AECM contribution to the public consultation on revised State aid rules for the agricultural and forestry sectors and in rural areas

The European Association of Guarantee Institutions (AECM) welcomes the Commission's public consultation on revised State aid rules for the agricultural and forestry sectors and in rural areas.

Following the 2019 evaluation of the EU State aid rules for agriculture, forestry, and rural areas, we are pleased to note that several simplifications and clarifications of the rules are proposed in the revised State aid Guidelines in the agricultural and forestry sectors and in rural area (the Guidelines) as well as in the Agricultural Block Exemption Regulation (ABER).

We welcome the alignment of the support co-financed under the EAFRD (European agricultural fund for rural development) for forestry and non-agricultural activities in rural areas with the rural development rules that are exempt from the application of the State aid rules. Further, we welcome the fact that aid in rural areas which is co-financed by the EAFRD or granted as additional national financing to such co-financed interventions may be granted in favour of working capital, on the condition that aid is provided in the form of financial instruments.
As an European association of guarantee institutions, we would like to underline the advantages of the financial instruments in form of guarantees in achieving the EAFRD objectives and mention that guarantees are designed to attract co-investments from other sources, including private investments, and to increase the amount of funds available in particular in sectors/areas where there are problems with access to finance (risk sharing and accordingly a high leverage effect).

Further, we welcome Commission's proposal to align the aid intensity foreseen in the State aid rules with the rural development legislation. Yet, referring to aid for investment in agricultural holdings linked to primary agricultural production (ABER, Chapter III, Section 1, Art. 13 and the Guidelines, Part II, Chapter 1, Section 1.1.1.1.) we consider that aid intensity foreseen under point (158)(b) of the Guidelines and under point 18 (b) of the ABER i.e. investments by young farmers should be increased to 90 %. The same refers to point (159) of the Guidelines and point 19 of the ABER, where the aid intensity should be increased to a maximum of 90 % for investments of small farms.

With reference to the Agricultural Block Exemption Regulation, AECM very much welcomes the extension of its scope and trusts that it is appropriate to exempt the aid to compensate farmers for damage caused by protected animals as well as aid to compensate farmers for disadvantages related to Natura 2000 areas from the State aid notification requirement to ensure simplified administration.

Finally, regarding rural areas, it is similarly welcomed the inclusion of the following types of aid in the ABER, namely:

- aid for basic services and village renewal in rural areas, co-financed by the EAFRD
- aids for costs incurred by SMEs participating in CLLD or EIP Operational Group operations and
- limited amounts of aid to SMEs benefitting from CLLD or EIP Operational Group projects.

Last but not least, we fully agree with the inclusion of the simplified cost options for co-financed aid in the Guidelines and with the extension of the scope of this option certain aid measures not co-financed by the EAFRD.

On another note, and in view of the economic and financial consequences that the COVID-19 outbreak has on agricultural undertakings , as well as considering the evolution of inflation and of the gross domestic product (GDP) of the EU in the year 2022[1], the European Association of Guarantee Institutions (AECM) and its members are of the opinion that the current *de minimis* threshold in the agriculture sector is too low and kindly ask the European Commission to adapt the *de minimis* ceiling foreseen in the Regulation (EU) No 1408/2013 to the evolution of the economy by raising the ceiling of EUR 20, 000 as the amount of *de minimis* aid that a single undertaking may receive over a period of three fiscal years.

[1] European Economic Forecast, Winter 2022 (Interim) https://ec.europa.eu/commission/presscorner/detail/en/SPEECH_22_953

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About AECM:
The 48 members of the European Association of Guarantee Institutions (AECM) are operating in 31 countries in Europe. 40 of them are public promotional institutions or banks, 4 are mutual / private, and 4 are public private mixed. They all have in common to provide guarantees to SMEs that have an economically sound project but do not dispose of sufficient bankable collateral. AECM's members operate with counter-guarantees from regional, national, and European level. As of end-2020, AECM's members had about bEUR 330 of guarantee volume in portfolio, thereby granting guarantees to around 5.2 million SMEs.

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