

Malta position on the draft Agriculture *de minimis* Regulation

Reference is made to the draft *Commission Regulation amending 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* and the **1st 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** held on 10 July 2024.

Further to the comments already made by Malta during the Advisory Committee Meeting, the Maltese Authorities would like to submit the following points for the Commission's consideration.

Increase in threshold per undertaking

Malta welcomes the initiative to increase the maximum amount of aid to a single undertaking, however we feel that the Commission is not being ambitious enough and this threshold should **be further increased to at least EUR 50 000**, particularly in view of the volatility of economic factors in the agriculture sector (input prices/demand fluctuations/climate, losses due to diseases, etc.) and the frequency of consequent temporary economic difficulties faced by the agricultural sector. Such an increase would also help to reduce the administrative burden involved in notifying State aid measures.

In our view, a figure of not less than EUR 50 000 would not have any material effect on trade between Member States, nor will it threaten to distort competition. Such an increase would also make sense in the light of the proposed Regulation being applicable to 31 December 2032.

Unfortunately, the proposed capping of EUR 37 000 falls short of reflecting the realities being currently faced by undertakings active in the primary production of agricultural products in the European Union. The revision of the *de minimis* Regulation must be impactful for primary agriculture producers, showing that the EU is understanding of the real challenges being faced by such undertakings on the ground.

An increase in the proposed *de minimis* threshold should in turn reflect itself in an increase in the threshold of loans and guarantees and an extension in the duration of loans and guarantees, with the maximum thresholds being adjusted accordingly.

Removal of national cap

Malta believes that the **national cap should be removed**. The dual test – threshold per undertaking and total national cap - is deemed unnecessary and administratively cumbersome to operate. It also creates undue restrictions in the implementation of *de minimis* schemes adopted by Member States in the agricultural sector.

It is only logical that only one threshold per undertaking should limit the aid to a given operator, and it is thus believed that the maximum ceiling per undertaking is deemed a good and sufficient test to ensure that only positive non-distortive types of aid are granted. The removal

of the national cap would also bring the agriculture *de minimis* Regulation consistent with the general *de minimis* Regulation.

Should the national cap be retained, then it is being suggested to further increase such threshold, since the proposed methodology to calculate the national cap as 1,5% of the average of the three highest values of annual output per Member State, is still rather limited within the national context.

Removal of limitation on cumulative amount of aid granted to one single product sector

Article 3(4) of the draft Regulation introduces a provision regarding a sectoral spending cap, which shall apply in all cases.

De minimis aid is granted to individual operators in the agricultural sector, not the industry as a whole. Consequently, imposing a cumulative limit of 50% of *de minimis* aid that can be granted to undertakings active in the primary production of agricultural products over any period of three years for aid measures which benefit only one single product sector, creates unnecessary burdens to grant *de minimis* aid in this sector and makes the implementation more complex.

The Maltese authorities believe that such provision **should be deleted** from the draft Regulation, as it severely reduces the effectiveness of the *de minimis* Regulation, due to the low amount of assistance being granted.

The Regulation is already restrictive in that it applies two cappings (i.e. at the level of the individual beneficiary and at the level of the Member State), therefore applying a third capping will further inhibit the granting of *de minimis* aid. The limitation at a sectoral level will also result in a further administrative burden in comparison to the low thresholds of *de minimis* aid.

Central register of *de minimis* aid

Regarding the setting up of a central *de minimis* aid register containing complete information on all *de minimis* aid granted by any authority within Malta, we believe that to the extent that the **publication of required information would not impact on commercially sensitive data, this initiative would ensure a streamlined approach regarding the implementation of *de minimis* aid across all Member States.**

Malta would be **in favour** of a central register at Union level, which would provide granting authorities with an appropriate tool to ensure compliance with the respective *de minimis* threshold.

The Maltese Authorities trust that Malta's submission will be taken into account in the ongoing discussions on the draft *de minimis* Regulation. We remain available for further discussions regarding the points raised.