

DG Agriculture and Rural Development, Unit I2. State aid

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EAPB position on draft Commission Regulation amending Regulation (EU) No 1408/2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid in the agriculture sector

The EAPB welcomes the opportunity to provide comments on the proposed draft amending regulation to the de minimis regulation for the agricultural sector. The EAPB highly appreciates that the Commission intends to increase the thresholds for aid in this key sector. Other proposals in the amendment, however, would make the granting of de-minimis aid very complex or even practically impossible for national and regional promotional banks.

1. Increase of threshold is welcome

EAPB highly welcomes the European Commission proposal to increase the maximum amount of agricultural State aid that Member States can distribute without prior notification from €15,000 to €25,000, over three years, per farm holding. This increase will allow the European Commission to concentrate its efforts on those cases which involve particularly serious distortions of competition in the internal market.

2. Introduction of sector threshold provision goes against the spirit of de minimis support

However, the EAPB does not believe that the proposed safeguard- i.e. that a single agricultural sector cannot receive more than 50% of the total amount of the national de minimis aid- is practicable.

EAPB believes that the costs and the administrative burden outweigh the benefit seen by the European Commission in recital (3) of the draft Regulation of possibly preventing distortions of competition in a given product sector.

Firstly, the foreseen benefits are not clear. The European Commission does not specify the sectors in which distortion of competition could occur at all and on what basis it can be assessed. The definition of "product sectors" ranges from "cereals" to "silkworms". It is difficult to imagine that in both sectors the same level of distortions of competition might have occurred in the past.

Secondly, such a provision goes against the spirit of de minimis support. In contrary to general block exemption regulations, on the basis of which certain projects can be funded de minimis rules allow to fund individual companies as a whole. Especially companies in primary agricultural production are usually multi-product companies that produce several products, e.g. they grow cereals and oilseed rape as well as fruits and vegetables. At the same time, animal products such as

pork, beef etc. may be produced in a given company. In order to be able to make a specific allocation, it would be necessary to verify how the aid to the beneficiary is distributed among the various product sectors before each de minimis aid authorization.

Requesting the beneficiary to declare how the aid is distributed to each individual product sector also seems impracticable. A meaningful distribution of the aid received could only be made through additional accounting with appropriate distribution keys. However, this is not possible in many cases. If, for example, farm pavement and mixed-farming machines are funded, then the question arises of how to allocate these subsidies to individual production areas. These problems also arise for the support of equipment purchased by mixed companies.

It would also make the aid application process much more burdensome as the beneficiary would have to break down the application by product sector/ sector of production and have to indicate in the application for which product sector it is applying for de minimis aid.

The additional administrative burden created would most certainly outweigh the reduction or red tape achieved through the threshold increase for each company.

3. No obligation to publish state aid information in public registries

Finally EAPB members doubt that national public registries are the suitable tools for reporting State aid in all cases. The Commission should allow for Member State discretion with regard to the proper national tools based on self-declarations or registries. It is important that the obligation for companies to provide correct and updated information is enforced.