

CABINET OF MINISTERS OF UKRAINE

RESOLUTION

dated 21 August 2003, No. 1311

Kyiv

On the Approval of the Procedures for Provision and Identification of

The Cabinet of Ministers of Ukraine hereby **RESOLVES**:

1. To approve the Procedures for Provision and Identification of Amounts of State Support to Coal Mining Enterprises for Partial Coverage of Production Costs and Construction and Technical Re-equipment of Enterprises producing Coal, Lignite (Brown Coal) and Peat, which are attached hereto.

2. To repeal Resolution No. 1733 of the Cabinet of Ministers of Ukraine, dated 27 December 2001, "On the Approval of the Procedure for Identification and Provision of State Support to Coal Mining Enterprises" (Offitsijniy Visnyk Ukrainy [Official Bulletin of Ukraine], 2001, No. 52, page 2351).

V. JANUKOVYCH
Prime Minister of Ukraine

APPROVED BY
Resolution 1311 of the Cabinet of Ministers
of Ukraine
dated 21 August 2003, No. 1311

PROCEDURES

for Provision and Identification of Amounts of State Support to Coal Mining Enterprises for Partial Coverage of Production Costs and Construction and Technical Re-equipment of Enterprises producing Coal, Lignite (Brown Coal) and Peat

1. State support shall be provided to coal mining enterprises for partial coverage of production costs and construction and technical re-equipment of enterprises producing coal, lignite (brown coal) and peat pursuant to amounts of funds earmarked for the Ministry of Fuel and Energy for these purposes in the State budget for a given year.

2. State support for partial coverage of expenses related to the cost of production of coal products shall be provided to coal mining enterprises (except for coal mining enterprises that must be prepared for liquidation), irrespective of their forms of ownership, whose coal products have been included onto a demand balance sheet and a forecast on domestic coal that has been prepared by the Ministry of Fuel and Energy, and which enterprises shall be obligated to ensure an increase of efficiency in coal mining if such support is provided, in particular to reduce production expenditures and to improve work productivity. State support shall be provided on a condition that the volume of marketable coal products in forecast sale prices does not cover production expenditures.

Amounts of State support shall be identified on the basis of assessment of enterprises' performance pursuant to economic indicators and their production potential, as well as according to programs of the enterprises' operations for a given year.

The main economic indicators used to determine amounts of State support shall be volumes of marketable coal products and expenses associated with their production.

Volumes of marketable coal products shall be identified in terms of coal mining enterprises based on proceeding from planned assortments of products and approved quality indicators, as well as from maximum levels of prices that developed on the coal market in the previous year.

Expenses related to costs of production of marketable coal products shall be identified for coal mining enterprises pursuant to specific percentages of expenses relating to material-technical resources and human resources and production-related services, which expenses are to be calculated for the past year, as well as prices for resources and services that developed on the domestic market.

3. State support for construction and technical re-equipment of enterprises producing coal, lignite (brown coal) and peat shall be provided to customers pursuant to the Procedures for State Financing of Capital Construction, approved by Resolution No. 1764 of the Cabinet of Ministers of Ukraine, dated 27 December 2001 (Offitsijniy Visnyk Ukrajinny [Official Bulletin of Ukraine], 2001, No. 52, page 2374).

Amounts of this support shall be identified on the basis of projects, as well as in accordance with the results of competitions for business plans for technical re-equipment of enterprises and pursuant to an industry program for construction on the basis of conclusions by scientific institutions and design organizations.

Procedures for procurement of goods, work and services for State funds shall be carried out pursuant to law.

4. Amounts of State support shall be allocated, within limits of budgetary assignments, by the Industry Commission established by the Ministry of Fuel and Energy, and resolutions of such Commission set out in minutes must be approved by the Ministry of Fuel and Energy.

On the basis of reported indicators for enterprises' production and financial operations, at least once a month the said Commission shall assess efficiency with which funds have been used, and shall furnish to the Ministry of Fuel and Energy proposals on adjustments to amounts of State support for the next period.
