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Review of the State aid instruments for agriculture, forestry and rural areas

Introduction

The purpose of the present consultation is to invite public authorities and stakeholders to provide comments on the application of the EU State aid instruments for the agricultural and forestry sectors and for rural areas. The comments will be valuable input for the evaluation and review of those instruments.

An undertaking, which receives public support, gains an advantage over its competitors. Therefore, the Treaty generally prohibits State aid. However, the Commission may authorise State aid under certain conditions, notably for reasons of economic development or market failure. The Commission makes use of guidelines and regulations when assessing the aid in order to ensure that the assessment is transparent, consistent and coherent.

To simplify State aid procedures, the Council has empowered the Commission to adopt block exemption regulations exempting certain categories of aid from the notification requirement. A specific framework of rules has been set up for State aid control in the agricultural and forestry sectors and in rural areas. For the period 2014 to 2020 this encompasses the following instruments:

- EU Guidelines for State aid in the agricultural and forestry sectors and in rural areas 2014 to 2020 (the "Guidelines");
- Commission Regulation (EU) No 702/2014 declaring certain categories of aid in the agricultural and forestry sectors and in rural areas compatible with the internal market in application of Articles 107 and 108 of the TFEU (known as the Agricultural Block Exemption Regulation; the "ABER")

The validity of the agricultural state aid rules expires on 31 December 2020. Therefore they will be revised in view of establishing new Guidelines and new Block Exemption Regulation for the period 2021-2027.

The questionnaire covers five sections. Section I seeks your opinion on the overall performance of the current State aid rules, on the State aid objectives to be pursued and on the challenges for the future, including simplification possibilities. Sections II, III, and IV concern more specifically State aid issues in relation to, respectively, agriculture, forestry and non-agricultural activities in rural areas. Section V raises the question of whether there is EU added value in having detailed rules to steer the Commission's

monitoring of State aid under the Treaty. Section V also allows you to comment on issues that are not otherwise addressed in the questionnaire.

About you

- *Language of my contribution
 - Bulgarian
 - Croatian
 - Czech
 - Danish
 - Dutch
 - English
 - Estonian
 - Finnish
 - French
 - Gaelic
 - German
 - Greek
 - Hungarian
 - Italian
 - Latvian
 - Lithuanian
 - Maltese
 - Polish
 - Portuguese
 - Romanian
 - Slovak
 - Slovenian
 - Spanish
 - Swedish
- *I am giving my contribution as
 - Academic/research institution
 - Business association
 - Company/business organisation
 - Consumer organisation
 - EU citizen
 - Environmental organisation
 - Non-EU citizen
 - Non-governmental organisation (NGO)
 - Public authority
 - Trade union
 - Other
- * First name

Felicia			
*Surname			
Covalciuc			
*Email (this won't be	published)		
felicia.covalciuc@aecm	i.eu		
*Organisation name			
255 character(s) maximum European Association	of Guarantee Institutions (A	ECM)	
Large (250 or r Transparency registe 255 character(s) maximum	employees) 249 employees) more) er number	oluntary database for organisations	seeking to influence EU decision-
67611102869-33			
*Country of origin			
Afghanistan	gin, or that of your organisation. Djibouti	Libya	Saint Pierre
Åland Islands	Dominica	Liechtenstein	and Miquelon Saint Vincent and the Grenadines
Albania	DominicanRepublic	Lithuania	Samoa
AlgeriaAmericanSamoa	EcuadorEgypt	LuxembourgMacau	San MarinoSão Tomé and Príncipe
AndorraAngola	El SalvadorEquatorialGuinea	MadagascarMalawi	Saudi ArabiaSenegal
AnguillaAntarcticaAntigua and Barbuda	EritreaEstoniaEthiopia	MalaysiaMaldivesMali	SerbiaSeychellesSierra Leone

ArgentinaArmenia	Falkland IslandsFaroe Islands	MaltaMarshall	SingaporeSint Maarten
ArubaAustraliaAustria	FijiFinlandNorthMacedonia	Islands Martinique Mauritania Mauritius	SlovakiaSloveniaSolomon Islands
AzerbaijanBahamasBahrain	FranceFrench GuianaFrench Polynesia	MayotteMexicoMicronesia	SomaliaSouth AfricaSouth Georgia and the South Sandwich Islands
Bangladesh	FrenchSouthern andAntarctic Lands	Moldova	South Korea
BarbadosBelarusBelgiumBelizeBeninBermuda	GabonGeorgiaGermanyGhanaGibraltarGreece	MonacoMongoliaMontenegroMontserratMoroccoMozambique	 South Sudan Spain Sri Lanka Sudan Suriname Svalbard and
Bhutan	Greenland	Myanmar /Burma	Jan Mayen Swaziland
BoliviaBonaire Saint Eustatius and Saba	GrenadaGuadeloupe	NamibiaNauru	SwedenSwitzerland
Bosnia and Herzegovina	Guam	Nepal	Syria
BotswanaBouvet IslandBrazilBritish IndianOcean Territory	GuatemalaGuernseyGuineaGuinea-Bissau	NetherlandsNew CaledoniaNew ZealandNicaragua	TaiwanTajikistanTanzaniaThailand
British Virgin Islands	Guyana	Niger	The Gambia
BruneiBulgaria	HaitiHeard Island and McDonald Islands	NigeriaNiue	Timor-LesteTogo
Burkina FasoBurundiCambodia	HondurasHong KongHungary	Norfolk IslandNorth KoreaNorthernMariana Islands	TokelauTongaTrinidad and Tobago
CameroonCanada	IcelandIndia	NorwayOman	TunisiaTurkey

Cape VerdeCayman Islands	IndonesiaIran	PakistanPalau	TurkmenistanTurks and Caicos Islands
Central African Republic	Iraq	Palestine	Tuvalu
Chad	Ireland	Panama	Uganda
Chile	Isle of Man	Papua New Guinea	Ukraine
China	Israel	Paraguay	United ArabEmirates
Christmas Island	Italy	Peru	UnitedKingdom
Clipperton	Jamaica	Philippines	United States
Cocos (Keeling) Islands	Japan	Pitcairn Islands	United StatesMinor OutlyingIslands
Colombia	Jersey	Poland	Uruguay
Comoros	Jordan	Portugal	US Virgin Islands
Congo	Kazakhstan	Puerto Rico	Uzbekistan
Cook Islands	Kenya	Qatar	Vanuatu
Costa Rica	Kiribati	Réunion	Vatican City
Côte d'Ivoire	Kosovo	Romania	Venezuela
Croatia	Kuwait	Russia	Vietnam
Cuba	Kyrgyzstan	Rwanda	Wallis and Futuna
Curação	Laos	Saint	Western
		Barthélemy	Sahara
Cyprus	Latvia	Saint HelenaAscension andTristan daCunha	Yemen
Czechia	Lebanon	Saint Kitts and Nevis	Zambia
Democratic Republic of the Congo	Lesotho	Saint Lucia	Zimbabwe
Denmark	Liberia	Saint Martin	

Publication privacy settings

The Commission will publish the responses to this public consultation. You can choose whether you would like your details to be made public or to remain anonymous.

Anonymous

Only your type, country of origin and contribution will be published. All other personal details (name, organisation name and size, transparency register number) will not be published.

Public

Your personal details (name, organisation name and size, transparency register number, country of origin) will be published with your contribution.

I agree with the <u>personal data protection provisions</u>

I. General questions

Other

0. To identify what is your interest in State aid, please indicate the stakeholder category to which you belong: Public authority responsible for granting State aid in an EU Member State Beneficiary of aid for the agricultural sector Beneficiary of aid for the forestry sector Beneficiary of aid for non-agricultural activities in rural areas Farmers' organisation Foresters' organisation Undertaking active in downstream sectors to agriculture or forestry NGO or other civil society organisation Academia, think-tank, consultancy or other expertise General public

1. Based on your experience, how well have the current State aid rules responded to the following purposes?

	Not at all	To some extent	To a large extent	Fully	Don't know
Useful spending of taxpayers' money	0	0	0	0	•
Market failures addressed	0	•	0	0	0
A level playing field for undertakings	0	•	0	0	0
Transparent, consistent and coherent handling of State aid cases	0	•	0	0	0
Coherence with Rural Development objectives under the CAP (i.e. fostering competitiveness, sustainable management of natural resources and climate action and balanced territorial development)	0	•	0	0	0
Clear rules	0	•	0	0	0
Legal certainty	0	•	0	0	0
Reduction of administrative costs for public authorities	0	0	0	0	•
Reduction of regulatory burdens for aid beneficiaries	0	0	0	0	•

2. Based on your experience, how coherent are the current State aid rules with other EU policies and legislation?

	Not at all	To some extent	To a large extent	Fully	Don't know
Horizontal State aid instruments	0	•	0	0	0
Common Agricultural Policy (CAP)	0	0	0	0	0
EU Cohesion Policy	0	0	0	0	0
EU Environmental Protection Policy	0	0	0	0	•
EU 2030 Climate and Energy Framework and the long- term vision for a climate-neutral economy by 2050	0	0	0	0	•
EU Veterinary and Public Health Policy	0	0	0	0	•
EU Research and Development Policy	0	0	0	0	•
EU Policy on Small and Medium Enterprises (SMEs)	0	•	0	0	0

3. From your perspective, how important are the objectives pursued by the granting of State aid?

	No importance	Low importance	Average importance	Very high importance	Don't know
Competitiveness and economic viability of undertakings in the agriculture and forestry sector	0	0	0	•	0
Viable food production	0	0	0	•	0
Socio-economic development in rural areas	0	0	0	•	0
Growth of the bioeconomy sectors (including food and non-food use)	0	0	0	•	0
Sustainable forest management	0	0	0	0	•
Sustainable use of natural resources	0	0	0	•	0
Ecosystem services and biodiversity	0	0	0	0	•
Climate change mitigation	0	0	0	•	0
Climate change adaptation	0	0	0	•	0
Protection of public and animal health	0	0	0	0	•
Animal welfare	0	0	0	0	•

Access to knowledge and new technologies	0	0	0	•	0
Other	0	0	0	0	•

4. From your perspective, which are the most important challenges to be addressed by the future State aid rules?

	No importance	Low importance	Average importance	Very high importance	Don't know
Competitiveness, resilience and economic viability of undertakings	0	0	0	•	0
Jobs and growths in rural areas	0	0	0	•	0
Generational renewal in rural areas	0	0	0	•	0
Changes in the production conditions, including technological progress	0	0	0	•	0
Market developments	0	0	•	0	0
Societal demands on food and health	0	0	•	0	0
Avoidance of harmful impacts on environment (water, soil, air etc.)	0	0	0	•	0
Biodiversity loss	0	0	•	0	0
Reduction of greenhouse gas emissions and enhancement of carbon sinks	0	0	0	•	0
Adverse climatic events	0	0	0	0	•
Animal diseases	0	0	0	0	•
Plant pests	0	0	0	0	•
Damage caused by wild animals	0	0	0	0	•
Administrative costs and burdens	0	0	•	0	0
Useful spending of taxpayers' money	0	0	0	•	0
Other	0	0	0	0	•

5. The State aid rules set out various conditions that are meant to limit undue distortive effects of aid on the internal market. Based on your experience, how important are the following conditions?

	No importance	Low importance	Average importance	Very high importance	Don't know
Limitation of eligible costs	0	0	•	0	0
Maximum aid intensities/maximum aid amounts	0	0	•	0	0
The form of the aid (e.g. loans or guarantees instead of direct grants)	0	0	0	•	0
For large undertakings, stricter conditions for granting aid as compared to SMEs	0	0	0	•	0
For undertakings active in processing and marketing of agricultural products, stricter conditions for granting investment aid as compared to undertakings active in primary agricultural production	©	©	•	©	•

6. Based on your experience, what is the potential for simplification under future State aid rules?

	No potential	Low potential	Average potential	Very high potential	Don't know
Clearer rules and definitions	0	0	0	0	0
Streamlined approach to interventions included in CAP Strategic Plans	0	0	0	•	0
Simplified cost options (i.e. lump sum or flat rate payments)	0	0	0	•	0
Alignment of maximum aid intensities with Rural Development support rates	0	0	0	•	0
Simplified incentive effect requirements for subsidised services	0	0	0	0	•
Simplified approach to aid for cooperation	0	0	0	0	•
Simplified approach to aid for local development (LEADER)	0	0	0	0	•
Extension of the scope of the ABER to new aid categories	0	0	•	0	0
Higher notification thresholds under the ABER	0	0	0	•	0

Other		0	•
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7. What are your specific suggestions for simplification?

1500 character(s) maximum

The need to adapt the ABER to the new post-2020 CAP proposal is imminent.

AECM is of the opinion that the current ABER rules are very rigid and the new State aid rules should foresee sufficient room for maneuver for Member States to define appropriate agricultural support in accordance to their national context.

In other words, State aid rules should under no circumstances be stricter than the proposed CAP strategic plans.

This is of utmost importance for maintaining a level playing field in all Member States and would be in line with the Commission's intention to give Member States flexibility in meeting their CAP specific objectives.

Questions 8 to 10 are only for public authorities.

II. Aid for the agricultural sector

Current specific provisions:

Part II, Chapter 1 of the Agricultural State Aid Guidelines Chapter III, Sections 1 to 3 of the Agricultural Block Exemption Regulation (ABER)

11. Are you, or have you been, a beneficiary of State aid for the agricultural sector?

- Yes
- No

12. Based on your experience, do you agree with the following statements on State aid granted to the agricultural sector under the current State aid rules?

	Agree strongly	Agree	No strong view	Disagree	Disagree strongly
The aid has helped to achieve viable food production.	0	•	0	0	0
The aid has fostered competitiveness in the agri-food sector.	0	•	0	0	0
The aid has fostered sustainable growth in the agri-food sector.	0	•	0	0	0
The aid has helped the development of the bioeconomy.	0	0	•	0	0
The aid has helped to achieve a sustainable use of natural resources in agriculture.	0	0	•	0	0

The aid has contributed to climate change mitigation and/or adaptation.	0	0	•	0	0
The positive effects outweigh the potential distortive effects of the aid on competition and trade in the internal market.	0	0	•	0	0

13. Regarding State	aid for investments in the agricult	ural sector: Do you
have views on what	could be the potential distortive ef	fects on competition
and intra-EU trade?	•	-

- Yes
- No
- Don't know

If yes, please substantiate and give concrete examples (i.e. did the aid crowd out investments of competitors or attract activity away from neighbouring regions?).

1	00 character(s) maximum

14. Have you experienced any particular difficulties in complying with the current State aid rules on aid for the agricultural sector?

- Yes
- No
- Don't know

If yes, please substantiate your reply and give concrete examples.

15	00 character(s) max	rimum			

15. Based on your experience, would you agree with the following changes to the State aid rules?

	Agree strongly	Agree	No strong view	Disagree	Disagree strongly
No aid shall be granted for purchase of land unless it serves environmental and climate objectives, or installation of young farmers.	0	0	•	0	0
The conditions for granting aid for irrigation investments should be better targeted towards protection of water bodies, taking into account projected climate conditions.	0	0	•	0	0

The scope for granting aid to prevent, control and eradicate animal diseases and to make good damage should be extended to emerging animal diseases	0	0	•	0	•
Compensation for damage caused by animal diseases or plants pest should cover loss of value of products also where those products are not destroyed.	0	0	•	0	•
Compensation for damage caused by protected animals should cover indirect costs for damage to plants (such as treatments costs and additional labour costs).	0	0	•	0	•
Compensation for damage caused by protected animals should cover indirect income losses (such as reduced production capacity).	0	0	•	0	•

III. Aid for the forestry sector

Current specific provisions:

Part II, Chapter 2, of the Agricultural State Aid Guidelines Chapter III, Sections 4 to 5 of the Agricultural Block Exemption Regulation (ABER)

16. Are you, or have you been, a beneficiary of State aid for the forestry sector?

- Yes
- O No

17. Based on your experience, do you agree with the following statements on State aid granted to the forestry sector under the current State aid rules?

	Agree strongly	Agree	No strong view	Disagree	Disagree strongly
The aid has helped to achieve a viable forest area development.	0	0	0	0	0
The aid has helped the development of the bioeconomy.	0	0	0	0	0
The aid has increased the resilience and protection of forest ecosystems.	0	0	0	0	0
The aid has contributed to carbon sequestration.	0	0	0	0	0
The aid has contributed to the recreational or ecological function of forests.	0	0	0	0	0

The positive effects outweigh the potential distortive effects of the aid on competition and trade in the internal market.	0	0	0	0	0		
. Regarding State aid for forestry investments: Do you have views on what uld be the potential distortive effects on competition and intra-EU trade?							

- 18 CO
 - Yes
 - No
 - Don't know
- 19. Have you experienced any particular difficulties in complying with the current State aid rules on aid for the forestry sector?
 - Yes
 - No
 - Don't know

20. Based on your experience, would you agree with the following changes to the State aid rules?

	Agree strongly	Agree	No strong view	Disagree	Disagree strongly
No investment aid should be granted for purchase of land unless it serves environmental and climate objectives.	0	0	0	0	0
Investments in afforestation must be consistent with climate and environmental objectives as governed by sustainable forest management principles.	•	0	0	•	0
In case of cooperation: The maximum aid intensity for non-productive investments should be 100 % of the eligible costs.	0	0	0	0	0
The scope of the ABER should be extended to forestry measures that are currently only covered by the Guidelines.	0	0	0	0	0

IV. Aid for non-agricultural activities in rural areas

Specific provisions:

Part II, Chapter 3, of the Agricultural State Aid Guidelines Chapter III, Section 6 of the Agricultural Block Exemption Regulation (ABER)

- 21. Are you, or have you been, a beneficiary of State aid for non-agricultural activities in rural areas?
 - Yes
 - No

22. Based on your experience, do you agree with the following statements on State aid granted in rural areas under the current State aid rules?

	Agree strongly	Agree	No strong view	Disagree	Disagree strongly
The aid has led to employment and growth in rural areas.	0	•	0	0	0
The aid has been useful to boost the creation and development of SMEs in rural areas.	•	0	0	0	0
The aid has strengthened the economic and social fabric in rural areas.	0	0	•	0	0
The aid has contributed to cultural and recreational activities in rural areas.	0	•	0	0	0
The positive effects outweigh the potential distortive effects of the aid on competition and trade in the internal market.	0	•	0	0	0

social fabric in rural areas.		0	•	©	0
The aid has contributed to cultural and recreational activities in rural areas.	0	•	0	0	0
The positive effects outweigh the potential distortive effects of the aid on competition and trade in the internal market.	0	•	0	0	0
23. Regarding State aid for the proceagricultural products: Do you have a distortive effects on competition and Yes No Don't know	views on	what co	ould be t		
24. Have you experienced any particle current State aid rules on aid for not Yes No Don't know					
If yes, please substantiate your reply a 1500 character(s) maximum	nd give co	oncrete (example	S.	
V. Final					
25. Based on your experience, do you having a common framework of deta of State aid with the internal market	ailed rules				

- Agree strongly
- Agree
- No strong view
- Disagree

Disagree strongly

26. Do you have other comments than those covered by the previous questions?

3000 character(s) maximum	

You may attach supporting documents for your replies to the questions above.

The maximum file size is 1 MB
Only files of the type pdf,txt,doc,docx,odt,rtf are allowed

Useful links

State Aid website (https://ec.europa.eu/agriculture/stateaid en)

Contact

AGRI-STATE-AIDS-CONSULTATION@ec.europa.eu