

WORLD TRADE ORGANIZATION

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ACCESSION OF CROATIA

Communication from Croatia

The following information on non-agricultural subsidies in the Republic of Croatia in 1998 and 1999, reproduced hereunder, has been received from the Permanent Mission of the Republic of Croatia.

SUBSIDIES BY INDIVIDUAL SECTORS

The Industrial and Shipbuilding Sector

The Ministry of Economy intervened in certain companies with the objective of rehabilitation and financial consolidation, restructuring of chosen entities and promoting of production. The measures did not have the character of subsidies aiming at enforcing their domestic or international competitiveness. The purpose of these measures was to create basis for normal business activity after the completion of rehabilitation or restructuring process.

The need for this type of rehabilitation is due to the significant direct or indirect war damage during the aggression against Croatia suffered by many companies which were not able to solve the emerged problems with their own resources.

Most of the these companies are predominately in state ownership with a big number of employees and of special importance for certain regions and local communities. As there has been a lack of foreign direct investment, Croatian Government was forced to intervene with direct transfers in order to, at least up to a certain point, preserve the level of employment and to avoid a number of bankruptcies which would cause social tensions with unknown consequences.

Legal basis for the said interventions:

- Law on Rehabilitation of Certain Enterprises, Official Gazette No. 55 and 109, 1995
- Law on State Budget for 1998, Official Gazette No. 141, 1997
- Law on the Execution of the State Budget for 1998, Official Gazette No. 167, 1998
- Law on State Budget for 1999, Official Gazette No. 167, 1998
- Law on the Execution of the State Budget for 1999, Official Gazette No., 167, 1998

Policy objectives and justification:

1. Dismissal (severance) wage to lay-offs and disabled (as a consequence of war) workers
(Legal basis is the Labor Law, Official Gazette No. 38, 1995)
2. Payment of delayed salaries in the companies that were subject to rehabilitation
3. Regulating obligations for non-paid taxes and contributions

4. Contribution for repayment of outstanding debts to public companies HEP (Croatian Electricity), HPT (Croatian Post and Telecommunications), Croatian Forests etc.
5. Aid for partial payment of outstanding debts to suppliers and other creditors (banks, HGK (Croatian Chamber of Economy), insurers etc.)
6. State guarantees to foreign and domestic banks for loans for preparation of production and modernization of technology
7. Funds for promotion and maintaining of production - when assessed that it is necessary in order to continue production

All measures are temporary and will not be applied permanently. The number of beneficiaries is limited

So far, around 160 companies from all sectors and not only from manufacturing received the said forms of aid. The Government intended to gradually terminate this form of direct interventions and to introduce the horizontal measures of industrial policies. This intention is built in the 1999 budget. Only 45% of the budgetary funds of the Ministry of Economy are designated for direct interventions for reconstruction and rehabilitation. The remaining funds are designated for horizontal measures of industrial policy and on the basis of the equality for all companies.

The enclosed tables contain amounts, beneficiaries and types of interventions in 1998.

Programs planned for 1999:¹

Transfers for restructuring of industry - 145 282 540 kn

Covers restructuring of shipyards Uljanik d.d., Pula; 3. Maj d.d., Rijeka; Brodogradilište Trogir d.d., Trogir, Brodogradilište Split d.d., Split and Željezara Sisak d.d., Sisak.

Transfers for disassembly of plants according to the decisions of the Government of the Republic of Croatia on the termination of work - 20 000 000 kn

Covers continuation of disassembly of Koksara Bakar d.d., Bakar and Tvornica elektroda i ferolegura d.d., Šibenik.

Transfers for introduction of new technologies - 60 000 000 kn

¹ Note: The exchange rate on 15 April 1999 was 1 US\$ = 7 HRK

Beneficiaries are not decided upon. Transfers are to be realized through supporting of technology centers, business innovation centers and entrepreneurial incubators for selected projects.

Transfers for the measures of active industrial policy in selected sectors of manufacturing - 111 000 000 kn

The purpose of said transfers is export promotion through joining funds with business banks and HBOR (Croatian Bank for Reconstruction and Development) with the objective of forming revolving funds for granting loans to exporters under conditions determined by the Berne Union Agreement and OECD Consensus.

Transport Services

The Ministry of Maritime Affairs, Transport and Communications granted subsidies in the areas of rail, maritime, river and air transport.

(a) Subsidies to Croatian Railways (current and capital transfers)

The policy objective of current transfers which amounted to 1.568.000.000 kuna in 1998 and was decreased to 1.299.200.000 kuna in 1999, is to assure the functioning of Croatian Railways, which is currently providing services under the conditions of a decreased volume of traffic as a result of direct and indirect war damages. This is done through financial support for the restructuring of the Croatian Railways, repayment of credits, transfers for the salaries, maintenance of existing railroad infrastructure, subsidizing of passenger transportation and support to developing of the combined transport network. The legal basis for this support is the Law on Croatian Railways (Official Gazette No. 53/94) and the Law Amending the Law on Croatian Railways (Official Gazette No. 162/98).

Capital transfers which amounted to 96,0 million kuna in 1998 and 87,1 million kuna in 1999, are allocated for the reconstruction and rebuilding of the railroad network and destroyed and damaged in the war, modernization of the railway infrastructure in order to re-establish the pre-war traffic and ensure the integrity, safety and enhance the efficiency of the railway transport network in Croatia. The legal basis for this support is the Law on Croatian Railways (Official Gazette No. 53/94) and the Law Amending the Law on Croatian Railways (Official Gazette No. 162/98) and the Laws on ratification of the agreement on loans extended by the IBRD and EBRD to Croatia for the projects of reconstruction, restructuring and modernization of railways.

(b) Maritime transport services

In order to ensure the maintenance of ferry-lines between the mainland and the islands, subsidies amounted to 175.488.500 kuna in 1998 and 179.526.00 kuna in 1999 have been granted to the following carriers: Jadrolinija, Rijeka; Mediteranska plovdba, Korčula; Lošinjska plovdba, Mali Lošinj and Rapska plovdba, Rab. Measures applied include:

- bridging of the difference between the real total costs of transport and the revenues realized in the course of maintaining obligatory ferry lines between the coast and the islands by the national carrier Jadrolinija.
- bridging of the difference between the real total costs of transport and the revenues realized in the course of maintaining individual ferry lines between the coast and the islands by the other three carriers.

The policy objective is to ensure regular transport between the coast and islands under reasonable prices due to the facts that such lines are highly unprofitable, in order to secure the regular supply of the islands and as a mean of helping the economic and demographic development of the islands. Those subsidies are legally based on the Law on Jadrolinija (Official Gazette, No. 11/96) and the Law on public transportation in the linear coastal maritime transport (Official Gazette No. 131/97).

Other transfers include support to ports and port authorities such as Port of Rijeka, Port of Trogir and Port authorities of Ploče and Dubrovnik. In 1998 22.781.400 kuna were transferred to the Port of Rijeka and 7.403,700 kunas to the port Authority of Ploče. In 1999, 36 442 600 kunas is envisaged for the Port of Rijeka, 7.0 million for the Port of Trogir, 1.5 million kuna for the Port authority of Dubrovnik and 12 643 000 kunas for the Port authority of Ploče. The legal authority for these subsidies is the Law on Sea Ports (Official Gazette No. 108/95). The policy objective is to assist the ports of Rijeka and Ploče to proceed with the restructuring process in the part related to the repayment of credits for the social program for the layoffs of the surplus of previous employed work force, one-time transfer to the Port authority of Dubrovnik in order to consolidate the deteriorated financial situation resulted from the decreased of traffic due to the consequences of the war in Croatia and the current situation in the Kosovo region. In the case of the Port of Trogir budgetary transfers have been provided in order to reconstruct the basic coastal port infrastructure. Additional 36,369 000 kunas in 1998 and 44 076 000 kuna in 1999 have been granted to the Port of Rijeka, Split, Zadar, Šibenik, Ploče and Dubrovnik on the Basis of the Law on Sea Ports for reconstruction of the infrastructure in the ports out of which 15.0 million kuna for the construction of a ferry terminal

Resnik in the area of Split in 1999. The objective is to create and improve infrastructure preconditions for supplying of port services and ferry transportation. On the basis of the same Law 12.000.000 kunas have been granted to the Lošinjska plovidba carrier for the establishment and functioning of a regular feeder service line Rijeka-Ploče-Gioia Tauro-Malta.

In 1998 and 1999, 81 270 000 kuna and 78,0 million kuna has been granted to the national line carrier Jadrolinija for the reconstruction program (1996 through year 2000) of its outdated fleet in the coastal cabotage passenger transportation for the purchase of 5 new and 17 used vessels. The main objective is to ensure the satisfactory level of quality and safety of transport for this carrier that is obliged by Law to provide transportation on a number of non-profitable and loss-making lines.

(c) Inland waterways (river) transport services

Based on the Law on Safety of Navigation on Sea and Inland Waters (Official Gazette No.55/90) and the Danube Convention in 1998 5.5 million kuna have been granted to the Dunavski Lloyd Company, Sisak for covering the costs of the stay of ships and crew in foreign ports during the period when navigation on the Danube and Sava river was stopped because of the situation in the region. Additional 5.0 million kunas was transferred to the Dunavski Lloyd in 1999, based on the same Law, for the reconstruction of its fleet in order to re-establish the river navigation (cabotage) in Croatia between river ports.

In 1998 based on the Law on Reconstruction (Official Gazette No. 24/96), 3.8 million kuna were granted to the ports of Vukovar and Slavonski Brod for the reconstruction of the terminal for loading of oil which were destroyed in the war. Apart from the aim to re-establish the work of the tanks for oil, the main objective is related to the prevention of damage to the environment in the surrounding area.

Based on the Law on reconstruction mentioned above, the Law on inland waters navigation (Official Gazette No. 19/98) and the Law on inland waters Ports (Official Gazette No. 142/98) 40.8 million kuna in 1998 and 46.150.000 kuna is transferred to the river ports of Vukovar, Sisak, Osijek and Slavonski Brod as a financial support for the reconstruction and rebuilding of port infrastructure damaged during the war as a precondition for re-establishing cabotage navigation between Croatian river ports.

(d) Air transport services

Based on the Law on Airports (Official Gazette 19/98) 11.0 million kuna were transferred in both 1998 and 1999 to the airports of Dubrovnik, Zadar, Rijeka, Lošinj, Pula, Osijek and Brač as a

subsidy for maintenance of airport infrastructure due to the loss of their revenues resulting from the decrease of traffic in the post-war period. Additionally, 8.0 million in 1998 and 7.0 in 1999 was transferred to the airports of Zadar, Split and Rijeka on the basis of the Law on Reconstruction and the Law on Airports. Measures including financing of the rebuilding of the airport Zadar highly damaged during the war, reconstruction of infrastructure in Split and Rijeka and modernizing fire defense equipment in the airport of Split.

(e) Financing road infrastructure in Croatia

Based on the Law on Public roads (Official Gazette No. 100/96), 438.625.000 kunas in 1998 and 517.000.000 kunas in 1999 was transferred to the public company Croatian Roads and to local administrative units for the maintenance of highways, State roads and local roads. Based on the same Law, the State Budget and foreign loans, 1.571.640 000 kuna in 1998 and 2.540.232.000 kunas in 1999 was reserved or transferred as direct investment for financing of construction of new roads and reconstruction of existing ones.

Tourism

The Ministry of Tourism granted subsidies for foreign organized tourist traffic, support for tourism for hotels and tourist villages and for the promotion of the Croatian tourism on foreign markets.

(a) Foreign organized tourist traffic in Croatia.

As a measure to promote foreign tourist visits to Croatia, The Ministry of Tourism grants subsidies in 1999 to Croatian or foreign organizers (tour operators, travel and tourist agencies) by financing a share of their expenses.

Based on a public international invitation Organizers can apply for a subsidy for package arrangements for foreign tourists for the following:

- The stay in Croatia includes at least 3 half boards in all accommodation facilities (from hotel to private lodging) registered for these commercial activities in Croatia in the period between 1 January and 11 July (preseason) and between 25 August and 31 December (after-season) and programs lasting at least 18 weeks without interruption at one destination in any period.
- round tours (with at least 10 person group) for organized visits from non-European destinations to Croatia by air, bus or ship, under the condition that they stay at least 3 half-board;
- Organized group transportation by specially chartered buses, airplanes or vessels from the point of groups departure to the point where the group will use the prescribed services in an

accommodation facility and the return of the group following the same route (transportation during the stay at the destination is excluded);

- Organized group transportation on regular air, ship or ferry routes in arrival and departure (at least 10 persons per group).

In case that tourist belonging to the same organized group, in arrival and departure use the same means of transportation for several nearby destinations the subsidy can be granted for the final destination, but only under the condition that there are at least 10 passengers for that destination.

In case that several Organizers are involved using the same transportation vehicle chartered as a whole, a subsidy request is to be submitted by the Organizer who receives the charter with the entire documentation of all Organizers. Exceptionally, a subsidy request can be submitted by individual Organizers with the written approval of the Organizer who has chartered the transportation vehicle as a whole.

Subsidies are calculated in kunas. The Ministry of Tourism, after deducting banking costs pay the Organizer the amount of subsidy to an account in the country in which the Organizers is headquartered in its national currency. The subsidy is paid either by kilometers from starting point to destination for bus transportation, in a fixed amount per passenger for air transport or a percentage by ticket for ferry transport or a percentage of the amount paid to the carrier in case of lease vessels.

The legal authority is provided by the Croatian State Budget with the total amount of subsidy of 43.0 million kuna in 1998 and 46.0 million kuna in 1999.

(b) Financial support for the promotion of the Croatian tourism in foreign markets

30.0 million kunas have been reserved in the State budget for 1999, for promotional activities of the Croatian Tourist Association in foreign tourist markets including participation on major tourist fairs, promotional documentation and prospects and other events organized in Croatia or abroad aiming at promoting the potential of the Croatian tourism sector.

(c) Financial support for tourism for hotels and tourist villages

Based on the State Budget, 194.0 million kuna was granted in 1998 and 200 289 138 kuna in 1999 for support to the tourism industry. The objective of this support is the revitalization of tourism facilities and companies, which recorded losses or total lack of turnover due to the war and slow-post war recovery of tourist visits. This support by the government is essential due to the fact that these areas and destination are largely or solely depending on tourism as the majority source of income and

employment. The subsidies include payments and guarantees to hotel resorts for the preparation of the season including renovating and reconstructing of fixed facilities and essential equipment, financial support for the development of the rural tourism in underdeveloped areas in the inland and on islands.

The Small Business Promotion Program

With the purpose of improving and promoting of crafts, cooperatives of SMEs, the Ministry of Economy introduced the small business promotion program.

The program is based on promotion, education and realization of private entrepreneurship, building of institutional framework, active participation of counties and local government, co-financing from state and local authorities' budgets and other sources.

The legal basis are the following Laws:

- Law on State Budget for 1997, Official Gazette No. 111, 1996
- Law on the Execution of the State Budget for 1997, Official Gazette No. 111, 1996
- Law on State Budget for 1998, Official Gazette No. 141, 1997
- Law on the Execution of the State Budget for 1998, Official Gazette No. 167, 1998
- Law on State Budget for 1999, Official Gazette No. 167, 1998
- Law on the Execution of the State Budget for 1999, Official Gazette No., 167, 1998

The program envisages establishing of system and forming of framework for the development of entrepreneurship:

- Expert aid to entrepreneurs through the Croatian Consultants Network. The Ministry of Economy and the Croatian Guarantee Agency provided non-repayable support to entrepreneurs for using of services of the Croatian Consultants Network, which is being allocated on the basis of county tenders.
- entrepreneurial centers which provide information and counseling services to entrepreneurs and extensive support for starting and developing of business
- entrepreneurial incubator as a form of institutional support which provides business premises, administrative service, and advice under conditions which are more favorable than the market conditions during first years of doing business

- small business zones as urbanistic and architecturally designed premises with accompanying infrastructure for the purpose of building of business premises for small entrepreneurs where entrepreneurs obtain business premises under favorable conditions by joint building, purchase or lease.
- support funds for projects chosen on the basis of adopted county criteria and publicly announced tenders with favorable interest rate and other loan repayment terms
- commercialization of innovations which comprises a series of activities aimed at including innovators into entrepreneurship and market evaluation of innovations

1997

In the course of 1997 the Ministry of Economy transferred 32.1 million kuna as incentive funds to the counties and local governments for implementing of the Program.

Transferred funds depended on the quality of the county program, expenditures from local budget, and overall condition of the county. Counties and local governments had set aside 22.2 million kuna for the small business promotion, and banks provided additional 107.3 million kuna. The total of 154.7 million kuna was collected and it is expected that through given loans 2,500 new jobs should be created.

In counties and local governments on the basis of their respective programs, forming of 12 incubators, 28 small business zones and 8 Entrepreneurship centers.

1998

In 1998 all counties and the City of Zagreb have been included in the Small Business Promotion Program with the growing participation of cities and municipalities.

From the local budgets 95 099 000 kuna has been set aside. The Ministry of Economy granted to counties, cities and municipalities total the amount of 56 773 000 kuna of which 50 million kuna has been transferred. The banks participated with 310 322 000 kuna in loans with which a total credit potential of 455 421 000 kuna was created.

1999

In 1999 the Ministry of Economy has 66 million kuna available for small business promotion. It has been foreseen that counties, cities and municipalities should set aside round 120 million kuna.

Activities of HBOR (Croatian Bank for Reconstruction and Development)

The Croatian Bank for Reconstruction and Development (HBOR) is a state owned development bank founded on the 12th June 1992 by a resolution of the Croatian Parliament.

Together with other activities (programmes for reconstruction of the economy, infrastructure, agriculture, housing, small and medium enterprises support and other), the HBOR started to act as a promoter of Croatian exports through export financing and short term insurance in September 1998.

On behalf and for the account of the State, the HBOR insures short-term exports against commercial and political risks while the export financing is done for HBOR's own account. Both of these activities are performed under conditions determined by the Berne Union Agreement and OECD Consensus

All the decisions regarding insurance business are made by the Interministerial Committee for Export Insurance. According to the Mandate Agreement between Ministry of Finance and HBOR a Guarantee Fund was established in which premiums are paid and out of which claims will be paid.

The maximum insurance exposure is defined in the state budget each year.

Performance of the HBOR from September 1998 to March 1999

Export credit insurance

Total exposure: US\$ 2.8 million (20.027.369,87 kn)

Number of insurance policies: 36

Received applications: 100

Approved applications: 62

Export financing

Total amount of financing: US\$15.3 million (108.050.000,00 kn)

Received applications: 55

Approved applications: 25

NON-AGRICULTURAL SUBSIDIES IN THE REPUBLIC OF CROATIA IN 1998 AND 1999

1998

	AMOUNT (HRK)
Ministry of Finance	
CAPITAL TRANSFERS TO FINANCIAL INSTITUTIONS AND MONETARY INSTITUTIONS	7,030,000
Capital transfers to other financial institutions	7,030,000
Funds for granting supports through Croatian Guarantee Agency	3,100,000
	3,930,000
Ministry of Economy	
OTHER CURRENT TRANSFERS AND SUPPORTS	220,500,000
Other supports and transfers	220,500,000
Support for Croatian Chamber of Crafts	1,000,000
Transfers and supports for restructuring of the economy	219,500,000
CAPITAL TRANSFERS	202,500,000
Other capital transfers	202,500,000
Other not-mentioned capital transfers	202,500,000
Expenditures for promotion and rehabilitation of industry and shipbuilding	202,500,000
GRANTED GOVERNMENT LOANS AND EQUITY SHARES	34,000,000
Granted domestic loans	34,000,000
Loans granted to non-financial organizations	34,000,000
Loan for the private sector development (IBRD)	34,000,000
Ministry of Maritime Affairs, Transport and Communications	
OTHER CURRENT TRANSFERS AND SUPPORTS	
Other current transfers and supports	1,783,973,609
Transfers to Hrvatske željeznice (Croatian Railways)	1,783,973,609
Funds for severance pays	1,568,000,000
Transfers for interests, compensations and loan costs	53,000,000
Transfers for capital repayment	107,000,000
Transfers for salaries and contributions	246,000,000
Rehabilitation of the unit for washing and disinfecting of wagons and cisterns Botovo	1,060,000,000
Transfers for payment of outstanding debts	2,000,000
Transfers for ferry lines	100,000,000
Transfers for Mediteransku plovību, Korčula	180,988,500
Transfers for Lošinjska plovība, Mali Lošinj	1,212,500
Transfers for Rapska plovība, Rab	2,500,000
Transfers for coastal liner maritime transport - Dunavski Lloy	500,000
Transfers for "Jadrolinija", Rijeka	5,500,000
Other supports and transfers	171,276,000
Vukovar port and RTC Slavonski Brod	34,985,109
Support for Luka Rijeka (Port Rijeka) for the payment of outstanding debts	3,800,000
Support for Luka Ploče (Port Ploče) for the payment of outstanding	22,781,376

debts	
Transfers for river ferries of Sisačko-moslavačka County	7,403,733
	1,000,000
GRANTED GOVERNMENT LOANS AND EQUITY SHARES	
Granted domestic loans	141,245,000
Loans granted to non-financial organizations	141,245,000
Infrastructure reconstruction project for Croatian Railways (Urgent loan II - IBRD)	141,245,000
Infrastructure reconstruction project for Luka Ploče (Port Ploče) (Urgent loan II)	98,845,000
	42,400,000
Ministry of Tourism	
OTHER CURRENT TRANSFERS AND SUPPORTS	237,000,000
Other current transfers and supports	237,000,000
Other supports and transfers	237,000,000
Air and bus transport subsidies	43,000,000
Support for tourism for hotels and tourist villages	194,000,000
CURRENT TRANSFERS	30,000,000
Current transfers to citizens, households and non-financial organizations	30,000,000
Other transfers	30,000,000
Tourism promotion funds	30,000,000

Source: Official Gazette of the Republic of Croatia, No. 141, 30 December 1997

Official Gazette of the Republic of Croatia, No. 90, 1 July 1998

1999

	AMOUNT (HRK)
Ministry of Finance	
Costs for Croatian Network of Consultants	260 000
Outlays for support funds for housing savings banks	5 000 000
Funds for granting guarantees through Croatian Guarantee Agency	5 132 860
Funds for granting supports through Croatian Guarantee Agency	6 377 500
Croatian Bank for Reconstruction and Development	
CAPITAL TRANSFERS TO EXTRABUDGETARY USERS AND TO FOREIGN COUNTRIES	200 000 000
Capital transfers to citizens and households	200 000 000
Capital transfers for construction and reconstruction of family houses and apartments and for purchase of apartments etc.	200 000 000
Funds for the Fund for long-term financing of housing construction	200 000 000
GRANTED STATE LOANS AND EQUITY SHARE	559 700 000
Granted domestic loans	9 700 000
Granted loans to non-financial organizations	9 700 000
Expenditures for reconstruction of water-supply infrastructure (Croatian Waters - IBRD-I)	9 700 000
Equity share	550 000 000
Share in the equity of public companies and institutions	550 000 000
Croatian Bank for Reconstruction and Development (HBOR) - loans for export insurance and financing	250 000 000
Croatian Bank for Reconstruction and Development (HBOR) - loans for small and medium business	100 000 000
Croatian Bank for Reconstruction and Development (HBOR) - loans for reconstruction of areas damaged during the war	100 000 000
Croatian Bank for Reconstruction and Development (HBOR) - loans for investments in the islands	100 000 000
Ministry of Economy	
OTHER CURRENT TRANSFERS AND SUPPORTS	165 282 540
Current transfers of funds and supports for enterprises	165 282 540
Other supports and transfers of funds for enterprises	165 282 540
Transfers for restructuring of the industry	145 282 540
Transfers for disassembly of plants according to the Decisions of the Government of the Republic of Croatia on the termination of work	20 000 000
OTHER CAPITAL TRANSFERS TO EXTRABUDGETARY USERS	239 000 000
Support for Croatian Chamber of Crafts	2 000 000
Transfers to Counties for promoting small business	66 000 000
Transfers for promoting development and introduction of new technologies	60 000 000

Transfers for measures of active industry policy in selected sectors of manufacturing	111 000 000
TRANSFER OF FUNDS TO NON-PROFIT ORGANIZATIONS	18 000 000
Storage charges, warehouse maintenance, stocks quality control	18 000 000
Ministry of Maritime Affairs, Transport and Communications	
OTHER CURRENT TRANSFERS AND SUPPORTS	1 563 411 630
Other current transfers and supports	1 563 411 630
Transfers of funds to Hrvatske željeznice (Croatian Railways)	1 299 200 000
Transfers for ferry lines	191 526 000
Transfers for "Jadrolinija", Rijeka	175 000 000
Transfers for Lošinjska plovidba, Mali Lošinj	2 500 000
Transfers for Rapska plovidba, Rab	500 000
Transfers for Mediteransku plovidbu, Korčula	1 526 000
Transfers for promotion of transit through ports	12 000 000
Other supports and transfers of funds to enterprises	72 685 630
Support for the payment of debts of Port Rijeka	36 442 630
Support for Port Authority Ploče for the payment of debts	12 643 000
Transfers for Port Authority Dubrovnik for covering of losses	1 500 000
Support for Port Trogir rehabilitation	7 000 000
Current transfers to airports	11 000 000
Support for digital satellite TV, radio program for European Countries	4 100 000
CAPITAL TRANSFERS TO EXTRABUDGETARY USERS AND TO FOREIGN COUNTRIES	315 963 459
Capital transfers to enterprises	55 099 968
Capital transfers for construction or purchase of business premises or other buildings	37 792 734
Covering of costs for construction and modernization of railways facilities	37 792 734
Capital transfers for purchase of equipment	7 307 234
The Republic of Croatia share in the loan for infrastructure renewal of Croatian Railways (IBRD)	7 307 234
Capital transfers for purchase of means of transport	10 000 000
The Republic of Croatia share in the loan for the modernization of Croatian Railways granted by World Bank	7 700 000
The Republic of Croatia share in the loan for the modernization of Croatian Railways granted by European Bank	2 300 000
Other capital transfers to extrabudgetary users	260 863 491
Croatian Railways infrastructure reconstruction project (Urgent loan II - IBRD)	32 000 000
The Republic of Croatia share in the loan for the Port of Ploče granted by World Bank	12 500 000
Renewal of ports (Sisak, Vukovar, Slavonski Brod, Osijek)	46 150 000

Renewal of Danube Lloyd fleet (Dunavski Lloyd)	5 000 000
Reconstruction of Zadar Airport - The Republic of Croatia share	3 000 000
Reconstruction of Split Airport - The Republic of Croatia share in the renewal of the area for aircraft maintenance and purchase of fire engine	3 000 000
Reconstruction of Rijeka Airport - The Republic of Croatia share	1 000 000
Purchase and installation of additional DSC System	550 000
Rehabilitation and reconstruction of understructure and superstructure of the Port of Rijeka	14 576 000
Construction and maintenance of understructure and superstructure of the Port of Split	6 000 000
Construction of a marine passenger terminal in Resnik	9 000 000
Renewal of Jadrolinija passenger fleet	78 000 000
Capital transfers to Flight control department	35 715 000
Loan for the air traffic control (EBRD)	12 372 491
Support for the reconstruction and adjustment of Port of Ploče	2 000 000
GRANTED GOVERNMENT LOANS AND EQUITY SHARES	153 291 239
Granted domestic loans	153 291 239
Loans granted to non-financial organizations	153 291 239
Loan for modernization of Croatian Railways (IBRD)	55 039 500
Infrastructure reconstruction project for Luka Ploče (Port Ploče) (Urgent loan II)	58 251 739
European bank loan for modernization of Croatian Railways	40 000 000
Ministry of Tourism	
OTHER CURRENT TRANSFERS AND SUPPORTS	200 289 138
Current transfers of funds and supports to enterprises	200 289 138
Other supports and transfers	200 289 138
Supports for tourism for hotels and tourist settlement	180 109 138
Transfers and supports for program of development of tourism in rural areas (continent and islands)	5 180 000
Support for loans repayment	15 000 000
SUBSIDIES	46 000 000
Other subsidies	46 000 000
Subsidies for bus and air transport	46 000 000
OTHER CURRENT TRANSFERS AND SUPPORTS	32 000 000
Current transfers to non-financial organizations	32 000 000
Other transfers of funds to non-financial organizations	32 000 000
Tourism promotion funds	32 000 000

Source:

Law on State Budget for 1999, Official Gazette No. 167, 1998

Law on the Execution of the State Budget for 1999, Official Gazette No., 167, 1998

FINANCIAL AND PERFORMANCE GUARANTEES

1998 ISSUED FINANCIAL GUARANTEES 4,041,402,248 HRK

Sources:

Official Gazette of the Republic of Croatia, No. 66, 6 May 1998

Official Gazette of the Republic of Croatia, No. 107, 11 August 1998

Official Gazette of the Republic of Croatia, No. 144, 4 November 1998

1998 ISSUED PERFORMANCE GUARANTEES 3,098,878,677 HRK

Sources:

Official Gazette of the Republic of Croatia, No. 66, 6 May 1998

Official Gazette of the Republic of Croatia, No. 107, 11 August 1998

Official Gazette of the Republic of Croatia, No. 144, 4 November 1998

The exchange rate on the 15 April 1999 was 1 US\$ = 7 HRK

Review of Budgetary Funds Allocated to Companies in Process of Rehabilitation from the Ministry of Economy Position in 1998

Textile Manufacturing

No	Rehabilitation subjects	Funds allocated from the budget					State guarantees
		Contribution for layoffs of previous employees	Contribution to outstanding debts repayments	Contribution for non-paid salaries	Total Payment from the Budget 1997 and 1998	Payment 1998	
1	PAZINKA d.d.Pazin	3,969,425.93			3,969,425.93	0.00	
2	DALMATINKA d.d.Sinj	12,400,600.00	2,515,116.00	7,770,230.83	22,685,946.83	3,181,224.00	
3	DIOKOM d.d. Split	23,088,621.00		2,000,000.00	25,088,621.00	0.00	18,000,000.00
4	VELEBIT d.d.Karlovac	1,898,593.00			1,898,593.00	0.00	
5	REGENERACIJA Zabok		3,500,000.00		3,500,000.00	1,750,000.00	
6	POUNJE, Kostajnica	300,000.00			300,000.00	0.00	
7	PAMUČNA INDUSTRIJA, Duga Resa	11,203,969.00	741,192.60	2,009,609.00	13,954,770.60	6,320,000.00	20,000,000.00
8	KONTEX, Karlovac		3,740,797.00		3,740,797.00	1,000,000.00	
9	VARTEKS, Varaždin	9,000,000.00	13,471,782.00		22,471,782.00	0.00	122,600,000.00
10	SUVENIR, Sirač	12,137.73		1,299,566.28	1,311,704.01	0.00	2,500,000.00
11	NADA, Hrastovac				0.00	0.00	
12	TIZ, Zadar	14,556,400.00			14,556,400.00	0.00	
13	TVORNICA MREŽA, Biograd na Moru		2,075,009.00		2,075,009.00	0.00	
14	RASTOVAC, Tisno		1,533,051.65		1,533,051.65	0.00	
15	TRIMOT, Imotski	8,240,000.00		7,661,513.00	15,901,513.00	2,343,156.10	
16	TRIKOP, Blato	1,667,857.00			1,667,857.00	0.00	
	TOTAL:	86,337,603.66	27,576,948.25	20,740,919.11	134,655,471.02	14,594,380.10	163,100,000.00

Review of Budgetary Funds Allocated to Companies in Process of Rehabilitation from the Ministry of Economy Position in 1998

Shipbuilding

No	Rehabilitation subjects	Funds allocated from the budget					State guarantees
		Contribution for layoffs of previous employees	Contribution to outstanding debts repayment	Contribution for non-paid salaries	Total Payment from the Budget 1997 and 1998	Payment 1998	
1	ULJANIK d.d.Pula	52,019,356.93	5,132,000.00		57,151,356.93	0.00	*
2	BRODOSPLIT d.d. Split	34,673,152.77	76,042,081.51		110,715,234.28	26,710,081.51	*
3	BRODOTROGIR d.d..Trogir	14,346,776.20			14,346,776.20	0.00	*
4	B.I. 3. MAJ Rijeka	24,312,331.11			24,312,331.11	1,350,000.00	*
5	Brodogradilište Kraljevica d.d.	3,926,824.43			3,926,824.43	0.00	*
6	REMONTNO BR. Šibenik	5,048,413.00	428,172.00		5,476,585.00	0.00	
7	BRODO - REMONT, Kali	5,105,000.00			5,105,000.00	1,500,000.00	
	TOTAL:	139,431,854.44	81,602,253.51	0.00	221,034,107.95	** 29.560.081,51	0.00

* total granted state guarantees for five shipyards is 816.285.857.10 USD (5.714.001.000.00 kn) for the construction of shipyards in the period of next 4-5 years (1 USD=7.00 kn)

** The amount of 180.000.000.000 kn should be added to the funds paid out for rehabilitation of shipyards for the payment of contributions to the Pension Fund and Health Insurance Fund for Shipyards.

Uljanik d.d. Pula Brodosplit d.d. Split Brodotrogir d.d. Trogir. B.I.3. Maj d.d. Rijeka Remontno brodogradilisc Sibenki

Review of Budgetary Funds Allocated to Companies in Process of Rehabilitation from the Ministry of Economy Position in 1998

Word Processing

No	Rehabilitation subjects	Funds allocated from the budget					State guarantees
		Contribution for layoffs of previous employees	Contribution to outstanding debts repayment	Contribution for non-paid salaries	Total Payment from the Budget 1007 and 1998	Payment 1998	
1	FINEL, PETRINJA	2,252,068.36		2,000,000.00	4,252,068.36	0.00	
2	DIP PILANA, Ogulin	1,584,000.00			1,584,000.00	0.00	
3	DIP STOLARIJA, Ogulin	1,080,000.00			1,080,000.00	0.00	
4	RADIN, Ravna Gora	1,260,000.00			1,260,000.00	0.00	7,000,000.00
5	TVORNICA PAPIRA, Rijeka		5,010,674.00	22,335,540.71	27,346,214.71	17,752,614.00	35,000,000.00
6	DI VRBOVSKO, Vrbovsko				0.00	0.00	13,700,000.00
7	INO, Otoč				0.00	0.00	8,585,040.00
8	IK GAJ, Slatina	7,715,860.00			7,715,860.00	0.00	
9	PAPUK DRVNA INDUSTRIJA, Pakrac	1,575,928.00			1,575,928.00	1,575,928.00	
10	DI SPAČVA, Vinkovci	6,655,000.00	770,000.00		7,425,000.00	728,679.00	20,000,000.00
11	DES, Split			1,191,197.00	1,191,197.00	235,371.00	
	TOTAL:	22,122,856.36	5,780,674.00	25,526,737.71	53,430,268.07	20,292,592.00	84,285,040.00

Review of Budgetary Funds Allocated to Companies in Process of Rehabilitation from the Ministry of Economy Position in 1998

Chemicals

No	Rehabilitation subjects	Funds allocated from the budget					State guarantees
		Contribution for layoffs of previous employees	Contribution to outstanding debts repayment	Contribution for non-paid salaries	Total Payment from the Budget 1007 and 1998	Payment 1998	
1	FOLIJAPLAST, Zadar				0.00	0.00	157,500,000.00
2	POLIPLAST, Šibenik		4,187,184.39	2,000,000.00	6,187,184.39	955,000.00	6,040,000.00
3	CETINKA, Trilj	2,540,538.46		610,180.00	3,150,718.46	1,000,000.00	8,894,000.00
4	INAVINIL, Kaštel Sućurac	15,457,881.00	3,470,000.00		18,927,881.00	7,692,035.00	
5	ADRIACHEM, Kaštel Sućurac	3,040,689.50			3,040,689.50	0.00	
6	DALMACIJABILJE Dubrovnik	4,000,000.00			4,000,000.00	0.00	
	TOTAL:	25,039,108.96	7,657,184.39	2,610,180.00	35,306,473.35	9,647,035.00	172,434,000.00

Review of Budgetary Funds Allocated to Companies in Process of Rehabilitation from the Ministry of Economy Position in 1998

Manufacturing of Leather and Footwear

No	Rehabilitation subjects	Funds allocated from the budget					State guarantees
		Contribution for layoffs of previous employees	Contribution to outstanding debts repayment	Contribution for non-paid salaries	Total Payment from the Budget 1007 and 1998	Payment 1998	
1	INKOP, Poznanovec				0.00	0.00	58,800,000.00
2	BUDUČNOST, Ludbreg	2,100,000.00	359,008.00		2,459,008.00	199,443.92	
3	ZADAR TVORNICA KOŽE, Zadar				0.00	0.00	
4	OSJEČKA TVORNICA KOŽE, Osijek		800,000.00		800,000.00	800,000.00	
	TOTAL:	2,100,000.00	1,159,008.00	0.00	3,259,008.00	999,443.92	58,800,000.00

Review of Budgetary Funds Allocated to Companies in Process of Rehabilitation from the Ministry of Economy Position in 1998

Ferrous Metallurgy and Metal Processing

No	Rehabilitation subjects	Funds allocated from the budget					State guarantees
		Contribution for layoffs of previous employees	Contribution to outstanding debts repayment	Contribution for non-paid salaries	Total Payment from the Budget 1007 and 1998	Payment 1998	
1	ŽELJEZARA SISAK	12,571,795.00	65,771,982.07	199,979,311.00	278,323,088.07	34,350,000.00	24,665,181.00
2	VALJAONICA Kumrovec	771,492.00		6,586,009.00	7,357,501.00	3,458,453.00	
3	TPK EPO d.d., Zagreb	627,980.00		1,189,981.00	1,817,961.00	0.00	
4	INKOBROD, Korčula		192,000.00		192,000.00	192,000.00	
5	OMIAL d.d., Omiš	1,500,000.00	5,000,000.00		6,500,000.00	6,150,000.00	
6	IMOSTROJ d.d., Imotski		8,123,121.09	4,319,204.26	12,442,325.35	7,537,720.25	
7	TOF d.d., Drniš		2,000,000.00		2,000,000.00	2,000,000.00	
8	ELEKTROOSIJEK PPM d.o.o., Osijek		1,000,000.00		1,000,000.00	1,000,000.00	
9	OLT d.d., Osijek		2,000,000.00		2,000,000.00	2,000,000.00	
10	MIO Osijek			1,500,000.00	1,500,000.00	0.00	
11	BRODO-REMONT, Kali	5,105,000.00	1,500,000.00		6,605,000.00	1,500,000.00	
12	ĐURO ĐAKOVIĆ, bešavne boce, Sl.Brod		929,480.00		929,480.00	929,480.00	
13	ĐURO ĐAKOVIĆ, Tračnička vozila, Sl.Brod		1,000,000.00		1,000,000.00	1,000,000.00	
14	DALIT d.d., Daruvar	600,000.00			600,000.00	0.00	
15	ITAS Ivanec	1,050,000.00			1,050,000.00	1,050,000.00	
16	INAS-TAS d.o.o., Zagreb		1,000,000.00		1,000,000.00	1,000,000.00	
17	TOP d.d., Kerestinec		2,600,000.00		2,600,000.00	2,600,000.00	
18	IM METAL d.d., Ozalj		3,998,452.00		3,998,452.00	0.00	
19	KORDUN, Karlovac	2,068,908.00	3,075,000.00		5,143,908.00	2,000,000.00	2,000,000.00

No	Rehabilitation subjects	Contribution for layoffs of previous employees	Contribution to outstanding debts repayment	Contribution for non-paid salaries	Total Payment from the Budget 1007 and 1998	Payment 1998	State guarantees
20	CROATIA PUMPE, Karlovac	2,700,000.00		1,300,000.00	4,000,000.00	0.00	5,500,000.00
21	ADRIADIESEL, Karlovac		4,000,000.00	3,900,000.00	7,900,000.00	3,000,000.00	
22	TVORNICA TRAKTORA, Bjelovar	1,231,600.03		6,729,302.29	7,960,902.32	0.00	
23	TORPEDO, Rijeka		25,000,000.00		25,000,000.00	6,250,000.00	265,930,000.00
24	RIKARD BENČIĆ Rijeka	5,746,000.00	3,241,778.93	9,642,707.93	18,630,486.86	5,746,000.00	
25	RAPID, Virovitica		1,500,000.00		1,500,000.00	1,500,000.00	
26	TANG, Nova Gradiška	7,067,000.00	5,561,996.70		12,628,996.70	1,453,996.70	
27	BAGAT, Zadar		6,442,712.21	13,268,989.36	19,711,701.57	0.00	12,960,000.00
28	TLM, Šibenik	16,000,000.00	25,628,000.00		41,628,000.00	25,628,000.00	
29	DALMACIJA, Dugi Rat	15,092,336.00	11,000,000.00		26,092,336.00	11,000,000.00	
30	OTPAD, Split				0.00	0.00	
31	ŽELJEZARA SPLIT, Kaštel Sućurac	1,800,000.00	15,500,000.00	7,668,293.00	24,968,293.00	3,000,000.00	
32	METALPLASTIKA, Makarska	3,409,200.00			3,409,200.00	0.00	
33	TPS LABIN- PROGRES Labin			1,500,000.00	1,500,000.00	1,500,000.00	
34	PRVOMAJSKA, Raša	2,011,510.06			2,011,510.06	0.00	
35	BIG TOYS, Potpićan	1,843,335.52	2,218,264.50	1,302,819.42	5,364,419.44	2,218,264.50	
	TOTAL:	81,196,156.61	198,282,787.50	258,886,617.26	538,365,561.37	128,063,914.45	311,055,181.00

Review of Budgetary Funds Allocated to Companies in Process of Rehabilitation from the Ministry of Economy Position in 1998

Food Industry

No	Rehabilitation subjects	Funds allocated from the budget					State guarantees
		Contribution for layoffs of previous employees	Contribution to outstanding debts repayment	Contribution for non-paid salaries	Total Payment from the Budget 1007 and 1998	Payment 1998	
1	CROMAX Bjelovar	911,482.00		605,660.44	1,517,142.44	0.00	
2	ZVEČEVO, Požega	3,032,743.00			3,032,743.00	0.00	
3	ADRIA, Zadar	4,329,042.00			4,329,042.00	0.00	
4	MARDEŠIĆ, Sali	2,488,573.00	1,000,000.00		3,488,573.00	2,488,573.00	
5	BELJE, Darda		19,000,000.00		19,000,000.00	0.00	30,000,000.00
6	VINARIJA ILOK, Ilok		2,540,126.43		2,540,126.43	0.00	
7	IMOTA, Imotski	1,735,786.00	870,532.40		2,606,318.40	0.00	
8	DALMACIJAVINO, Split				0.00	0.00	3,500,000.00
9	MIRNA, Rovinj	1,887,533.30			1,887,533.30	0.00	
	TOTAL:	14,385,159.30	23,410,658.83	605,660.44	38,401,478.57	2,488,573.00	33,500,000.00

Review of Budgetary Funds Allocated to Companies in Process of Rehabilitation from the Ministry of Economy Position in 1998

Production of Glass, Brick and Ceramics

No	Rehabilitation subjects	Funds allocated from the budget					State guarantees
		Contribution for layoffs of previous employees	Contribution to outstanding debts repayment	Contribution for non-paid salaries	Total Payment from the Budget 1007 and 1998	Payment 1998	
1	RAZVITAK, Ilok		618,627.74		618,627.74	0.00	
2	AGAN KAMEN, Split		1,758,665.97	2,742,655.00	4,501,320.97	2,742,655.00	
3	PKP, Potpićan	1,032,000.00		1,753,165.48	2,785,165.48	45,621.00	
4	BORAL, Pula	2,682,000.00	4,736,167.58		7,418,167.58	2,700,000.00	
	TOTAL:	3,714,000.00	7,113,461.29	4,495,820.48	15,323,281.77	5,488,276.00	0.00

Review of Budgetary Funds Allocated to Companies in Process of Rehabilitation from the Ministry of Economy Position in 1998

Production of Glass, Brick and Ceramics

No	Sectors	Funds allocated from the budget					State guarantees
		Contribution for layoffs of previous employees	Contribution to outstanding debts repayment	Contribution for non-paid salaries	Total Payment from the Budget 1007 and 1998	Payment 1998	
1	Textile manufacturing	86,337,603.66	27,576,948.25	20,740,919.11	134,655,471.02	14,594,380.10	163,100,000.00
2	Shipbuilding	139,431,854.44	81,602,253.51	0	221,034,107.95	29,560,081.51	0
3	Wood processing	19,010,596.36	5,780,674	25,526,737.71	50,318,008.07	20,292,592.00	84,285,040
4	Chemicals	25,039,108.96	7,657,184.39	2,610,180.00	35,306,473.35	9,647,035.00	172,434,000.00
5	Leather and footwear manufacturing	2,100,000.00	1,159,008.00	0	3,259,008.00	999,443.92	58,800,000.00
6	Ferrous metalurgy and metal processing	81,196,156.61	198,282,787.50	258,886,617.26	538,365,561.37	128,063,914.45	311,055,181
7	Food industry	14,385,159.30	24,281,191.23	605,660.44	39,272,010.97	2,488,573.00	33,500,000.00
8	Glass, brick and ceramics manufacture.	3,714,000.00	7,113,461.29	4,495,820.48	15,323,281.77	5,488,276.00	0
	TOTAL:	371,214,479.33	353,453,508.17	312,865,935.00	1,037,533,922.50	211,134,295.98	823,174,221.00