

Malta position on the draft *Commission Regulation (EU) .../... of XXX declaring certain categories of aid to undertakings active in the production, processing and marketing of fishery and aquaculture products compatible with the internal market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union (FIBER) and repealing Commission Regulation (EU) No 1388/2014, the draft Commission Regulation (EU) .../... of XXX amending Regulation (EU) No 717/2014 as regards its period of application and the maximum cumulative amounts of de minimis aid, and the draft Guidelines for State aid in the fishery and aquaculture sector*

Reference is made to the draft *Commission Regulation (EU) .../... of XXX declaring certain categories of aid to undertakings active in the production, processing and marketing of fishery and aquaculture products compatible with the internal market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union (FIBER) and repealing Commission Regulation (EU) No 1388/2014, the draft Commission Regulation (EU) .../... of XXX amending Regulation (EU) No 717/2014 as regards its period of application and the maximum cumulative amounts of de minimis aid, and the draft Guidelines for State aid in the fishery and aquaculture sector, and the meetings held on 11 March 2022 on these drafts.*

Malta would once again like to thank the Commission services for these draft documents which are generally welcomed as they provide a diverse spectrum of possible categories of aid, whilst also aligning State aid rules with the *EMFAF Regulation* (Regulation (EU) 2021/1139). We particularly welcome the introduction of the category of aid to make good the damage caused by adverse weather conditions within the draft FIBER.

Hereunder please find observations by the Maltese authorities:

- *De minimis* threshold

The draft *de minimis* Regulation proposes changes to the maximum cumulative amounts of *de minimis* aid granted per Member State; however no amendment to the total amount of *de minimis* aid granted per Member State to a single undertaking in the fishery and aquaculture sector was proposed. This implies that the *de minimis* threshold per undertaking will remain EUR 30,000 over any period of three fiscal years; a threshold which has remained unchanged since 2007.

Malta believes that this ceiling is too low and does not allow for necessary flexibility and adequate compensation. It should hence be increased to at least EUR 60,000 so as to reflect the realities of economic factors in the fisheries and aquaculture sector, the frequency of consequent temporary economic difficulties faced by fishermen, as well as the most recent crises widely impacting all sectors.

In our view, a figure of not less than EUR 60,000 would not have any material effect on trade between Member States and would not threaten to distort competition, particularly in view of the volatility of economic factors in the fisheries sector (input prices/demand fluctuations/climate, losses due to diseases, etc) and the frequency of consequent temporary economic difficulties faced by fishermen.

Furthermore, given that the *de minimis* Regulation will be applicable until 2027, the Commission should take due account of future economic developments as well as foreseeable inflation until such date. An increase in the current *de minimis* threshold would also help to reduce the administrative burden in implementing measures with limited amount of aid.

- TAM requirement

Both the draft FIBER and the draft Guidelines indicate that Member States must ensure the publication of data on individual aid awards that exceed €10,000. The current rules set this threshold at €30,000.

The Maltese Authorities believe that the costs of executing this change by far exceed the benefit of publishing individual aid awards that exceed a certain threshold. The additional bureaucratic burden brought about by such amendment would be detrimental to the aim to facilitate State aid procedures, and raises the question of proportionality. Moreover, it is believed that €10,000 is a very low threshold which could imply that a large number of individual aid awards will be included, ending up with an unduly long report. There could therefore be a risk that the original objective to highlight the attention on the bigger State aid transactions will now end up diluted in a lengthy report which covers virtually the majority of awards.

Therefore it is believed that the transparency threshold should remain €30,000.

While hoping that the above will be taken in consideration in the finalisation of the revised State aid rules for the fishery and aquaculture sector, we remain available for further discussions.