handling, storage or packaging processes; improvements in purchasing or distribution; intensifying the recycling of by-products; or reducing the harmful environmental impact on production.

4. Background and authority for the subsidy

In addition to support part-funded by the Guidance Section of the European Agricultural Guidance and Guarantee Fund (EAGGF) referred to in EC Regulation 866/90, Finland is supporting its food processing industry from national funds during the country's first few years of EU membership. The national legal basis is the Council of State Decision of 15 June 1995 on investment aid for businesses processing agri-based products.

The responsible authority is the Ministry of Trade and Industry

5. Form of the subsidy

Grant

6. To whom and how the subsidy is provided

Investment aid can be granted to businesses processing agri-based products (products listed in Annex II of the EC Treaty). The intensity of the investment aid is based on the acquisition expenses of fixed assets and may not exceed 20 per cent. In the case of a project in an EC Objective 6 region, however, the aid ceiling is 30 per cent.

7. The total amount or the annual amount budgeted for the subsidy (indicating, if possible, the average subsidy per unit in the previous year)

The budgeted amount in 1998 was Fmk 11.3 million.

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

The last year investment aid can be granted is 1999.

9. The trade effects of the subsidy

No effects on international trade

**3. Aid for Development Projects in the Food Industry**

1. Title of the subsidy programme

Aid for development projects in the food industry

2. Period covered by the notification

1998

3. Policy objective and/or purpose of the subsidy

The objective of the programme is to improve the competitiveness of the food industry in the long run by activating enterprises to adjust their business activities to the changed operating environment due to the EU membership.

4. Background and authority for the subsidy

During the first five years of EU membership a certain amount is annually reserved in the state budget to aid for investments and the adjustment of the food industry to the EU membership (see notification on investment aid for businesses processing agri-based products). This appropriation can be used not only to finance investments, but also to finance the overhead costs due to the adjustment of production. The Council of State has issued a decision on 3 April 1996 on aid for development projects in the food industry. Development aid is granted from the same national funds as investment aid for food industry.

The responsible authority is the Ministry of Trade and Industry.

5. Form of the subsidy

Grant

6. To whom and how the subsidy is provided

A business processing agricultural products listed in Annex II of the EC Treaty or manufacturing such products, or a group of such businesses, can be granted development aid.

7. The total amount or the annual amount budgeted for the subsidy (indicating, if possible, the average subsidy per unit in the previous year)

The budgeted amount (together with investment aid, see point 4) in 1998 was Fmk 11.3 million. Development aid granted cannot exceed 45 per cent of the total eligible costs of the development project.

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

Development aid can be granted for an project initiated on 1 January 1996 or thereafter. The aid is estimated to be granted until 1999 at the latest.

9. The trade effects of the subsidy

No effects on international trade

**4. Aid for Shipbuilding**

1. Title of the subsidy programme

Aid for shipbuilding

2. Period covered by the notification

1998

3. Policy objective and/or purpose of the subsidy

Contract-related aid for shipbuilding

4. Backround and authority for the subsidy

Ministry of Trade and Industry

5. Form of the subsidy

Grant

6. To whom and how the subsidy is provide

The aid is granted and paid by the Ministry of Trade and Industry for shipbuilding and ship conversion.

7. The total amount or the annual amount budgeted for the subsidy (indicating, if possible, the average subsidy per unit in the previous year)

The paid amount in 1998 was Fmk 144.1 million. The budgeted amount for 1999 is Fmk 152 billion.

The subsidy is granted in accordance with the EC Council Regulation 1540/98 on aid to shipbuilding. The maximum aid ceilings are in accordance with the European Commission's rules: 9 per cent for big vessels and 4.5 per cent for small vessels and ship conversion.

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

The Ministry of Trade and Industry Decision will be in force until 31 December 1998.

9. The trade effects of the subsidy

No effects on international trade.

---