

State aid – review of rules on exemptions for small amounts of aid (de minimis aid) in agriculture

Copa and Cogeca reply to the consultation on a draft Commission Regulation amending 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

Introduction

Copa and Cogeca appreciate the opportunity to provide feedback on the European Commission's proposed revision to de minimis aid for primary agricultural production.

Context

State aid support granted to farm holdings in Member States produces desirable economic impacts by enabling farmers to improve efficiency and product quality and by helping them invest. It also has additional positive impacts in terms of environmental public goods delivered by farmers, and it helps them improve environmental, climate as well as economic sustainability of European farming systems.

In the past few years, farmers and their agricultural cooperatives have faced unprecedented economic, climatic and geopolitical challenges. State aid adapted to reality on the ground should take stock of this new context and the lessons learnt from the Covid-19 pandemic, drastic consequences from the ongoing Russian war against Ukraine, impacts of sanitary and more frequent extreme climate events faced by farmers, and recent trends of increasing production costs.

Copa and Cogeca highlight that Regulation 1408/2013 which sets out the de minimis for agricultural primary production has contributed to substantial administrative simplification for both authorities and farmers but requires an update with a further significant increase of the de minimis aid ceiling. This should make it possible to tackle in a more effective way serious and urgent problems which affect the economic viability of farms and are not covered by the general state aid framework.

Following the European Council Conclusions on 17 April 2024 as well as the call from many Member States in the Agriculture and Fishery Councils of February and April 2024 for the Commission to substantially increase the ceiling of “de-minimis” aid in the



agricultural sector, we welcome the Commission's publication of a draft regulation in response.

Policy options

Increase of Individual Ceiling to EUR 37,000

Copa and Cogeca welcome the proposed increase of the individual ceiling.

However, we must recall that European agriculture has faced a significant rise in costs for procurements, operating resources (including energy, fertilizers, and fuel), and purchased services from agricultural businesses.

We also note that factors driving high inflation have not yet ended and inflation remains above the 2% target. Therefore, a buffer against future high inflation is needed.

While we are mindful of the need to avoid distortions of competition and to ensure there is a level playing field among Member States, Copa and Cogeca call for a significant increase to the currently applied ceiling.

Mandatory Register

Circumstances and preparedness for a mandatory register vary across Member States. As such, Copa and Cogeca have concerns about the proposed introduction of a mandatory register which should remain voluntary.

We fear that in some Member States, introduction of a mandatory register would lead to increased complexity and bureaucracy for farmers and agri-cooperatives. This is especially the case in Member States where important authorities do not have sufficient personnel and important delays are already experienced.

Additionally, in some Member States there are two types of aid that are covered by the de minimis rule: grants and equivalents, the latter often corresponding to tax credits and therefore variable. We fear that these national authorities would not be able to calculate this second type of subsidy through the register.

Consequently, we reject publication of beneficiaries out of respect for their privacy and data protection. We consider such disclosures excessive as this would lead to unintended consequences, including potential misuse of information and undue scrutiny on small-scale farmers. Further, in view of ensuring a level playing field across Member States, such disclosures cannot take place in some Member States and not others.

Expiry Date of 2032

Finally, Copa and Cogeca disagree with the proposed expiry of the de minimis regulation in 2032. Instead, we recommend that extending its validity through to the end of the next Multiannual Financial Framework, with an evaluation taking place before this date. This evaluation should consider the effectiveness and impact of the



de minimis aid, allowing for necessary adjustments based on the evolving needs and challenges of the agricultural sector.

Conclusion

In conclusion, it is essential that national authorities implement the new rules in an efficient and transparent manner, ensuring that the objectives of the regulation are fully achieved. Continuous monitoring and assessment of the impacts of changes will be crucial to ensuring the success of this regulatory initiative.

While we acknowledge the positive aspects of the proposed revision, we urge the European Commission to adjust the text where necessary in line with our recommendations to better support the agricultural sector in these challenging times.

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