



## HUNGARIAN STATE AID MONITORING OFFICE

### Hungarian position on the revision of the agricultural *de minimis* regulation

#### 1<sup>st</sup> Advisory Committee

18 July 2024

The Hungarian authorities appreciate the draft agricultural *de minimis* Regulation presented by the Commission and would like to thank the Commission for its hard work. Hungary has the following comments.

#### *On the aid ceiling:*

Hungary welcomes the Commission's proposal to increase the aid ceiling, however Hungary suggests the aid ceiling to be increased to EUR 50 000, since there are others factors which need to be taken into account besides inflation when the appropriate ceiling is calculated.

Firstly, Russia's invasion of Ukraine having a negative impact on the agricultural sector leading to price increases, which are additional to the general trends in inflation. Secondly, the effects of the climate change are very much present in the agricultural sector, although it is difficult to quantify their impact at this stage. However, climate change is already causing hardships for the primary agricultural producers and will continue to do so.

Calculating the real value of the agricultural *de minimis* aid ceiling using the consumer price index does not accurately reflect the evolution of the purchasing value of the aid for farmers, as farmers usually spend it on inputs used in production, whose price changes do not necessarily reflect inflation.

Therefore, calculation using the price change of intermediate consumption gives a result that better reflects the real cost situation and the real value. The calculation below is based on the EUROSTAT price index for intermediate consumption in 2015 for the years 2019-2023, while for the years 2024-2032, in the absence of a forecast, the average annual increase for the years 2016-2023 is used.

The results show a cumulative increase in agricultural intermediate consumption of 106.4% for the years 2019-2032, which means that the aid ceiling should be more than doubled (EUR 51.6 thousand) to maintain its real value.

Agricultural *de minimis* cap adjusted for price changes in intermediate consumption:

		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
EU-27	Annual change in price index (%)	1,47	-1,52	11,66	31,40	-4,56	4,6	4,6	4,6	4,6	4,6	4,6	4,6	4,6	4,6
	Price index	100	98,5	111,7	131,4	95,4	104,6	104,6	104,6	104,6	104,6	104,6	104,6	104,6	104,6
	Cumulative price index	100	98,5	110,0	144,5	137,9	144,2	150,8	157,7	165,0	172,5	180,4	188,7	197,3	206,4

	<b>Inflation-adjusted de minimis ceiling</b>	25 000	24 620	27 491	36 123	34 476	36 055	37 707	39 434	41 241	43 131	45 107	47 173	49 335	51 595
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source: [EUROSTAT](#)

In addition, Hungary proposes to increase the national caps to 3% of the average of the three highest annual values of agricultural production over the period 2012-2023, in order to match the requested increase in the aid ceiling.

### ***On the aid calculation period:***

Hungary welcomes the transition from 3 fiscal years to 3 years in the calculation period to ensure consistency with the general and SGEI *de minimis* rules as adopted in 2023. This transition will simplify the process of granting aid when the cumulation with these *de minimis* rules arises. Along the same line, Hungary also proposes to amend the fisheries *de minimis* Regulation in this respect, in order to streamline all the existing *de minimis* Regulations. Different time periods create confusion and additional administrative burdens, which need to be avoided.

Furthermore, the last sentence of Article 7 para. 5 of the draft Regulation maintains that the Member State shall obtain a declaration from the undertaking concerned about any other *de minimis* aid received to which this Regulation or other *de minimis* Regulations apply over any period of 3 years. While Commission Regulations (EU) 2023/2831, 2023/2832 and the draft agricultural *de minimis* Regulation indeed consider a period of 3 years, Commission Regulation 717/2014 considers a period of 3 fiscal years. This provision could lead to authorities requesting data from the beneficiaries that is irrelevant.

Moreover, aid under Commission Regulations (EU) 2023/2832 may be cumulated with aid under Commission Regulation 1408/2013, therefore Hungary suggests to amend the text as follows: *Before granting the aid, the Member State shall obtain a declaration from the undertaking concerned, in written or electronic form, about any other de minimis aid received to which this Regulation or other de minimis regulations apply over the period applicable under the relevant de minimis Regulation, with the exception of aid granted under Commission Regulations (EU) 2023/2832.*

### ***On cumulation:***

Article 5 para. 1 of Commission Regulation (EU) 2023/2832 stipulates that *de minimis* aid granted in accordance with this Regulation may be cumulated with *de minimis aid* granted in accordance with other *de minimis* Regulations.

This means that e.g. a single undertaking within the scope of Commission Regulation (EU) 2023/2832 is eligible for EUR 750 000 aid for providing a service of general economic interest, while also being eligible for aid under other *de minimis* Regulation for activities different from the service of general economic interest falling within the scope of the applicable *de minimis* Regulation.

However, the draft agricultural *de minimis* Regulation says that *de minimis* aid granted in accordance with this Regulation may be cumulated with *de minimis* aid granted in accordance with Commission Regulation (EU) 2023/2832 ***up to the ceiling laid down in that Regulation***. This provision is contrary to Article 5 para. 1 of Commission Regulation (EU) 2023/2832, therefore Hungary proposes amending it the following way: *de minimis aid granted in accordance with this Regulation may be cumulated with de minimis aid granted in accordance with Commission Regulation (EU) 2023/2832*.

***On transparency:***

Hungary also welcomes the Commission's effort to strengthen transparency, therefore we support having a mandatory register. Hungary has a centralised register for agricultural and fisheries *de minimis* aid which fulfil the criteria in the draft Regulation. As the *de minimis* Regulation is directly applicable, it would be appropriate to provide further details on the register system in the text of the Regulation.

Hungary suggests the Commission to connect the national registers with the EU level register and incorporate them into the Transparency Award Module, publicly accessible for aid grantors and beneficiaries alike. Having an EU level register and multiple national registers would entail more administrative burdens. Therefore, Hungary proposes a single EU level register for all aid granted under any *de minimis* Regulation to which all the national registers are connected.