

## Rural Development and Agricultural Market Regulation Act

Passed 21 April 2004

(RT<sup>1</sup> I 2004, 32, 227),

entered into force 1 May 2004.

### Chapter 1

#### General Provisions

##### § 1. Scope of application of Act

(1) This Act establishes state measures for the balanced development of the market of agricultural produce and products (hereinafter the agricultural market), the provision of quality foodstuffs to consumers, the profitable production of agricultural produce, the development of other rural economic activity (hereinafter rural economic activity), and the ensuring of a fair standard of living for population in rural areas.

(2) The provisions of the Administrative Procedure Act (RT I 2001, 58, 354; 2002, 53, 336; 61, 375; 2003, 20, 117; 78, 527) shall apply to the administrative proceedings prescribed in this Act, taking into consideration the specifications provided for in this Act.

##### § 2. State measures for regulation of rural development and agricultural market

(1) For the purposes of this Act, state measures for the regulation of rural development and agricultural market means support granted to agricultural producers and processors of agricultural produce, support granted for the development of rural economic activity, rural infrastructure and social environment, for wild oat control, and loans and securities related to rural enterprise which are directly or indirectly granted, on the basis of this Act, by the state or the Rural Development Foundation (hereinafter Foundation), using public funds for such purpose.

(2) The measures specified in subsection (1) of this section are deemed to be state aid within the meaning of Article 87(1) of the Treaty establishing the European Community (hereinafter Treaty).

(3) For the purposes of this Act, wild oat control measures and the classification of agricultural produce and products into quality classes are also deemed to be state measures for the regulation of the agricultural market.

### § 3. Classes of state support

(1) The following state support is granted on the basis of this Act:

- 1) interest rate support;
- 2) agricultural insurance support;
- 3) training support;
- 4) practical training support;
- 5) support for farm relief services;
- 6) joint economic activity support for agricultural producers;
- 7) market development support;
- 8) support for the liming of agricultural land;
- 9) maintenance support for a land improvement system;
- 10) support for land improvement associations;
- 11) support for the breeding of farm animals;
- 12) wild oat control support;
- 13) natural damage support;
- 14) information support.

(2) In addition to the classes of support specified in subsection (1) of this section, other support may be granted on the basis of and pursuant to the procedure provided for in Chapters 4 and 5 of this Act.

### § 4. Rural enterprise loans and securities

(1) For the purposes of this Act, 'rural enterprise loan' means an investment or working capital loan granted for the covering of costs related to the production or handling of agricultural products or to rural economic activity, or factoring or leasing contracts entered into for the same purpose.

(2) For the purposes of this Act, security means an obligation created by security instrument, for the provider of the security to pay the recipient of the security an amount equal to the debt

obligation arising from the financing agreement assumed by the debtor for the financing of the activities specified in subsection (1) of this section.

#### § 5. Amount of state aid

(1) The funds prescribed for payment of the support specified in clauses 3 (1) 1)–13) and Chapter 4 of this Act shall be allocated to the Agricultural Registers and Information Board (hereinafter ARIB) in the state budget.

(2) The Foundation shall pay the support, rural enterprise loans and securities prescribed in clause 3 (1) 14), § 4 and Chapter 5 of this Act from the funds allocated to the Foundation for such purpose in the state budget, from its own revenue and other funds. The state budget funds prescribed for such purpose shall be allocated to the Ministry of Agriculture so that it may be appropriated to the Foundation for specific purposes.

(3) The Minister of Agriculture shall decide which classes of support are to be granted and which activities are to be supported during each financial year, and how the budgetary funds granted for support are to be divided, taking into consideration the amount of funds prescribed pursuant to subsection (1) of this section.

(4) The supervisory board of the Foundation shall decide which classes of support and rural enterprise loans and securities will be granted by the Foundation during each financial year and shall determine the manner in which the funds planned for their payment shall be divided, and this information shall be published on the Foundation's website.

(5) The right to obtain state aid shall not arise if the provision of that support during the financial year is not prescribed pursuant to subsection (3) or (4) of this section.

#### § 6. Agricultural producer and agricultural produce

(1) For the purposes of this Act, an agricultural producer is a sole proprietor, legal person, association of natural persons or legal persons, or a state or local government agency whose agricultural enterprise (economic entity) is located in Estonia and whose permanent activity is the production of agricultural produce.

(2) For the purposes of this Act, agricultural produce is the produce listed in Article 1 of the Treaty, except fishery products and cotton.

## § 7. Processor of agricultural produce, and agricultural product

(1) For the purposes of this Act, a processor of agricultural produce is an enterprise whose processing plant is located in Estonia and whose permanent activity is the processing of agricultural produce or products manufactured from such produce.

(2) For the purposes of this Act, an agricultural product is a product resulting from the processing of agricultural produce listed in Annex 1 to the Treaty, except for fishery products.

(3) For the purposes of this Act, a processed agricultural product is a product that results from the processing of agricultural produce or a product manufactured from such product and that is not listed in Annex 1 to the Treaty, which predominately consists of the products listed in Annex 1 to the Treaty.

## § 8. Wild oats

For the purposes of this Act, wild oats means wild oats or flaxgrass, wheat oats or oatgrass (*Avena fatua*), spring or common wild oats (*Avena ludoviciana*), animated oats (*Avena sterilis*) and lopsided oats (*Avena strigosa Schreb.*).

## Chapter 2

### State Aid

#### Division 1

#### Interest Rate Support

## § 9. Interest rate support

Interest rate support is financial assistance that provides partial compensation for interest on a long-term loan (with a term of repayment longer than one year) or interest on finance lease payments (hereinafter interest) taken from a credit or financial institution by an agricultural producer to invest in the development of agricultural production and paid during the calendar year preceding application for the interest support.

## § 10. Applicant for interest rate support

Interest rate support may be applied for by an agricultural producer who has used a loan taken from a credit or financial institution to purchase, construct or reconstruct tangible assets with a limited service life that are necessary for the development of the production of agricultural produce or who has entered into a finance lease contract (lease) for the use and purchase of tangible assets with a limited service life that are necessary for the development of the production of agricultural produce.

#### § 11. Rate and amount of interest rate support

- (1) The interest rate starting from which interest rate support is granted shall be established by the Minister of Agriculture.
- (2) Interest rate support is granted in an amount not exceeding five percentage points of the interest rate.
- (3) The amount of interest rate support to be paid to an applicant shall be calculated on the basis of the amount of interest paid by the applicant, the interest rate established on the basis of subsection (1) of this section and the percentage point of the interest rate provided in subsection (2) of this section.

#### Division 2

#### Agricultural Insurance Support

#### § 12. Agricultural insurance support

- (1) Agricultural insurance support is financial assistance which partially compensates an agricultural producer for insurance premiums paid during the period of insurance support on the basis of an insurance contract entered into with an insurer of the agricultural producer's own choosing.
- (2) The period of insurance support is a period of time established by the Minister of Agriculture.

#### § 13. Applicant for agricultural insurance support

Agricultural insurance support may be applied for by an agricultural producer who has entered into an insurance contract, the object of which is an agricultural crop, breeding animals or productive animals and the insured event of which is a natural disaster.

#### § 14. Rate and amount of agricultural insurance support

- (1) Agricultural insurance support is granted in an amount of up to 40 per cent of the insurance premiums paid during the period of insurance support.
- (2) On the basis of the amount of the funds allocated for agricultural insurance support, the amount of agricultural insurance support to be paid to an applicant shall be calculated in proportion to the insurance premiums paid by applicants during the period of insurance support.

### Division 3

#### Training Support

#### § 15. Training support

- (1) Training support is financial assistance that provides partial compensation for the cost of training services provided by an educational and training institution specified in subsection 17 (1) of this Act to agricultural producers for the acquisition and supplementation of expertise necessary for their economic activity.
- (2) Training support shall not be granted to compensate the costs of language learning.

#### § 16. Applicant for training support

Training support may be applied for by an agricultural producer who has paid for the training service.

#### § 17. Requirements for receipt of training support

- (1) Training support may be granted if the training service is provided by an educational and training institution that meets the requirements of the Adult Education Act (RT I 1993, 74, 1054; 1998, 71, 1200; 1999, 10, 150; 60, 617; 2002, 90, 521; 2003, 20, 116; 71, 473).
- (2) Training support is granted for vocational training provided for in the Adult Education Act for an applicant or an employee of the applicant's enterprise.

(3) The duration of training required in order to obtain training support shall be established by the Minister of Agriculture.

#### § 18. Rate of training support

(1) Training support is granted in an amount of up to 80 per cent of the cost of the training service.

(2) The Minister of Agriculture shall establish the rate of training support to be granted during a financial year and the maximum amount of support to be granted to an applicant within the limits of the rate of training support provided for in subsection (1) of this section.

### Division 4

#### Practical Training Support

#### § 19. Practical training support

(1) Practical training support is financial assistance that provides partial compensation for the expenses incurred for the supervision and organisation of practical training conducted in the enterprise of an agricultural producer for students studying agricultural specialities (hereinafter trainee).

(2) The list of agricultural specialisations for the acquisition of which practical training support is granted shall be established by the Minister of Agriculture.

#### § 20. Applicant for practical training support

An agricultural producer who conducts practical training in its agricultural enterprise may apply for practical training support.

#### § 21. Requirements for grant of practical training support

Practical training support shall be granted if:

1) the applicant or an employee of the enterprise of the applicant who supervises a trainee (hereinafter practical training instructor) has undergone professional training and has worked in the production of agricultural produce for at least the last five years, the last year of which in the enterprise where the practical training is conducted;

- 2) the practical training instructor supervises up to two trainees at the same time, and
- 3) the applicant has entered into a contract for conducting practical training with an educational institution and a trainee.

#### § 22. Rate and amount of practical training support

- (1) Practical training support shall be granted in an amount equal to up to four times the minimum monthly wage established by the Government of the Republic per trainee per calendar month.
- (2) The Minister of Agriculture shall establish the rate of practical training support to be granted during a financial year, within the limits of the rate of practical training support provided for in subsection (1) of this section and on the basis of the amount of money prescribed for practical training support and the number of trainees as stated in applications that comply with the requirements, and on the basis of the duration of practical training..
- (3) The amount of practical training support to be paid to an applicant shall be calculated on the basis of the prescribed rate of practical training support, the number of trainees and the duration of the practical training.

#### Division 5

##### Support for Farm Relief Services

#### § 23. Support for farm relief services

Support for farm relief services is financial assistance that provides partial compensation for the expenses incurred by an agricultural producer for employment of a farm relief employee to relieve the agricultural producer of his or her duties during a vacation of up to twenty-eight days.

#### § 24. Applicant for support for farm relief services

Support for farm relief services may be applied for by a sole proprietor, or a private limited company or public limited company with only one partner or shareholder, who or which is entered in the register of taxable persons, operates in the field of livestock farming and meets the requirements provided for in § 25 of this Act.



§ 25. Requirements for receipt of support for farm relief services

- (1) Support for farm relief services may be granted to an applicant, if
  - 1) no employee, other than the applicant's spouse, sister, brother, parent, child or grandchild, was employed by the applicant's enterprise during the calendar year preceding the year of application on the basis of an employment contract entered into for an unspecified period;
  - 2) livestock is kept in the applicant's enterprise, on a legal basis, in an amount which corresponds to at least five livestock units;
  - 3) the applicant has operated in the field of livestock farming for at least the last calendar year;
  - 4) the applicant has no state tax arrears, or state tax arrears are being paid in instalments;
  - 5) the applicant has been relieved by a farm relief employee approved by the agency specified in subsection (2) of this section, and the applicant has paid a fee to the farm relief employee for his or her services.
- (2) The Ministry of Social Affairs shall arrange the relief services for agricultural producers through a duly authorised state agency which, in order to organise the relief services, may enter into corresponding contracts under public law with local governments or non-profit associations representing agricultural producers.
- (3) A farm relief employee shall meet at least the requirements set forth by the class II professional standards established for agricultural producers on the basis of and pursuant to the procedure provided by the Professions Act (RT I 2001, 3, 7; 2002, 61, 375; 2003, 13, 68; 83, 559), and shall have completed appropriate training provided by an agency or person specified in subsection (2) of this section.
- (4) The procedure for the relief of agricultural producers shall be established by the Minister of Social Affairs. Such procedure shall prescribe the documents to be submitted upon application, the rights and obligations of a farm relief employee during his or her service, and the procedure for calculating the number of hours during which the farm relief service was offered.
- (5) The Minister of Agriculture has the right to establish the classes of farm animals specified in clause (1) 2), and the basis of and procedure for the calculation of livestock units.

§ 26. Rate and amount of support for farm relief services

(1) An applicant is granted support for farm relief services in an amount of up to 75 per cent of the fee paid to the farm relief employee. The fee for the service shall be calculated in proportion to the number of hours during which the service is offered. The hourly wage payable for provision of the farm relief service shall equal to up to three times the amount of the minimum hourly wage established by the Government of the Republic.

(2) The Minister of Agriculture shall establish, within the limits of the rates specified in subsection (1) of this section, the rate of support for farm relief services to be granted during a financial year, the amount of hourly wages payable to a farm relief employee and the maximum amount of support that may be granted to an applicant.

(3) The amount of support for farm relief services to be paid to an applicant shall be calculated in proportion to the amount of the fee paid to the farm relief employee, taking into consideration the prescribed rate of support and the maximum amount of support that may be granted to an applicant.

## Division 6

### Joint Economic Activity Support for Agricultural Producers

#### § 27. Joint economic activity support for agricultural producers

(1) Joint economic activity support for agricultural producers is financial assistance that provides partial compensation for the foundation and administrative expenses of a commercial association.

(2) The list of foundation and administrative expenses for the compensation of which joint economic activity support for agricultural producers may be granted shall be established by the Minister of Agriculture.

#### § 28. Applicant for joint economic activity support for agricultural producers

Joint economic activity support for agricultural producers may be applied for by a commercial association if at least five of its members are agricultural producers and the area of activity of the commercial association is one of the following:

1) the marketing or processing of the agricultural produce produced by members of the association, and the sale of agricultural products produced by it;

- 2) the sale of fixed and current assets necessary for the production of agricultural produce.

#### § 29. Rate and amount of joint economic activity support for agricultural producers

- (1) Joint economic activity support for agricultural producers is granted to an extent of up to 60 per cent of the foundation and administrative expenses of the first financial year of operation of a commercial association, up to 80 per cent of the corresponding expenses of the second financial year and up to 40 per cent of the corresponding expenses of each of the third, fourth and fifth financial years, but not more than 80 per cent of the realised net turnover of the first financial year and not more than 60 per cent of the realised net turnover of the second year and not more than 50 per cent of the realised net turnover of the third, fourth or fifth year.
- (2) On the basis of the amount of the funds allocated for joint economic activity support for agricultural producers, the amount of support to be paid to an applicant is calculated in proportion to the foundation and administration costs indicated in the application, taking into consideration the rate of support prescribed in this Act.

#### Division 7

##### Market Development Support

#### § 30. Market development support

- (1) Market development support is financial assistance that provides full or partial compensation for the costs incurred by a non-profit association in activities which
  - 1) are aimed at improving the marketing opportunities for agricultural produce or products or introducing the latest research and development findings into agricultural production or the processing of agricultural produce, or which
  - 2) result in improvements in the production or processing of agricultural produce.
- (2) Market development support is granted for:
  - 1) market research;
  - 2) the collection, analysis and dissemination of market information;
  - 3) product development;
  - 4) the introduction of agricultural produce, agricultural products and processed agricultural products;

- 5) participation in competitions, fairs and exhibitions, and the organisation of such events;
  - 6) the training of members.
  - 7) the issuing and introduction of quality marks;
  - 8) the implementation and monitoring of quality management systems and systems of quality marks.
- (3) The list of costs to be compensated by the grant of support shall be established by the Minister of Agriculture.

#### § 31. Applicant for market development support

A non-profit association has the right to apply for market development support if at least two thirds of its members are agricultural producers, processors of agricultural produce or non-profit associations that unite them.

#### § 32. Rate and amount of market development support

- (1) An applicant is granted market development support in an amount of up to 100 per cent of the costs specified in the list of expenses established on the basis of subsection 30 (3) of this Act. The Minister of Agriculture may establish the rate of market development support by each activity specified in subsection 30 (2) of this Act separately.
- (2) On the basis of the size of the funds allocated for market development support and the number of applications, the amount of market development support to be paid to an applicant shall be calculated in proportion to the costs indicated in the application, taking into consideration the rate of support prescribed in this Act.

### Division 8

#### Support for Liming of Agricultural Land

#### § 33. Support for liming of agricultural land

Support for the liming of agricultural land is financial assistance which partially covers the cost to an agricultural producer of fertilising by soil amendment in order to increase soil fertility, improve the agrochemical characteristics of the soil and deacidify the soil.

#### § 34. Applicant for support for liming of agricultural land

Support for the liming of agricultural land may be applied for by an agricultural producer who meets the requirements prescribed in § 35 of this Act.

#### § 35. Requirements for receipt of support for liming of agricultural land

(1) Support for the liming of agricultural land may be granted to an applicant who:

- 1) uses agricultural land with a soil acidity ( $\text{pH}_{\text{KCl}}$ ) of up to 6.0 and who has not been granted support for the liming of agricultural land to fertilise the corresponding plot of agricultural land by soil amendment during the preceding four years;
  - 2) for the purposes of fertilising, uses soil amendment which complies with quality requirements and is entered in the fertiliser register;
  - 3) notifies the regional land improvement bureau of the time of land treatment by soil amendment at least three days prior to the commencement of the land treatment and carries out land treatment in compliance with the technological requirements set for liming;
  - 4) pays the part of the cost of fertilising by soil amendment which is not covered by support for the liming of agricultural land.
- (2) Additional requirements for the soil amendment used for fertilisation and for which support is granted, shall be established by the Minister of Agriculture. Additional requirements shall be established based on the characteristics of the soil, in order to guarantee an increase in soil fertility, improvement of the agrochemical characteristics of the soil and the deacidification of the soil.

#### § 36. Rate and amount of support for liming of agricultural land

- (1) An applicant is granted support for the liming of agricultural land in an amount of up to 60 per cent of the cost of soil amendment and of land treatment by soil amendment and up to 80 per cent (in island regions up to 90 per cent) of the cost of transportation of soil amendment.
- (2) The Minister of Agriculture shall establish the rate of support for the liming of agricultural land to be granted during a financial year and the maximum amount of soil amendment per hectare for which support will be granted within the limits of the rate of support for the liming of agricultural land provided for in subsection (1) of this section.

(3) Based on the amounts applied for as support in applications which meet the requirements, the Minister of Agriculture shall establish the maximum amount of support for the liming of agricultural land that may be granted to an applicant.

(4) The amount of support for the liming of agricultural land to be paid to an applicant shall be calculated on the basis of the rate of support determined pursuant to this Act and the maximum amount of support that may be granted to one applicant.

(5) If the amount of support applied for by an applicant for support for the liming of agricultural land exceeds the maximum amount of support to be granted to one applicant, support shall be granted in the established maximum amount. In such case, the applicant may reduce the size of the area to be fertilised by soil amendment so that the area would correspond to the maximum amount of support.

## Division 9

### Maintenance Support for Land Improvement System

#### § 37. Maintenance support for land improvement system

(1) Maintenance support for a land improvement system is financial assistance that provides partial compensation for the cost of maintenance work on a land improvement system constructed on profit yielding land or on land belonging to residential lots which is used for the production of agricultural produce.

(2) The requirements for the maintenance services performed on land improvement systems and the list of maintenance services for which maintenance support for a land improvement system is granted shall be established by the Minister of Agriculture.

#### § 38. Applicant for maintenance support for land improvement system

Maintenance support for a land improvement system may be applied for by:

- 1) an agricultural producer who possesses a land improvement system located on profit yielding land or on land belonging to residential lots, if the agricultural producer meets the requirements established pursuant to subsection 37 (2) of this Act;
- 2) a non-profit association whose objectives as specified in its articles of association include the management of land improvement systems and which maintains a land improvement system

which has not been entered in the list of artificial recipients maintained by the state, if the non-profit association meets the requirements established pursuant to subsection 37 (2) of this Act.

#### § 39. Rate and amount of maintenance support for land improvement system

(1) The Minister of Agriculture shall establish the unit rate of maintenance support for land improvement systems in the different categories of maintenance services.

(2) Based on the amounts applied for as support in applications which meet the requirements, the Minister of Agriculture shall establish the maximum amount of maintenance support for a land improvement system to be granted to an applicant, and such maximum amount may be different for agricultural producers and non-profit associations.

(3) The amount of maintenance support for a land improvement system to be paid to an applicant shall be calculated on the basis of the prescribed unit rate of support and the maximum amount of support that may be granted to one applicant.

(4) If the amount of support applied for by an applicant for maintenance support for a land improvement system exceeds the maximum amount of support that may be granted to one applicant, support shall be granted in the established maximum amount. In such case, the applicant may reduce the volume of maintenance work on the land improvement system so that the volume would correspond to the maximum amount of support.

#### Division 10

#### Support for Land Improvement Association

#### § 40. Support for land improvement association

(1) Support for a land improvement association is financial assistance that provides partial compensation for the foundation expenses of the first financial year and administrative expenses of the following two years of operation of a land improvement association.

(2) The list of costs to be compensated by the grant of support for the breeding of farm animals shall be established by the Minister of Agriculture.

#### § 41. Applicants for support for land improvement association

A non-profit association whose articles of association specify the management of land improvement systems as its objective and which operates on the basis of and pursuant to the procedure provided for in the Land Improvement Act (RT I 2003, 15, 84) may apply for support for a land improvement association.

#### § 42. Rate and amount of support for land improvement association

- (1) Support for a land improvement association is granted to an extent of up to 75 per cent of the foundation and administrative expenses of the first financial year of operation, up to 65 per cent of the administrative expenses of the second financial year and up to 50 per cent of the administrative expenses of the third financial year.
- (2) The Minister of Agriculture shall establish the rate of support to be granted during a financial year and the maximum amount of support to be granted to an applicant within the limits of the rate of support for land improvement associations provided for in subsection (1) of this section.
- (3) The amount of support for a land improvement association to be paid to an applicant shall be calculated on the basis of the prescribed rate of support and the maximum amount of support that may be granted to one applicant.

#### Division 11

#### Support for Breeding of Farm Animals

#### § 43. Support for breeding of farm animals

Support for the breeding of farm animals is financial assistance that provides partial or full compensation for the costs incurred for the development of the breeding of farm animals.

#### § 44. Applicant for support for breeding of farm animals

Support for the breeding of farm animals may be applied for by breeders' associations, persons engaged in performance testing or persons engaged in the preservation of endangered breeds if they are recognised on the basis of the Farm Animals Breeding Act (RT I 2002, 96, 566).

#### § 45. Requirements for obtaining support for breeding of farm animals



(1) Support for the breeding of farm animals may be granted to an applicant who is engaged in one of the following fields of farm animal breeding:

- 1) the maintenance of herd-books and animal breeding registers;
- 2) performance testing or the assessment of genetic value;
- 3) the preservation of endangered breeds.

(2) The Minister of Agriculture may determine the animal species for which, in the fields of breeding specified in subsection (1) of this section, support for the breeding of farm animals is not granted.

(3) The Minister of Agriculture shall establish the requirements for obtaining support for the breeding of farm animals. These requirements shall prescribe the extent of the difference between the information submitted by the applicant concerning the number of animals and the actual information, in which case support for breeding of farm animals is reduced, and the rate of such reduction. The requirements shall also prescribe the basis and procedure for keeping record of the farm animals, on the basis of which the amount of the support is calculated. The requirements shall be established for each field of animal breeding specified in subsection (1) of this section and for each animal species separately.

#### § 46. Rate and amount of support for breeding of farm animals

(1) The Minister of Agriculture shall establish the unit rate of support for breeding of farm animals that may be granted during the financial year and the maximum amount of support that may be granted to an applicant. The unit rate may be established for each field of animal breeding and for each animal species separately.

(2) The amount of support for breeding of farm animals to be paid to an applicant shall be calculated on the basis of the prescribed unit rate of support, the number of farm animals and the maximum amount of support that may be granted to one applicant.

#### Division 12

#### Wild Oat Control Support

#### § 47. Wild oat control support

Wild oat control support is financial assistance that provides partial compensation for the cost of the implementation of the measures prescribed in the schedule for wild oat control.

§ 48. Applicant for wild oat control support and requirements for obtaining support

Wild oat control support may be applied for by a user of land who has performed wild oat control in accordance with the schedule for wild oat control.

§ 49. Rate of wild oat control support

(1) The Minister of Agriculture shall establish the unit rate for wild oat control support, which may amount to up to 50 per cent of the costs incurred upon implementation of the measures prescribed in the schedule for wild oat control. The unit rate shall be established on the basis of the average expenditures on wild oat control incurred by users of land, which shall be determined by way of an appropriate study.

(2) These Minister of Agriculture may prescribe the extent of the difference between the measures information specified in the schedule for wild oats control and the measures actually implemented in which case support for wild oats control is reduced, and the rate of such reduction.

Division 13

Natural Damage Support

§ 50. Natural damage support

(1) Natural damage support is financial assistance that provides partial or full compensation for the damage suffered by agricultural producers as a result of a natural disaster or adverse weather conditions.

(2) Natural damage support may be granted within a period of three years after the incurring of the damage. Natural damage support shall be granted exclusively on the basis of and under the conditions prescribed in the Community Guidelines for state aid in the agriculture sector (OJ C 028, 01.02.200, pp. 2–22).

(3) The Minister of Agriculture shall establish the conditions and procedure for the provision of natural damage support.

## Division 14

### Support, Rural Enterprise Loans and Securities Provides by Foundation

#### § 51. Classes of support, rural enterprise loans and securities provides by the Foundation

- (1) The Foundation provides information support.
- (2) The types of rural enterprise loans provided by the Foundation are:
  - 1) loans for undertakings operating in rural areas;
  - 2) working capital loans granted for joint activities of agricultural producers for supply or marketing purposes;
  - 3) loans for developing the operation of savings and loan associations;
  - 4) investment loans for purchase of land needed for production purposes.
- (3) The types of securities granted by the Foundation are:
  - 1) security for loans granted to undertakings operating in rural areas;
  - 2) security for finance leases granted to undertakings operating in rural areas;
  - 3) security for factoring granted to agricultural producers.

#### § 52. Information support

- (1) Information support is financial assistance which partially or wholly covers the costs incurred for the dissemination of information related to agriculture and rural development with the aim of promoting agricultural production, increasing the environmental-friendly character thereof and ensuring the sustainability of rural life.
- (2) Information support is granted for:
  - 1) the issuing of publications;
  - 2) the organisation of conferences, seminars, information events and workshops;
  - 3) the establishment of information points;
  - 4) the preparation of information materials on electronic media;
  - 5) the foundation and maintenance of databases;
  - 6) travel for the acquisition of information and experience.

#### § 53. Applicant for information support

Information support may be applied for by non-profit associations, legal persons in public law, educational institutions, and research and development agencies.

#### § 54. Rate of information support

An applicant is granted information support in an amount of up to 100 per cent of the costs related to the activities related to the dissemination of information specified in subsection 52 (2) of this Act. The supervisory board of the Foundation may establish the unit rate by each activity specified in subsection 52 (2) of this Act separately.

#### § 55. Applicant for rural enterprise loan or security

(1) Rural enterprise loans and securities may be applied for by agricultural producers, processors of agricultural produce and other persons engaged in rural economic activity for the purpose of developing their economic activity.

(2) The recipient of a security granted by the Foundation may be a credit institution and, where an obligation arising from a leasing or factoring contract is secured, the recipient of the security may also be a financial institution belonging to the consolidation group of a credit institution.

#### § 56. Rate of rural enterprise loan or security

(1) The liability of the Foundation arising from a security instrument extends only to the debtor's principal monetary obligation and supplements the debtor's liability. A security granted by the Foundation shall not exceed 75 per cent of the balance of the loan recipient's loan commitment.

(2) Upon performance of the debtor's obligation, the creditor's claim transfers to the Foundation to the extent the debtor has performed the obligation.

(3) The provisions of the Law of Obligations Act (RT I 2001, 81, 487; 2002, 60, 374; 2003, 78, 523; 2004, 13, 86) concerning suretyship apply to security instruments, taking into account the specifications provided for in this Act.

(4) The sum of separate loans granted by the Foundation or loans granted through credit institutions shall not exceed 75 per cent of the total cost of the investment or, in the case of a loan granted for the purchase of land needed for agricultural production, 75 per cent of the price

of the immovable to be purchased. The cost-sharing by the recipient of a loan shall be at least 25 per cent.

(5) The interest rate on loans granted by the Foundation or loans granted through credit institutions shall be established by the supervisory board of the Foundation.

### Chapter 3

#### Organisation of Granting of Support, Rural Enterprise Loans and Securities

##### § 57. Application for support

An applicant for the support specified in clauses 3 (1) 1)–13) of this Act shall submit, by the due date prescribed for submission, a written standard format application to the ARIB.

##### § 58. Procedure for granting and payment of support

(1) The procedure for application for the support specified in clauses 3 (1) 1)–13) of this Act and processing of the applications, as well as the format of the applications, shall be established by the Minister of Agriculture. On the basis of the requirements provided by this Act, the procedure shall set out the requirements for the receipt of support, the due date for the submission of applications which have a prescribed due date for submission, and the due dates and procedure for the review and verification of applications and for the granting and payment of support. A separate procedure for applying for and processing applications may be established for each class of support separately.

(2) The ARIB shall make the decisions concerning the granting of support, denial of applications for support, payment of support and other issues related to the granting of support.

(3) If a decision made on the basis of this Act restricts a person's rights or imposes obligations on a person, the person shall be sent, within ten working days as of the making of the decision, a copy or extract of the decision by post, by sending a registered letter or a registered letter with advice of delivery or, with the applicant's consent, by electronic means, by sending the document to the e-mail address indicated by the applicant in the application. Information concerning other types of decision shall be published on the website of the ARIB within ten working days as of the making of the decision.

§ 59. Denial of application for support

(1) The ARIB may deny an application submitted to obtain the support specified in clauses 3 (1)–13) of this Act, if:

- 1) the applicant has knowingly submitted false data;
- 2) the applicant does not comply with the requirements provided for in this Act or other legislation;
- 3) the application is subject to submission by a prescribed due date and the applicant has not submitted the application by the prescribed due date;
- 4) the applicant knowingly submitted false information upon application for the support during the preceding year;
- 5) the applicant has been required to repay support received during the preceding year in the revenue of the state budget;
- 6) the applicant has knowingly submitted false information for entry in the register of agricultural support and agricultural parcels;
- 7) the applicant does not permit on-site inspection of the enterprise;
- 8) there is a lack of funds to pay the support.

(2) The ARIB may refuse to pay support, if:

- 1) after grant of the support, grounds for denial of the application for support are ascertained;
- 2) the applicant has not fulfilled the conditions which constitute the basis for payment of the support;
- 3) an applicant for liming support has not informed the ARIB that land treatment by liming has been carried out;
- 4) as a result of inspection of an applicant for liming support it becomes evident that the amount of soil amendment used per one hectare of agricultural land for the treatment thereof is more than 10 per cent lower than the amount of land amendment indicated in the application.

(3) In the case specified in subsection (2) of this section, the ARIB shall revoke the decision on the granting of support.

§ 60. Procedure for granting and payment of information support, rural enterprise loans and securities granted by Foundation

(1) The procedure for application and the processing of applications for information support, rural enterprise loans and securities granted by the Foundation, and the format of the applications, shall be established by the Foundation's supervisory board. The procedure shall prescribe the requirements for the receipt of information support, rural enterprise loans and securities, the due date for the submission of applications, the due dates and procedure for the review and verification of applications and for the grant and payment of loans and securities, and the grounds and procedure for the denial of applications and refusal to pay loans and securities. A separate procedure for applying for loans and securities and processing applications may be established for each class of loan or security separately. The procedure shall be published on the Foundation's web site.

(2) Decisions concerning the granting and payment of information support, rural enterprise loans and securities, denial of applications and other decisions related to the granting of loans and securities shall be made by the Foundation.

(3) If a decision made on the basis of this Act restricts a person's rights or imposes obligations on a person, the person shall be sent, within ten working days as of the making of the decision, a copy or extract of the decision by post, by sending a registered letter or a registered letter with advice of delivery or, with the applicant's consent, by electronic means, by sending the document to the e-mail address indicated by the applicant in the application. Information concerning other types of decision shall be published on the Foundation's website within ten working days as of the making of the decision.

## Chapter 4

### Other Agricultural and Rural Development Support

#### § 61. Other agricultural and rural development support

(1) Other agricultural support may be granted if it conforms to the Community Guidelines for state aid in the agriculture sector or the rules for state aid which benefits from the block exemption specified in the Competition Act (RT I 2001, 56, 332; 93, 565; 2002, 61, 375; 63, 387; 82, 480; 87, 505; 102, 600; 2003, 23, 133; 2004, 25, 168), and if the support is needed for obtaining the goals specified in Article 33 and Article 87.2 and 3 of the Treaty.

(2) Other support for the development of rural economic activity, rural infrastructure and social environment (hereinafter rural development support) may be granted if the support is needed for obtaining the goals specified in Article 87.2 and 3 of the Treaty.

#### § 62. Application for permission

(1) The agricultural support specified in subsection 61 (1) of this Act may only be granted to agricultural producers and processors of agricultural produce with the written permission of the Commission of the European Communities or, in the case of agricultural support which benefits from a block exemption, if a notice concerning the grant of state aid which benefits from a block exemption (hereinafter notice) is submitted. Applications for permission together with necessary information, and the notices shall be submitted to the Commission of the European Communities by the Ministry of Agriculture.

(2) The rural development support specified in subsection 61 (2) of this Act may be granted if the Ministry of Agriculture has obtained the permission for the grant of state aid provided by the Competition Act from the Commission of the European Communities, or submitted a draft notice on the basis of and pursuant to the procedure prescribed in the Competition Act.

#### § 63. Procedure for granting and payment of other agricultural and rural development support

(1) The procedure for application for the support specified in § 61 of this Act, processing of the applications and the format of the applications shall be established by the Minister of Agriculture. The procedure shall prescribe the requirements for the receipt of support, the due date for the submission of applications which have a prescribed due date for submission, and the due dates and procedure for the review and verification of applications and for the grant and payment of support.

(2) Decisions concerning the granting and payment of the applications specified in § 61 of this Act, decisions to deny applications and other decisions related to the granting of support shall be made by the ARIB

(3) If a decision made on the basis of this Act restricts a person's rights or imposes obligations on a person, the person shall be sent, within ten working days as of the making of the decision, a copy or extract of the decision by post, by sending a registered letter or a registered letter with advice of delivery or, with the applicant's consent, by electronic means, by sending



the document to the e-mail address indicated by the applicant in the application. Information concerning other types of decision shall be published on the website of the ARIB within ten working days as of the making of the decision.

## Chapter 5

### Other Agricultural and Rural Development Support, Rural Enterprise Loans and Securities Granted by Foundation

#### § 64. Other agricultural and rural development support, rural enterprise loans and securities granted by Foundation

(1) The Foundation may grant other agricultural and rural development support, rural enterprise loans and securities to agricultural producers and processors of agricultural produce if this is in conformity with the Community Guidelines for state aid in the agriculture sector or the rules for state aid which benefits from the block exemption specified in the Competition Act, and if the support is needed for reaching the goals specified in Article 33 and Article 87.2 and 3 of the Treaty.

(2) The foundation may grant other rural development support, rural enterprise loans and securities if the support is needed for reaching the goals specified in Article 87.2 and 3 of the Treaty.

#### § 65. Application for permission

(1) The agricultural support, rural enterprise loans and securities specified in subsection 64 (1) of this Act may be granted to agricultural producers and processors of agricultural produce only with the written permission of the Commission of the European Communities or, in the case of state aid which benefits from a block exemption, if a corresponding notice is submitted. The Foundation shall submit applications for permission together with necessary information and the notice to the Ministry of Agriculture, and the Ministry shall forward such documents to the Commission of the European Communities.

(2) The Ministry of Agriculture shall review an application for permission or draft notice within one month after submission of the application for permission or draft notice, and shall send its opinion concerning the application for permission or draft notice to the Foundation.

Upon review of an application for permission or notice, the Ministry of Agriculture has the right to request additional information.

(3) If the information set out in an application for permission or notice submitted by the Foundation does not meet the requirements specified in the relevant directives of the European Union or the Community Guidelines for state aid in the agriculture sector, the Ministry of Agriculture may refuse to forward the application for permission or notice to the Commission of the European Communities.

(4) The support, rural enterprise loans and securities specified in subsection 64 (2) of this Act may be granted if the Foundation has obtained prior permission for the granting of state aid provided by the Competition Act from the Commission of the European Communities, or submitted a draft notice on the basis of and pursuant to the procedure provided by the Competition Act.

§ 66. Procedure for grant and payment by Foundation of other support, rural enterprise loans and securities

(1) The procedure for application for the support, rural enterprise loans and securities specified in § 64 of this Act and processing of the applications, and the format of the applications, shall be established by the Foundation's supervisory board. On the basis of the requirements provided by this Act, the procedure shall prescribe the requirements for the receipt of support, rural enterprise loans and securities, the due date for the submission of applications, and the due dates and procedure for the review and verification of applications and for the granting and payment of support, rural enterprise loans and securities. A separate procedure for applying for support, loans and securities and processing applications may be established for each class of support, loan or security separately. The procedure shall be published on the Foundation's web site.

(2) Decisions concerning the granting and payment of the support, loans and securities specified in § 64 of this Act, decisions on the denial of applications and other decisions related to the granting of the support, loans and securities shall be made by the Foundation.

(3) If a decision made on the basis of this Act restricts a person's rights or imposes obligations on a person, the person shall be sent, within ten working days as of the making of the decision, a copy or extract of the decision by post, by sending a registered letter or a registered

letter with advice of delivery or, with the applicant's consent, by electronic means, by sending the document to the e-mail address indicated by the applicant in the application. Information concerning other types of decision shall be published on the Foundation's website within ten working days as of the making of the decision.

## Chapter 6

### Wild Oat Control Measures

#### § 67. Prohibition against spreading wild oats

- (1) Users of land are required to take measures necessary to prevent the growth and spread of wild oats on the land they use.
- (2) For the purposes of this Act, a user of land is a landowner or, if the landowner has granted use of the land to another person, the direct possessor of the land.
- (3) The creation of favourable conditions for the spread of wild oats which is expressed by failure to notify of wild oats or apply control measures is deemed to be the spreading of wild oats.
- (4) The measures for preventing the growth and spreading of wild oats, and the terms and procedure for the application of such measures shall be established by the Minister of Agriculture.

#### § 68. Restrictions applicable to agricultural produce and products, and areas contaminated by wild oats

- (1) Agricultural produce or soil originating from areas contaminated by wild oats shall not be carried, stored, handled, offered for sale, or sold or transferred in any other manner for a charge or without charge (hereinafter marketed) in a manner which could result in the danger of spreading wild oats.
- (2) A person in the possession of grain containing wild oats or grain wastes created when grain is cleaned, or other waste of plant origin is required to burn or destroy such material in any other manner which prevents the spreading of wild oats.
- (3) The Minister of Agriculture may establish a specific list of measures applicable to the handling of agricultural produce and products contaminated with wild oats, and of measures

applicable in areas contaminated with wild oats, and the conditions and procedure for implementation of such measures.

#### § 69. Notification obligation

- (1) A user of land who identifies or suspects the presence of wild oats on an agricultural parcel or a part thereof which he or she uses, or a supervisory official who identifies the presence of wild oats in the course of a supervisory operation shall immediately give the Plant Production Inspectorate notice of such fact.
- (2) The format of and procedure for such notice shall be established by the Minister of Agriculture.
- (3) Upon transfer of possession of an agricultural parcel or a part thereof which is contaminated by wild oats, the transferor of possession is required to give the recipient of possession written notice of the presence of wild oats on such lands.
- (4) At the request of a recipient of possession of land, the Plant Production Inspectorate or other supervisory agency specified in this Act shall provide the recipient with information at the disposal of the agency concerning the presence of wild oats on the relevant land.

#### § 70. Wild oat control schedule

- (1) A user of land whose agricultural parcel or a part thereof which he or she uses is contaminated by wild oats shall prepare, within one year after giving notice of such fact pursuant to § 69 of this Act, a schedule for the control of wild oats.
- (2) Wild oat control schedules shall be submitted for approval to the Plant Production Inspectorate. The Plant Production Inspectorate shall approve of a wild oat control schedule within forty working days after receipt thereof.
- (3) A user of land is required to apply the measures prescribed in the wild oats control schedule approved by the Plant Production Inspectorate until the agricultural parcel is declared to be free of wild oats.
- (4) The procedure for declaration of agricultural parcels to be free of wild oats shall be established by the Minister of Agriculture.
- (5) The substantive and formal requirements for wild oats control schedules shall be established by the Minister of Agriculture.

## § 71. Database of areas contaminated by wild oats

- (1) The database of areas contaminated by wild oats is a structured body of data containing information on agricultural parcels where wild oats are present. Information concerning an agricultural parcel is deleted from the database after two years from the date of declaration of the agricultural parcel to be free of wild oats.
- (2) The database shall be established by the Plant Production Inspectorate.
- (3) Data entered in the register are public, except for personal data and data which contain business secrets.

## Chapter 7

### Quality Class Requirements for Agricultural Produce and Products

## § 72. Quality class requirements for agricultural produce and products

- (1) For the regulation of the agricultural market, the Minister of Agriculture has the right to establish quality class requirements for agricultural produce and products, and the methodology of and procedure for conformity assessment. The said procedure shall prescribe the agricultural produce and products for which quality class requirements shall be established and specify the cases where and the extent to which determination of quality classes is compulsory, and establish the maximum permissible errors upon determining conformity with the requirements of quality classes.
- (2) Analyses for the determination of conformity with the requirements of quality classes of agricultural produce and products may only be performed in a laboratory authorised on the basis of and pursuant to the procedure provided for in the Food Act (RT I 1999, 30, 415; 2002, 13, 81; 61, 375; 63, 387; 102, 603; 2004, 27, 177).
- (3) The requirements for laboratories authorised to carry out analyses shall be established by the Minister of Agriculture.

## Chapter 8

### Council for Agriculture and Rural Development

### § 73. Formation of council for agriculture and rural development

(1) In order to analyse the granting and use of rural development support, and support for the production and handling of agricultural produce and products, awarded on the basis of this Act, a national development plan or rural development plan, to make proposals regarding such matters, and to discuss issues relating to the determination of the size of loans at preferential rates granted to producers out of state funds and to the field of rural development and the production and processing of agricultural produce, the Minister of Agriculture shall form an advisory council for agriculture and rural development and invite representatives of government agencies and of non-profit associations to participate in the work of the council. Representatives of the factions of the *Riigikogu*<sup>2</sup> and the Rural Affairs Committee may participate in the work of the council for agriculture and rural development.

(2) The rules of procedure of the council for agriculture and rural development and the procedure for submission of conclusions and proposals by the council shall be established by the Minister of Agriculture.

### § 74. Competence of council for agriculture and rural development

(1) The council for agriculture and rural development shall:

- 1) analyse the results of the economic activity of agricultural producers and the state of the agricultural market;
- 2) make proposals for the implementation of measures necessary to develop rural economic activity and the production and processing of agricultural produce;
- 3) make recommendations concerning the preferred direction of development in the production of agricultural produce and other rural economic activity during the following year and, on the basis thereof, on the need for specific classes and amounts of support and other state aid to be granted to agricultural producers.
- 4) make proposals for the improvement of the granting and use of support;
- 5) make other proposals relating to rural development and the production and processing of agricultural produce;
- 6) perform the functions of an advisory committee within the framework of the Estonian Rural Life Development Plan for 2004 to 2006;

- 7) make proposals for the formation of Estonia's positions in issues related to agriculture and rural development under discussion in the Council of the European Union.
- (2) Deliberations on the classes and amounts of support to be granted to agricultural producers during the following year shall be based on the state of the agricultural market and the preferred directions of development in rural economic activity and rural life.

#### § 75. Proposals of council for agriculture and rural development

- (1) The Minister of Agriculture shall communicate the proposals and conclusions of the council for agriculture and rural development to the Government of the Republic with the intention that the proposals and conclusions may, where necessary, be taken into account in the drafting of the state budget.
- (2) The council for agriculture and rural development shall meet at least once every month. Minutes shall be taken of the meetings. The minutes shall be signed by the Minister of Agriculture or an official authorised by the Minister.

### Chapter 9

#### Advisory Service

#### § 76. Requirements for and evaluation of agricultural advisers

- (1) If one of the pre-requisites for the granting of support on the basis of this Act, the Implementation of European Union's Common Agricultural Policy Act (RT I 2004, 24, 163) or the Structural Aid Act (RT I 2003, 82, 552) is the applicant's use of an advisory service, the provider of such service must be a duly evaluated agricultural adviser.
- (2) Any person who has passed the evaluation of agricultural advisers by a decision of the Minister of Agriculture may act as an agricultural adviser. Any natural person who possesses higher education, specialised vocational education or secondary vocational education in the field of agriculture, who has undergone specialised training and passed an assessment of his or her specialised knowledge and consultation skills, and meets the requirements established for agricultural advisers may be evaluated as an agricultural adviser. A person shall be evaluated as an agricultural adviser for three years upon first evaluation and for five years upon re-evaluation.

(3) The evaluation of agricultural advisers is organised by an evaluation committee established by the Minister of Agriculture for this purpose.

(4) Persons who do not meet the requirements for agricultural advisers, sole proprietors engaged in the sale of veterinary medicinal products, mineral fertilisers, plant protection products or agricultural machinery or the buying-in of agricultural produce and employees of the enterprises of such sole proprietors, members of the management boards of companies and other persons entitled to manage companies operating in such areas of activity and employees of such companies, and officials of the Ministry of Agriculture and of government agencies within the area of government of the ministry, and land improvement supervisory officials shall not be evaluated as agricultural advisers.

(5) The validity of an evaluation decision shall be suspended if the agricultural adviser informs the evaluation committee that he or she is a person specified in subsection (4) of this section or if he or she has been referred to an additional assessment of knowledge. The validity of an evaluation decision shall be restored on the basis of an application of the agricultural adviser if the agricultural adviser is no longer one of the above-mentioned persons or if he or she has passed the additional assessment of knowledge. The period of validity of the evaluation decision shall not be extended by the period during which an evaluation decision is suspended.

(6) An agricultural adviser may be referred, on the proposal of the evaluation committee, to an additional assessment of knowledge if the adviser fails to provide quality advice to the person he or she advises or provides advice which disregards the interests of the person he or she advises.

(7) An evaluation decision shall be revoked if the agricultural adviser:

1) has submitted a corresponding application;

2) has failed to disclose the fact that he or she is a person specified in subsection (4) of this section;

3) has, upon evaluation, submitted false information concerning himself or herself or his or her activities;

4) has failed to pass an additional assessment of knowledge.

(8) If the evaluation decision on an agricultural adviser is revoked on the grounds specified in clauses (7) 2)-4) of this section, he or she may apply for a new evaluation not earlier than one year from the date of revocation of the evaluation decision.



(9) The decisions referred to in this section shall be made by the Minister of Agriculture. A decision shall be sent to a person by post, by unregistered letter or registered letter with advice of delivery within ten working days as of the making of the decision.

(10) The procedure for the evaluation of agricultural advisers shall be established by the Minister of Agriculture. The evaluation procedure shall set out the areas of consultation for which agricultural advisers shall be evaluated, the requirements for agricultural advisers' knowledge of their specialisation, the essentials of consultation methodology and for specialised training, and the time and procedure for evaluation.

## Chapter 10

### State Supervision

#### § 77. Supervisory agencies

(1) On the basis of and pursuant to the procedure provided by this Act, state supervision over

1) compliance with the requirements established for obtaining the support set forth in Chapters 2 and 4 of this Act is established by the ARIB;

2) application of the measures for wild oats control provided for in Chapter 6 of this Act is established by the Plant Production Inspectorate.

(2) State supervision over compliance with the requirements for determining the quality classes of agricultural produce provided for in Chapter 7 of this Act shall be exercised by the Veterinary and Food Board on the bases of and pursuant to the procedure provided for in the Food Act.

(3) Local land improvement bureaux and the Land Improvement Construction Supervision and Assessment Bureau shall exercise state supervision, and state and local government environmental supervision agencies shall exercise environmental supervision over compliance with the requirements provided for in this Act, on the bases of and pursuant to the procedure provided for in this Act and in other Acts which prescribe the limits of their competence upon the exercise of state supervision.

(4) In exercising supervision, the ARIB shall co-operate with other state or local government agencies within the limits of their competence.

(5) The Plant Production Inspectorate, the Veterinary and Food Board and the agencies specified in subsection (3) of this section shall submit to the ARIB their opinion on compliance with the requirements of this Act as an aggregate or, pursuant to legislation established on the basis of this Act, through the applicant. Where necessary, the ARIB may request the inspection reports and other documents prepared concerning supervisory operations which are the basis of the aggregate opinion.

#### § 78. Supervisory official and supervision

(1) Supervisory officials of the agencies specified in § 77 of this Act and land improvement supervisory officials (hereinafter supervisory official) shall conduct supervisory operations within the limits of their competence. The right of a supervisory official to conduct supervisory operations shall be indicated on his or her identification.

(2) A supervisory official who produces his or her identification has the right to enter the enterprise, including buildings and immovables, of an applicant for support or a person who has received support, in the presence of the applicant or person or their representative, and to perform on-site checks of documents in order to decide on the granting of support, the denial of an application for support or payment of support or in order to check the applicant's compliance with the requirements for the receipt of support or to monitor the use of the support for its intended purpose. When conducting a supervisory operation to verify the use of support for its intended purpose, a supervisory official has the right to require that documents be produced certifying the intended use of the support and the compliance of economic activity with the requirements.

(3) A supervisory official shall prepare a report or inspection report concerning a supervisory operation or, in the cases provided for in this Act, make a proposal to the head of the supervisory agency or an official authorised by him or her for the issue of a precept or making of a decision.

(4) Supervisory officials are required to maintain business secrets which have become known to them during supervisory operations.

#### § 79. Special and protective clothing of supervisory officials

- (1) A supervisory official shall, where necessary or at the request of an applicant, wear special or protective clothing provided by the applicant when conducting supervisory operations.
- (2) The Minister of Agriculture may establish a list of supervisory operations which must be performed wearing the required special or protective clothing; the cost of purchasing such clothing shall be covered from the state budget.

§ 80. Verification of compliance with requirements of application for support

- (1) Compliance with the requirements provided for in this Act shall be verified on the basis of the submitted application, other submitted documents and documents certifying the information presented therein, databases and on-site inspections.
- (2) If obvious inaccuracies occur in a submitted application or documents certifying information presented therein or an applicant has not submitted required information or documents, the ARIB shall set a term for the applicant for the elimination of shortcomings, and explain that upon failure to eliminate the deficiencies by the due date the ARIB may deny the application. If deficiencies are eliminated within a designated term, the application is deemed to have been submitted in good time. Mistakes in information which is not the basis for the grant of support applied for and calculation of the amount thereof are deemed to be obvious inaccuracies.
- (3) The ARIB shall not consider an applicant to have submitted false data if the applicant discovers the mistakes in the application and notifies the ARIB thereof in writing before the ARIB informs the applicant of any intention to carry out an on-site inspection on the applicant's premises or of the false information in the applicant's application or makes a decision to deny the application.
- (4) The ARIB shall return an application and documents certifying the information presented therein at the written request of the applicant, if the request is submitted prior to the granting of support having been decided. Processing of an application for support ends at the time the ARIB returns the application and documents certifying the information presented therein at the written request of the applicant.
- (5) Terms for proceedings arising from this Act shall not be restored.

§ 81. Issue of precept

(1) Where a violation of the requirements for the use of support for its intended purposes is discovered in the course of a supervisory operation conducted to verify the use of support for its intended purposes, the Director General of the ARIB or an official authorised by him or her has the right to issue a precept for elimination of the violation within the term designated for that purpose if the Director General or the official finds that the recipient of the support is able to perform the operations necessary to bring the use of the support into conformity with the requirements.

(2) If violation of the requirements provided in Chapter 6 of this Act is discovered in the course of a supervisory operation conducted to monitor the implementation of measures for wild oats control, the supervisory official has the right to issue a precept in which he or she:

- 1) calls attention to the offence;
- 2) demands that the offence be terminated;
- 3) requires the conduct of operations necessary for the termination of the offence and the prevention of future offences;
- 4) sets a term for compliance with the precept.

(3) A precept shall be sent to an applicant or recipient of support, or a user of land in the case specified in subsection (2) of this section by mail, either by sending an unregistered letter or a registered letter with advice of delivery, or by communicating the precept to the relevant person against a signature on site within ten working days from the issue of the precept.

## Chapter 11

### Recovery of State Aid

#### § 82. Recovery of state aid

(1) The aid defined in Article 1(e) of the Council Regulation (EC) No 659/1999 laying down detailed rules for the application of Article 93 of the EC Treaty (OJ L 083, 27.03.1999 pp. 1–9) is deemed to be unlawful state aid.

(2) The activity specified in Article 1(g) of the Council Regulation (EC) No 659/1999 is deemed to be misuse of state aid.

(3) If the Commission of the European Communities or the European Court of Justice forwards a decision to the Republic of Estonia concerning the recovery of unlawful or misused

state aid from the recipient of the aid, the Minister of Agriculture shall forward such decision to the authority which granted the unlawful or misused state aid. The authority which granted the state aid is required to recover the state aid from the recipient of the aid pursuant to the decision of the Commission of the European Communities or the European Court of Justice.

(4) If the state aid specified in § 61 or subsection 64 (2) of this Act has been granted unlawfully or has been misused, the aid shall be recovered from the recipient thereof on the basis of and pursuant to the procedure provided for in the Competition Act.

### § 83. Reclamation of support

(1) If, after the payment of support, it becomes clear that the applicant for support has knowingly submitted false information, has not fulfilled the conditions which constitute the basis for payment of the support, has obtained the support without basis in any other manner or has not used the support for the intended purpose, the ARIB shall require the recipient of the support to repay the funds received as support into the revenue of the state budget, pursuant to the provisions concerning unjustified enrichment.

(2) The ARIB has the right not to reclaim support where the support cannot be used for its intended purposes due to *force majeure* or any other circumstances beyond the control of the recipient of the support.

(3) In the case provided for in subsection (1) of this section, the ARIB shall make a decision on reclamation of support within thirty working days as of the date on which the ARIB became aware of the violation. The decision shall be sent to the recipient of support by unregistered letter or by registered letter with notice of delivery within ten working days from the making of the decision.

(4) The support shall be returned within sixty days after receipt of notification of the corresponding decision.

(5) A decision may be made within ten years from the date of payment of the support.

(6) If the recipient of support fails to return the support within the term specified in subsection (3) of this section, the ARIB shall file a claim with a court for execution of the decision.

(7) Upon reclamation of support, interest shall be collected from the amount of the support subject to return, at the interest rate provided for in subsection 94 (1) of the Law of Obligations

Act. Interest shall be calculated from the day on which the support was paid until the date of return of the support.

§ 84. Reclamation of support, rural enterprise support and securities awarded by Foundation

(1) In the contract for award of support, rural enterprise support or security, the Foundation shall determine the intended purpose thereof, and specify the bases for and terms of reclamation of support, rural enterprise support or security which is not used for its intended purpose. The Foundation shall monitor the purposeful use of support, rural enterprise support and securities it awards.

(2) The Foundation:

1) shall cancel a contract for the award of support, rural enterprise support or security before the support, rural enterprise support or security is paid, if the financial situation of the recipient of the support, rural enterprise support or security has deteriorated such that the purposeful use of the support, rural enterprise support or security is at risk;

2) shall decide on the reclamation of support, rural enterprise support or security not used for its intended purpose within at least one month after becoming aware of the use of the support, rural enterprise support or security for purposes other than its intended use.

(3) Support, rural enterprise support or security received without legal basis or used for purposes other than its intended use shall be returned to the Foundation within the period of time prescribed in the decision on reclamation, as of the receipt of notification of the corresponding decision.

## Chapter 12

### Reporting on State Aid

§ 85. Reporting on state aid

(1) By 1 March each year, the Foundation shall submit to the Ministry of Agriculture a report on the state aid in the agricultural sector specified in § 51 and subsection 64 (1) of this act. The report shall be submitted in written and electronic form in compliance with the format established by the Community Guidelines for state aid in the agriculture sector.

(2) Based on the data provided by the ARIB, the Ministry of Agriculture shall prepare reports on the support granted on the basis of clauses 3 (1) 1–13) and subsection 61 (1) of this Act, and forward the reports to the Commission of the European Communities together with the report specified in subsection (1) of this section.

#### § 86. Entry of data in register

Information on the support specified in clauses 3 (1) 1–13) and Chapter 4 of this Act the applicants for such support, and information on the support granted by the ARIB on the basis of the Structural Aid Act, and the applicants for and recipients of such support shall be entered in the register of agricultural support and agricultural parcels maintained on the basis of and pursuant to the procedure provided in the Implementation of the European Union Common Agricultural Policy Act.

### Chapter 13

#### Liability

#### § 87. Failure to comply with wild oat control requirements

(1) Failure to comply with the requirements set for wild oats control or failure to submit a schedule for wild oat control is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person, is punishable by a fine of up to 50,000 kroons.

#### § 88. Violation of requirements for determining quality classes of agricultural produce

(1) Violation of the requirements for determining the quality classes of agricultural produce is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person, is punishable by a fine of up to 50,000 kroons.

#### § 89. Proceedings

(1) The provisions of the General Part of the Penal Code (RT I 2001, 61, 364; 2002, 86, 504; 82, 480; 105, 612; 2003, 4, 22; 83, 557; 90, 601; 2004, 7, 40) and of the Code of Misdemeanour

Procedure (RT I 2002, 50, 313; 110, 654; 2003, 26, 156; 83, 557; 88, 590) apply to the misdemeanours provided for in §§ 87 and 88 of this Act.

(2) Extra-judicial proceedings concerning the misdemeanours provided for in § 87 of this Act shall be conducted by the Plant Production Inspectorate.

(3) The Veterinary and Food Board is the extra-judicial body which conducts proceedings in matters of misdemeanours provided for in § 88 of this Act.

## Chapter 14

### Implementing Provisions

#### § 90. Notification of existing state aid in agricultural sector

(1) The Commission of the European Communities shall be notified of the state aid in the agricultural sector specified in Chapter 2 of this Act within four months after the entry into force of this Act.

(2) The Ministry of Agriculture is the authority which shall notify the Commission of the European Communities of state aid in the agricultural sector.

(3) After performance of the notification obligation, the aid in the agricultural sector specified in Chapter 2 of this Act is deemed to be existing aid within the meaning of Article 88.1 of the Treaty.

(4) For the performance of the notification obligation specified in subsection (2) of this section, the Foundation shall submit to the Ministry of Agriculture necessary documents and information concerning the rural enterprise loans, securities and support granted to agricultural producers and processors of agricultural produce.

#### § 91. Amendment of Land Improvement Act

The Land Improvement Act (RT I 2003, 15, 84) is amended as follows:

1) Subsection 59 (1) is amended and worded as follows:

«(1) The state shall only participate in an association as a compulsory member.»;

2) Subsection 83 (1) is amended and worded as follows:

«(1) A non-profit association founded prior to the entry into force of this Act whose articles of association specify the management of land improvement systems as one of its objectives and



which wishes to continue its operation as a land improvement association on the basis of this Act shall, not later than by 1 July 2005, bring its articles of association into conformity with the requirements for the articles of association of land improvement associations provided for in this Act.”

§ 92. Repeal of Rural Development and Agricultural Market Regulation Act hitherto in force  
The Rural Development and Agricultural Market Regulation Act (RT I 2000 82, 526; 2001, 42, 235; 88, 531; 2002, 16, 93; 56, 352; 96, 566; 2003, 15, 84; 23, 139; 51, 352; 81, 547; 88, 591 and 593; 2004, 12, 81) is repealed.

### § 93. Implementing Provision

(1) After the entry into force of this Act, legislation issued on the basis of subsection 4 (2), subsection 48 (2), subsection 53 (9), subsection 57 (3), subsection 58<sup>1</sup> (2), § 59, subsection 67 (2), subsection 68<sup>5</sup> (2), subsection 68<sup>10</sup> (2), subsection 98 (1) (only in the part of the support provided for in this Act), subsections 109<sup>2</sup> (1) and (2), subsections 116 (1) and (2) and subsection 142 (1) of the Rural Development and Agricultural Market Regulation Act hitherto in force is valid until repeal thereof or entry into force of new legislation on the basis of this Act.

(2) Agricultural advisers evaluated on the basis of the Rural Development and Agricultural Market Regulation Act hitherto in force are deemed to be evaluated pursuant to this Act until the date specified in the decision for evaluation.

(3) Support for dairy cow breeding and support for partial compensation of damage caused as a result of a natural disaster in 2003 to agricultural producers shall be granted on the basis of and pursuant to the procedure provided for in legislation established on the basis of subsection 71 (3), subsection 99 (2) and subsection 115 (4) of the Rural Development and Agricultural Market Regulation Act hitherto in force, and which shall remain in force until repeal thereof.

### § 94. Entry into force of Act

(1) This Act enters into force on 1 May 2004.

(2) Division 12 of Chapter 2, Chapter 6 and § 87 of this Act enter into force on 1 January 2005.

<sup>1</sup> RT = *Riigi Teataja* = *State Gazette*

<sup>2</sup> *Riigikogu* = the parliament of Estonia