



IFA

IFA submission to the European Commission public consultation on amending rules on exemptions for small amounts of aid (de minimis aid) in Agriculture.

21st July 2024

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Summary

- IFA acknowledge efforts to increase De Minimis thresholds but requests the Commission honour the position of a multitude of EU Ministers of Agriculture and increase the De Minimis Aid limit to €50,000 given the ongoing uncertainty facing the sector.
- IFA rejects the proposal to establish a Mandatory Register of Aid Beneficiaries. This will add an increased level of bureaucratic burden which contradicts recent efforts to simplify these processes for farmers. This disclosure of private information is also unnecessary given the aid itself has no potential to distort markets or competition in principle.

Introduction

IFA is the largest farming representative organisation in Ireland, with approximately 72,000 members in 939 branches nationwide. For nearly seven decades, we have protected and defended the interests of Irish farmers at national and EU level.

IFA has commodity committees representing the main agricultural sectors, including livestock, dairy, sheep, tillage, pigs, poultry, organic production, and aquaculture. It also has several cross-sectoral committees with overarching responsibility for issues affecting the entire agricultural sector, including environment, rural development and farm business.

IFA welcomes the opportunity to make a submission to the consultation for amending rules on exemptions for small amounts of aid (de minimis aid) in Agriculture.

In recent years Irish Agriculture has been faced with a plethora of inflationary pressures following the onset of the COVID-19 pandemic in 2020, resulting in mass supply chain disruption and followed soon after by Russia's invasion of Ukraine, leading to hyperinflation of essential farm inputs such as fertiliser and energy. While the effects of the above vulnerabilities on primary producers have somewhat subsided, it has become increasingly evident in the face of more complex markets, geopolitical uncertainty and climate change, that farmers require increased temporary and targeted fiscal support to offer business continuity during these volatile periods. Agricultural inflation has far exceeded general and indeed food price inflation in recent years, with negative terms of Irish trade evident throughout 2022 to date. Aggregate input prices for most of the main on-farm cost centres (i.e. feed, fertiliser, fuel), although stabilising, or marginally declined from their recent peaks, remain well above normal multi-annual levels.

	Feed (€ / tonne)			Fertiliser (€ / tonne)	
	Dairy nuts (16-18% protein)	Lamb feed (16-20% protein)	Cattle fattening meal	C.A.N	Urea
April 2024	369	389	343	380	488
April 2018	276	293	265	264	355

(Source: Central Statistics Office, 2024)

These events have eroded already low margins for most farmers which further exemplifies the need for an increased threshold for De Minimis Aid that accounts for the new realities that farmers are operating in, as geopolitical risks coupled with depressed output prices remain present across multiple sectors.

IFA welcomed the decision of the Agriculture Ministers of Germany, France, Austria, Croatia, Romania, Hungary, Cyprus, Slovenia, Latvia, Luxembourg, Malta, Slovakia, Estonia, Poland and Bulgaria, to send a letter to commissioner Vestager calling on the Commission to increase the ceiling of “de-minimis” aid in the agricultural sector per single undertaking to €50,000 over the course of three years. It is regretful however that this request which was overwhelmingly supported by EU Agriculture Ministers at the Agri-Fish Council in April 2024 for a threshold of €50,000 has not been included in the proposed Amendment by the Commission, but rather limited to €37,000. It is particularly relevant to note that during the periods of hyperinflation recently experienced by farmers that many input prices doubled for farm inputs and in the case of some fertiliser, quadrupled. Given the volatility the sector continues to face, it can be hypothesised that the proposed increase in De Minimis Aid will be insufficient to deal with the combined potential challenges that lie ahead for farmers.

In relation to the establishment of a mandatory register for small levels of state aid under the proposed amendment, IFA rejects this component. This adds an unnecessary level of bureaucracy for farmers especially during periods when aid should be delivered promptly and effectively in times of crisis or market failure. Reporting obligations are already in existence to monitor higher allocations of aid which IFA believe are currently sufficient to prevent distortions of competition.

The proposal to publicly publish the names of beneficiaries is also a major concern given most farms do not operate under a company name in Ireland. This level of scrutiny is unwarranted and disproportionate given the aid will have no market effects, other than to support producers often during periods of economic hardship.

IFA question the fairness of Article 3(5) as stated. Full ‘De Minimis’ should not be allocated at the point of legal acceptance in Year 1 of a multi-annual scheme, but instead distributed out over the lifetime of the scheme.

IFA also propose that, in relation to Article 3(9) proportionality should apply and an undertaking be entitled to the amount of funds (at least) that would bring them from existing position to the threshold amount rather than dismissing it entirely.

Finally, extending the expiry date to December 31st is a positive development, however having an expiry date at all is premature given the EU Agriculture Sector has historically always contented with market challenges, supply chain disruption, geopolitical events and more recently climate change. Agriculture underpins EU and often Global Food Security and there must remain a consistent, reliable and financially robust mechanism to support farmers in all 3 pillars of sustainability - economic, social and environmental.

ENDS.