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Your Reference:

AT-Comments on the revision of Regulation (EU) 1408/2013

Dear Sir or Madam,

The Ministry of Agriculture, Forestry, Regions and Water Management thanks the Commission for the opportunity to provide more detailed comments in writing, following the first Advisory Committee meeting on the draft of the amendment to Commission 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.

Austria would like to thank the Commission for revising the regulation ahead of schedule in view of the major challenges the agricultural sector is currently facing. We welcome the amendment of this regulation as a move in the right direction, but in our opinion, it does not go far enough with regard to increasing the ceilings.

On the one hand, the calculation of the amount per single undertaking is regarded as too low. In our view, the use of harmonised index of consumer prices (HCIP) data is not considered targeted enough, as agricultural input costs are more relevant than the HCIP for undertakings active in the agricultural sector. At least in the past two years, agricultural input prices have increased significantly stronger than the HCIP in Austria. This is the reason why Austria asks the Commission to consider basing the calculation of this ceiling on agricultural input costs and increasing the amount per single undertaking to EUR 50.000.

On the other hand, Austria calls for an increase in the national cap and adjusting its calculation mechanism in a differentiated manner. This is because Member States need more room for manoeuvre in times of growing challenges and changing circumstances. We would like to outline our thoughts on this in more detail below.

Austria's agricultural sector has a comparatively small structure as the Alps cover about 2/3 of the national territory. Despite this situation, it is currently still possible to guarantee full-coverage farming. As a result, even remote regions are able to maintain jobs and ensure settlement. For this reason, Austrian farms are smaller on average and their number is higher. If it is necessary to react quickly and reach a larger number of undertakings, the proposed increase in the national ceiling is not sufficient to bring true relief. Therefore, Member States with a higher proportion of small farms should have a higher national cap.

Furthermore, we would like to highlight the need for changes in the national cap before the background of the development of the agricultural sector. Until 2005, de minimis aid was completely inaccessible to the agricultural sector. Only Regulation (EC) No 1860/2004¹ created the conditions for this. Referring to the basic acts of the Common Agricultural Policy, it stated that only very low amounts of aid are allowed in order to comply with Article 87 (1) of the EC Treaty. Against this backdrop, both a ceiling for single undertakings and a national cap have been introduced. The national cap should not exceed a small percentage of the agricultural production value.

The Agricultural output is an objective factor, but it does not fully take into account the additional services agriculture provides, mainly public services in the field of environmental protection, biodiversity and the preservation of cultural landscapes. In addition, it is important to keep land in agricultural production in order to protect regions and micro-regions from the effects of natural disasters such as heavy rainfall events. This should also be taken into account in this calculation.

Over the past 20 years, the agricultural sector has changed structurally, faced and still faces major challenges. Higher amounts for larger undertakings, as well as support for a larger number of smaller undertakings should both be possible. Austria is aware of the tension between higher ceilings and the case law of the European Court of Justice. Nonetheless, the Member States need flexibility beyond the current state aid framework in order to be able to take quick remedial action at critical moments. This requires a more differentiated

¹ Commission Regulation (EC) No 1860/2004 of 6 October 2004 on the application of Articles 87 and 88 of the EC Treaty to de minimis aid in the agriculture and fisheries sectors, OJ L 325, 28.10.2004, p. 4.

approach to determine both ceilings, as the circumstances of agriculture have changed and skyrocketing prices have posed economic difficulties to safeguarding full-coverage farming, vital rural areas, environmental services and food security in our Union in difficult times.

2024-07-19

For the Federal Minister:

Mag. David Sams

Signed electronically.