

## **ANNEX XI**

### **REFERRED TO IN PARAGRAPH 4 OF ARTICLE 18**

Transparency of state aid measures

## ANNEX XI<sup>1</sup>

### RULES FOR THE IMPLEMENTATION OF ARTICLE 18, PARAGRAPH 4 OF THE AGREEMENT BETWEEN THE EFTA STATES AND TURKEY

#### I ANNUAL REPORTING

1. The EFTA States and Turkey shall provide each other annually with complete data concerning the past State aid measures. The EFTA States may provide this information jointly.
2. The reports, covering aid by central and regional governments, shall contain information on aid by main categories, supplemented by data on main aid schemes and forms of aid used under each such category.
3. The report has to be submitted to the other party within one year following the fiscal year concerned. The first reports will cover the fiscal year 1993.
4. The calculation of the net costs of aid measures shall be made in accordance with the methodology described in Appendix 1.
5. To the extent that certain measures are the result of laws or regulations passed at an earlier stage, the date relating to the receipt of the aid is the date on which it is received by the business enterprise concerned, not the date on which it is budgeted or paid into the funds of an intermediate agency.

#### II PROCEDURE FOR NOTIFICATION OF NEW AID SCHEMES

6. With regard to the new aid measures the State Parties to the Agreement shall provide data on new aid schemes or significant amendments of existing aid schemes as early as possible, with the view to achieving as much transparency as possible.
7. The comprehensive notifications of new aid measures shall start as from 1 January 1994 and shall be done in English by using the structure of the form reproduced at Appendix 2.

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<sup>1</sup> As amended by Joint Committee Decision No. 1 of 1993 (23 November 1993).

8. The notification shall be sent to the EFTA Secretariat who will forward it to the Turkish Government in the case of a notification made by an EFTA State and to all the EFTA States in the case of a notification made by Turkey.

9. Each EFTA State shall have the right to request for further information on a measure notified by Turkey as well as to comment upon it. Turkey shall have the same right as regards a measure notified by an EFTA State. Such requests for information and comments as well as replies to them shall be sent to the EFTA Secretariat who will forward them to the State Party concerned as well as copies of the documents to other State Parties for information. A request for information or a comment made on a notified aid scheme shall not prevent the initiation of consultations or any further steps of procedure under Article 23 of the Agreement.

### III REQUESTS FOR INFORMATION

10. In addition to the right to request further information on notified aid schemes the EFTA States have an obligation to provide upon the request of Turkey information on any other aid schemes. Turkey has the same obligation towards the EFTA States. The procedure provided in paragraph 9 above applies to these requests.

### IV OTHER PROVISIONS

11. These procedures will be reviewed by the Joint Committee before the end of year 1996 in the light of any relevant developments and experiences on the functioning of the system.

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## APPENDIX 1 TO ANNEX XI

### CALCULATION OF NET COSTS OF AID MEASURES

The net cost of grants is the amount actually paid out in any year. If some previously extended grants are reconverted and partially or fully paid back, the amount is deducted.

The net cost of loans is calculated by computing the (imputed) interest on loans outstanding during the year. The rate of interest used is the average cost of government borrowing for new loans in the year concerned, not the rate over the years over which the loans have already run. The amount of interest received by the public authorities is subtracted. Possible depreciations in the value of loans (write-offs) are added to the net costs.

The net cost of guarantees is equal to the cost of guarantees met in any one year, minus the fees received in that year and minus recoveries.

The net cost of equity is the difference between the cost of government borrowing and any dividends and/or repayments received. Reductions in the value of equity capital (e.g. write-offs) are added as a cost.

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APPENDIX 2 TO ANNEX XI

STATE AID - NOTIFICATION FORM FOR NEW AID MEASURES

1. Country.
2. Title of aid scheme/aid measure.
3. Level of government responsible for scheme/aid measure:
  - central government,
  - regional government,
  - local authority or
  - other.
4. Ministry or other administrative body with statutory responsibility for the scheme/aid measure and its implementation.
5. Legal basis:
  - e.g. law, ministerial decree etc. with title and references.
6. State whether a new scheme or an alteration to an existing one:
  - if a new scheme replaces an existing one, state which scheme.
7. If an alteration to an existing scheme give:
  - title of scheme,
  - date of previous notification
  - specify which rules and conditions are being changed and why.
8. Objective(s) of scheme/aid measure:  
Indicate only one category; state secondary objectives, if any.

Horizontal:

- SMEs
- R&D
- environment
- energy-saving
- rescue and restructuring
- employment etc.

Regional:

- which regions, areas are eligible?

Sectoral:

- which sectors (NACE 3 digit or equivalent national nomenclature (specify)) <sup>1</sup> are eligible?

9. Form(s) of aid:

- grant
- soft loan (including details of the preferential interest rate and how the loan is secured)
- interest subsidy
- tax concession (e.g. deferred tax payments, lowered tax rates, exemptions of income from tax, reduced social security contributions etc.)
- equity participation
- guarantee (including details of how the guarantee is secured and any charges made for the guarantee)
- aid tied to an R&D contract concluded with industrial firms (specify)
- other (specify).

Please state the following for each form of aid:

- a precise description of its rules and conditions of application (in particular its intensity) and
- its tax treatment.

10. State the eligible costs on which the aid is calculated for each form of aid (e.g. land, buildings, equipment, personnel, training, consultants' fees, etc.).

11. State other aid limitations or criteria for each form of aid:

- specify any limits (no. of employees, turnover, balance sheet totals, other) on recipients of aid or any other positive conditions used to determine recipients;
- state whether the aid is accorded automatically once certain objective criteria are fulfilled or whether there is an element of discretion by the awarding authorities.

12. Repayment and penalty arrangements:

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<sup>1</sup> NACE is the Central Industrial Classification of Economic Activities within the European Communities; see Council Regulation (EEC) No 3037/90 of 9 October 1990 on the statistical classification of economic activities in the European Community, OJ No L 293/1, as amended by Commission Regulation (EEC) No 761/93 of 24 March 1993, OJ No L 83/1.

- repayment arrangements, if any, where projects are successful;
- penalty arrangements, if any, where projects fail to comply with the conditions on which aid was granted.

13. Cumulation of aid:
    - where there is more than one form of aid, state to what extent a recipient may combine several forms of aid;
    - state to what extent the aid in question may be combined with other aid schemes in operation.
  
  14. Duration of aid scheme/aid measure:
    - date of aid measure/scheme coming into force and date until which it will remain in force;
    - if an existing scheme for what period of time being extended.
  
  15. Budget/expenditure:  
Give budget/expenditure figures in national currency:
    - total budget for the duration of the scheme/aid measure
    - if an existing aid scheme is to be altered, give, for the last three years, expenditure in the form of commitments made (including estimated revenue losses in the case of tax expenditure),
    - annual breakdown of the budget.
  
  16. For schemes which do not have a specific sectoral or regional aim, specify any resulting sectoral or regional concentration of aid.
  
  17. Estimated number of recipients.
  
  18. Information/control measures envisaged to ensure that assisted projects comply with statutory objectives.
  
  19. Fully reasoned justification of the compatibility of the aid scheme/aid measure backed by necessary statistical information.
  
  20. Other relevant data (e.g. estimated number of jobs created and maintained).
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