

**Hungarian position on public consultation on revised State aid rules for the agricultural and forestry sectors and in rural areas and public consultation on revised State aid rules for the fishery and aquaculture sector**

**HT. 5788 and HT.5822**

**18 March 2022**

**A) Draft Commission Regulation declaring certain categories of aid in the agricultural and forestry sectors and in rural areas compatible with the internal market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union and repealing Commission Regulation (EU) No 702/2014**

**Article 2 (Definitions)**

**(5) 'agricultural holding':** in the Hungarian text of draft contains different words for the agricultural holding, because in definitions agricultural holding was translated to “*mezőgazdasági termelőegység*”, but the following text refers to “*mezőgazdasági üzem*”.

The Hungarian authorities ask to standardize the Hungarian text in connection to agricultural holding.

**(6) 'agricultural product':** the definition of primary agricultural production based on the exemplificative list of products pursuant to Annex I to the Treaty should be revised, because the list is outdated, not particularly precise, and ambiguous, which means the national authorities and institutions can only apply restrictive interpretations, which is unfavourable for the final beneficiaries.

**(15) 'breeding book':** Regulation 702/2014/EU already contains the definition of breeding book, but the new definition is stricter than the present one under Regulation 702/2014/EU.

The definition in the draft only applies to species covered by the Livestock Regulation (Regulation (EU) No 2016/1012) (bovine, porcine, ovine, caprine and equine). At the same time, under Regulation 702/2014/EU the Hungarian breeding program (based on 43/2014. (XII. 29.) FM Decree) provide aid for more species like rabbit, poultry, fur animal, bee and Hungarian dog variety.

The Hungarian authorities ask for maintaining the definition of Regulation 702/2014/EU commission of breeding book in the programming period of the 2023-2027 years.

**Article 6 (Incentive effect)**

The Hungarian authorities suggest complementing Paragraph 5 with Aid for the participation of producers of agricultural products in quality schemes (Article 19), Aid for advisory services (Article 21), Aid for knowledge exchange and information actions in the forestry sector (Article 39), and Aid for advisory services in the forestry sector (Article 40) because in the case of these

aid categories, it is either impossible to meet the incentive effect requirement or it is not reasonable to expect the incentive effect requirement to be met.

#### **Article 9 (Publication and information)**

Lowering the transparency threshold increases the administrative burden for the Member State and for the Commission, too. For this reason, the Hungarian authorities would like to keep the thresholds defined in Regulation 702/2014/EU.

#### **Article 13 (Aid for investments in agricultural holdings linked to primary agricultural production)**

According to Paragraph 11. a) the land purchased only being eligible to an extent not exceeding 10 % of the total eligible costs of the operation concerned. The Hungarian authorities propose to rise the 10% threshold because in the agricultural sector the land is an essential tangible asset.

#### **Article 21. Aid for advisory services**

Paragraph 3. d) contains risk management as a specific objective of the aid, but the draft of the guidelines contains also risk prevention, please unify the two drafts.

### **B) Draft Guidelines for State aid in the agricultural and forestry sectors and in rural areas**

Please check the cross references in the draft, because more points contain wrong reference.

#### **Part I.**

#### **2.4 point (32) Definitions**

**(8) 'agricultural product':** the definition of primary agricultural production based on the exemplificative list of products pursuant to Annex I to the Treaty should be revised, because the list is outdated, not particularly precise, and ambiguous, which means that the national authorities and institutions could only apply restrictive interpretations which is unfavourable for the final beneficiaries.

**(16) 'breeding book':** Regulation 702/2014/EU has already contained the definition of breeding book, but the new definition is stricter than the present one under Regulation 702/2014/EU.

The definition in the draft only applies to species covered by the Livestock Regulation (Regulation (EU) No 2016/1012) (bovine, porcine, ovine, caprine and equine). At the same time, under Regulation 702/2014/EU the Hungarian breeding program (based on 43/2014. (XII. 29.) FM regulation) provide aid for more species like rabbit, poultry, fur animal, bee and Hungarian dog variety.

The Hungarian authorities ask for maintaining the definition of Regulation 702/2014/EU commission of breeding book in the programming period of the 2023-2027 years.

### 3.2.1 Incentive effect

The Hungarian authorities ask for complementing the (53) paragraph with Aid for advisory services, and Aid for advisory services in the forestry sector because the in the case of these aid categories, it is either impossible to meet the incentive effect requirement or it is not reasonable to expect the incentive effect requirement to be met.

## Part II.

### 1.1.5. Aid for animal welfare commitments

The Hungarian authorities suggest raising the duration of the aid in paragraph (227).

Paragraph (232) reads as follows:

*„Member States must ensure that the undertakings carrying out operations under this measure have access to the relevant knowledge and information required to implement such operations, and that appropriate training is made available for those who require it, as well as access to expertise in order to assist farmers who commit to change their production systems.”*

As this provision rises the administrative burden for Member States, the Hungarian authorities suggest that the training and the access to expertise should not be the mandatory task of the Member State, only optional.

#### 1.1.10.1. Aid for knowledge exchange and information actions

#### 1.1.10.2. Aid for advisory service

Both paragraph (286) and (296) state that the Member States must ensure that actions supported under this Section are to be consistent with the description of the Agricultural Knowledge and Innovation System (AKIS) provided in the CAP Strategic Plans.

The Hungarian authorities ask that this provision to be optional and not mandatory condition.

- C) Draft Commission Regulation declaring certain categories of aid to undertakings active in the production, processing and marketing of fishery and aquaculture products compatible with the internal market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union and repealing Commission Regulation (EU) No 1388/2014**

Hungary has no comment on the draft.

#### **D) Guidelines for State aid in the fishery and aquaculture sector**

- E) Hungary has no comment on the draft. Approval of the content of a draft Commission Regulation amending Regulation (EU) No 717/2014 as regards its period of application and the maximum cumulative amounts of de minimis aid**

Hungary has no comment on the draft.