

The Alignment Programme of the Existing State Aid Schemes to the Criteria Stipulated in Article 70 paragraph (2) of the Stabilisation and Association Agreement between the Republic of Croatia and the European Communities and their Member States

Introduction

Under the Stabilisation and Association Agreement concluded between the Republic of Croatia and the European Communities and their Member States (Official Gazette – International Treaties, Nos. 14/01, 14/02, hereinafter: Stabilisation and Association Agreement) and the Interim Agreement on Trade and Trade-related Matters concluded between the Republic of Croatia and the European Communities (Official Gazette – International Treaties, Nos. 15/01, 3/02, 14/02, hereinafter: Interim Agreement) the Republic of Croatia has undertaken the obligation to prepare a comprehensive list of state aid schemes which had been in place before the establishment of the authority responsible for authorising the state aid schemes and individual state aid and bringing them into compliance with the criteria arising from the application of the state aid rules under the Treaty Establishing the European Community and the interpretation instruments adopted by the Community institutions.

The Republic of Croatia adopted the State Aid Act (Official Gazette No. 47/03, hereinafter: the Act), which entered into force on 2 April 2003, and the Regulation on State Aid (Official Gazette No. 121/03, hereinafter: the Regulation) which entered into force on 6 August 2003.

The Act provides for the Competition Agency (hereinafter: Agency) as the authority responsible for authorising, monitoring the implementation and recovery of general and individual state aid.

Under the Act, within a year's time of the entry of the Act into force, the Agency has to make a list of existing state aid schemes and other acts whereby general state aid had been authorised or granted before the entry into force of the Act, and submit to the Parliament its proposed conclusions on bringing the given state aid into compliance with the State Aid Act by 1 January 2006 at the latest.

According to the above mentioned proposals and based on the currently available data, a list of existing schemes and other acts, whereby state aid had been authorised or granted in the period before the Act came into force, shall be established, with the view to bringing the given state aid into compliance with the Act and the Regulation in accordance with the Alignment Programme of the Existing State Aid Schemes to the Criteria Stipulated in Article 70, paragraph (2) of the SAA.

General state aid, within the meaning of the Act, is aid assigned through programmes and regulations directed to unspecified beneficiaries. Under the procedure prescribed by the Act, the state aid providers, before presenting to the Government of the Republic of Croatia new or amended legislative or other general state aid proposals, must submit them to the Agency for prior opinion, as stipulated in the Regulation. The Agency's opinion is forwarded to the Government together with the legislative or other general state aid proposals. Proposals submitted to the Government without the positive opinion given by the Agency shall be returned to the proponent for elaboration.

Contents of the Alignment Programme

The Programme defines:

- I. responsible authorities,
- II. alignment procedure, and
- III. time periods

for the alignment of the state aid schemes to the state aid regulations and the Stabilisation and Association Agreement.

I. Responsible Authorities

Authorities responsible for aligning the state aid schemes to the state aid regulations are the Competition Agency and the state aid providers, i.e. central public administration authorities, local and regional self-government units, authorised legal persons and other legal persons awarding or administering state aid.

II. Alignment Procedure

The alignment procedure of the state aid schemes to the state aid regulations and the Stabilisation and Association Agreement involves three phases.

Phase 1

Recording and authorising of the aligned existing schemes and other acts on the basis of which general state aid had been authorised or granted;

- (i) The Agency collects and records data on the existing schemes and other acts on the basis of which general state aid had been

authorised or granted before the entry into force of the Act, 2 April 2003.

- (ii) Based on the so collected data, the Agency compiles a comprehensive list of state aid schemes and other acts by virtue of which general state aid had been authorised or granted.
- (iii) Pursuant to the list, the Agency conducts the legal procedure of authorising state aid schemes and other acts by virtue of which general state aid had been authorised or granted, i.e., gives its opinion on their compliance with the state aid regulations and the Stabilisation and Association Agreement.

Phase 2

Alignment of schemes and other acts by virtue of which state aid had been authorised or granted by state aid providers before the entry into force of the Act;

- (i) State aid providers align the existing schemes and other acts pursuant to the opinion given by the Agency. During the alignment procedure the state aid providers and the Agency co-operate until the proposal of the aligned scheme or other act containing proposed general state aid has been prepared.
- (ii) The aligned proposed scheme or other acts are forwarded by the state aid providers to the Agency for its opinion. After the authorising procedure has been carried out, the Agency gives its opinion on the proposed scheme or other act containing general state aid.

Phase 3

The submittal of finally aligned proposed schemes or other acts containing general state aid, supported by the Agency's positive opinion, to the responsible authority for adoption.

- (i) Proposals of new or modified schemes and other acts containing general state aid which are submitted to the Government or other responsible authority for approval, failing to include the Agency's positive opinion, shall be in compliance with the Act, returned to the proponent for elaboration.

III. Alignment Time Periods

The state aid schemes shall be aligned with the state aid regulations and the Stabilisation and Association Agreement within the following schedule:

Phase 1 of the alignment by October 2004

Phase 2 of the alignment by July 2005

Phase 3 of the alignment by December 2005

Pursuant to Article 20 of the State Aid Act the whole procedure is scheduled for completion by 1 January 2006.