

# Factual Summary report<sup>1</sup>

## Public Consultation for Review of the State aid instruments for agriculture, forestry and rural areas

### Introduction

The public consultation was launched to give public authorities and stakeholders the opportunity to provide their views on the review of the State aid instruments for agriculture, forestry and rural areas. The consultation was launched on the Europa website on 26 April 2019, and was open for respondents until 19 July 2019. It was open to any interested individual and available in 23 official languages of the EU. The public consultation generated a total of 190 responses.

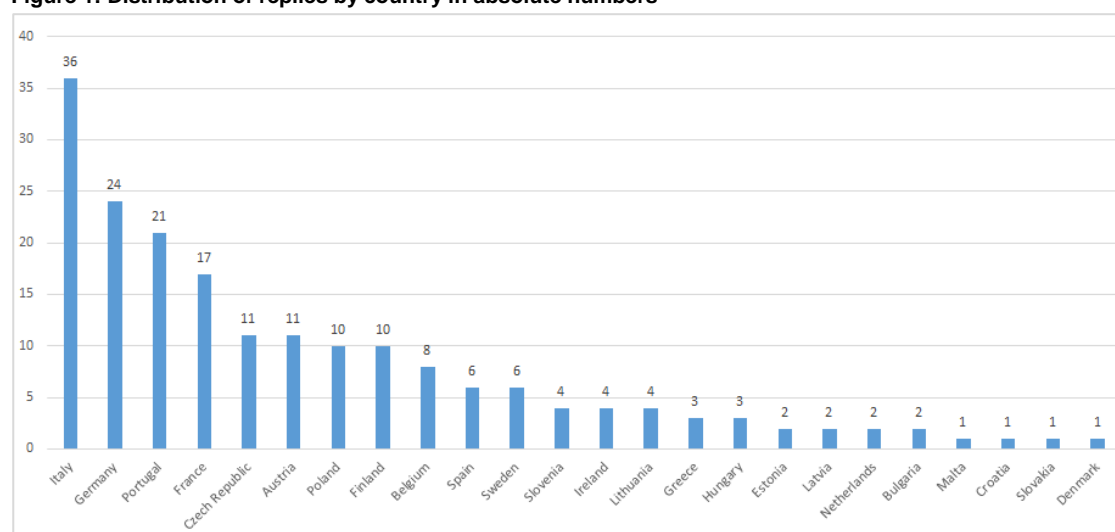
The questionnaire was divided into five sections. Section I was seeking opinion on the overall performance of the current State aid rules, on the State aid objectives to be pursued and on future challenges, including simplification possibilities. Sections II, III, and IV concerned more specifically State aid issues in relation to, respectively, agriculture, forestry and non-agricultural activities in rural areas. Section V concerned the EU added value of detailed rules for State aid control.

This factual summary provides an overview of the number of responses as well as some characteristics of the respondents. In addition, it shows the main outcome of the public consultation.

### Who contributed?

190 contributions<sup>2</sup> have been received from respondents in 24 Member States, in 21 languages. The majority of replies were submitted by respondents from Italy (36), followed by Germany (24), Portugal (21), France (17), The Czech Republic and Austria (11 each) (Figure 1).

Figure 1: Distribution of replies by country in absolute numbers



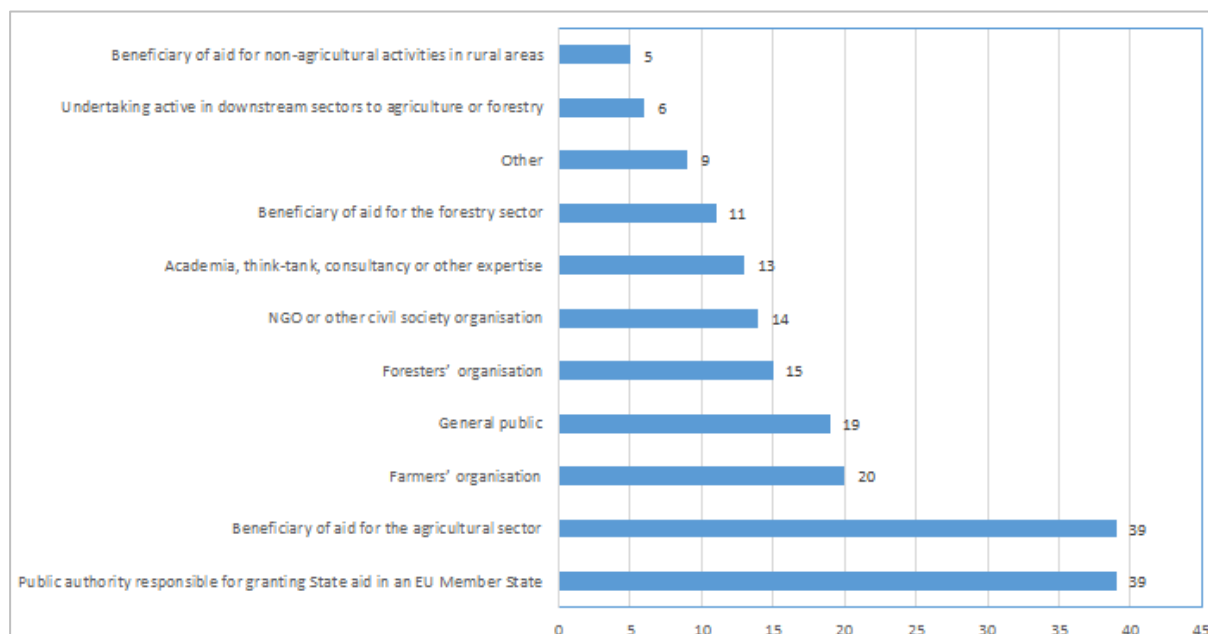
<sup>1</sup> Disclaimer: The contributions received cannot be regarded as the official position of the Commission and its services and thus do not bind the Commission. The summary of the contributions is preliminary and does not prejudice the findings of the Staff Working Document to be published at the end of the evaluation phase.

<sup>2</sup> This figure does not include contributions received after 19 July 2019 or via other channels.

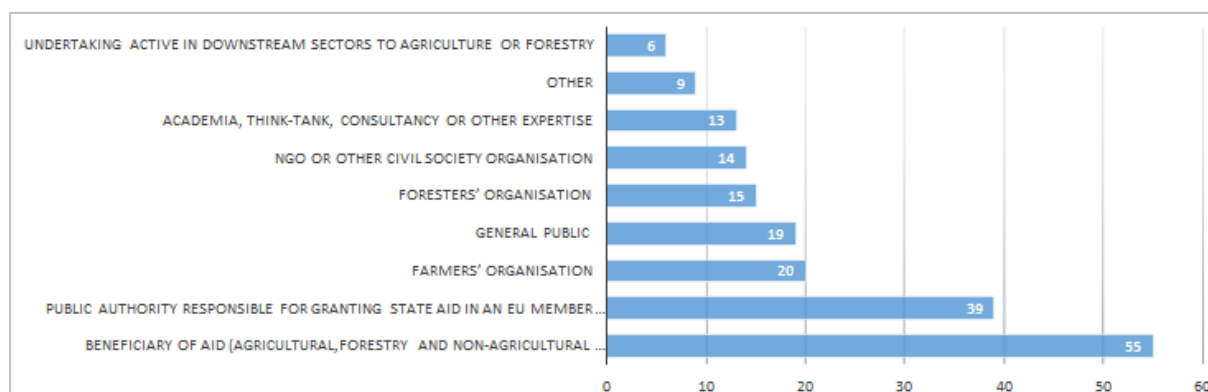
Figure 2 presents the type of respondents that contributed to the public consultation. Public authorities responsible for granting State aid in a Member State on one hand and beneficiaries of aid in the agricultural sector on the other hand represented the two largest categories of respondents to the public consultation (39 each), followed by farmers' organization (20) and the general public (19).

However considering together all beneficiaries of aid (agriculture, forestry, non-agriculture sectors) their total number of contributions ranks first (55 replies) (Figure 3).

**Figure 2: Distribution of respondents by type**



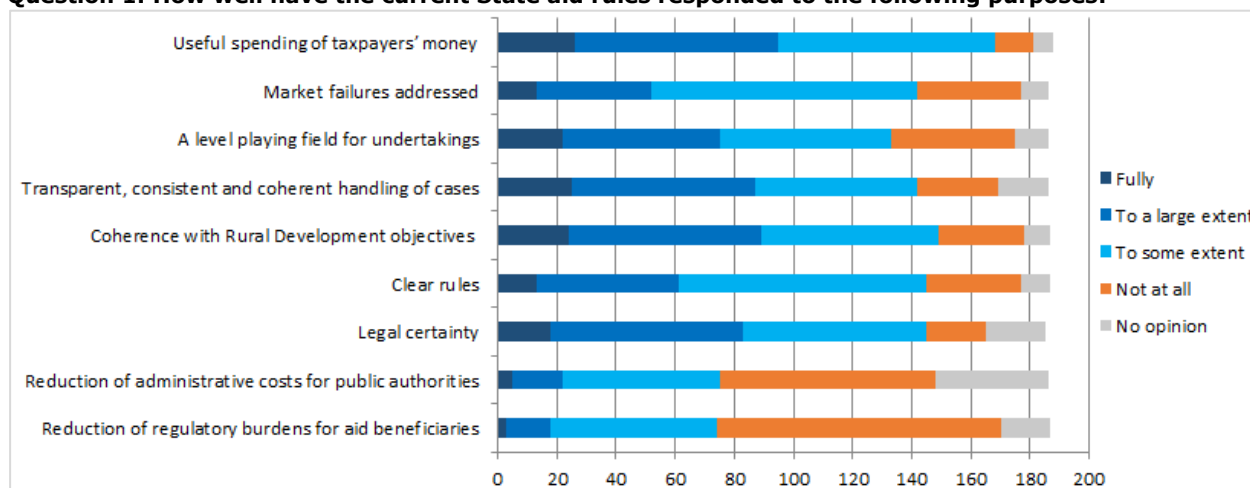
**Figure 3: Respondents by type (all beneficiaries aggregated)**



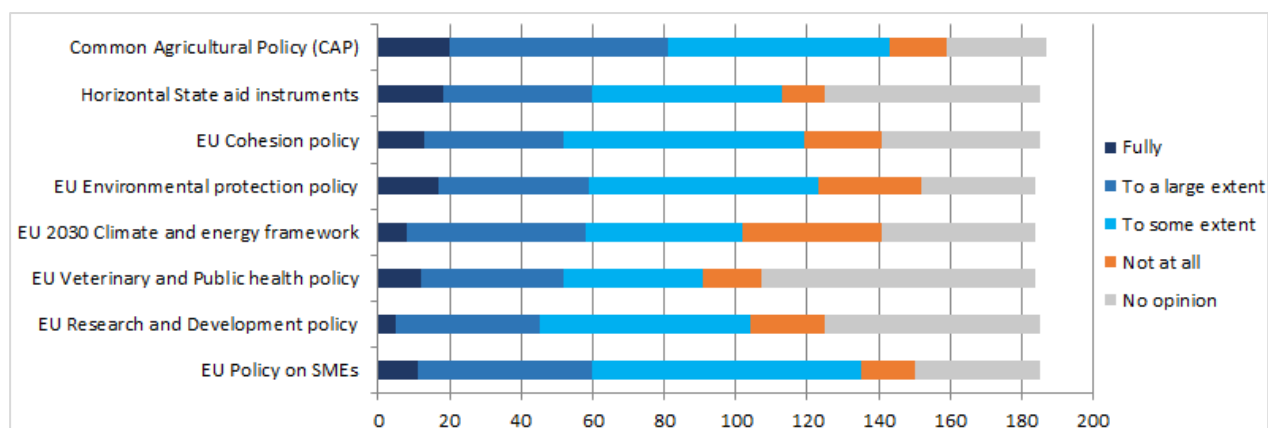
## Key responses – general part (Section I)

The first section (questions 1-10) of the public consultation targeted the overall performance of the current State aid rules, namely if they responded to specific purposes (question 1), the coherence of State aid rules with other EU policies (question 2) and the objectives to be pursued by granting the aid (question 3). It also included questions on the future challenges (question 4), the various conditions to limit distortive effects of the aid on the internal market (question 5) and the potential of simplification of the rules (questions 6 and question 7 for specific suggestions). The figures below show replies to questions 1 to 6, in absolute numbers.

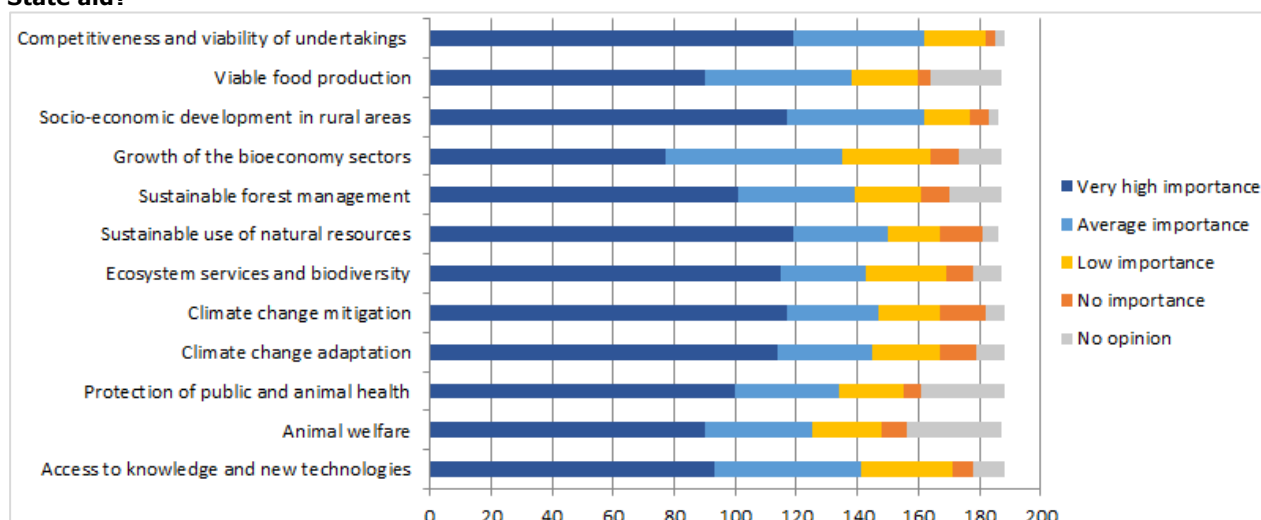
**Question 1: How well have the current State aid rules responded to the following purposes:**



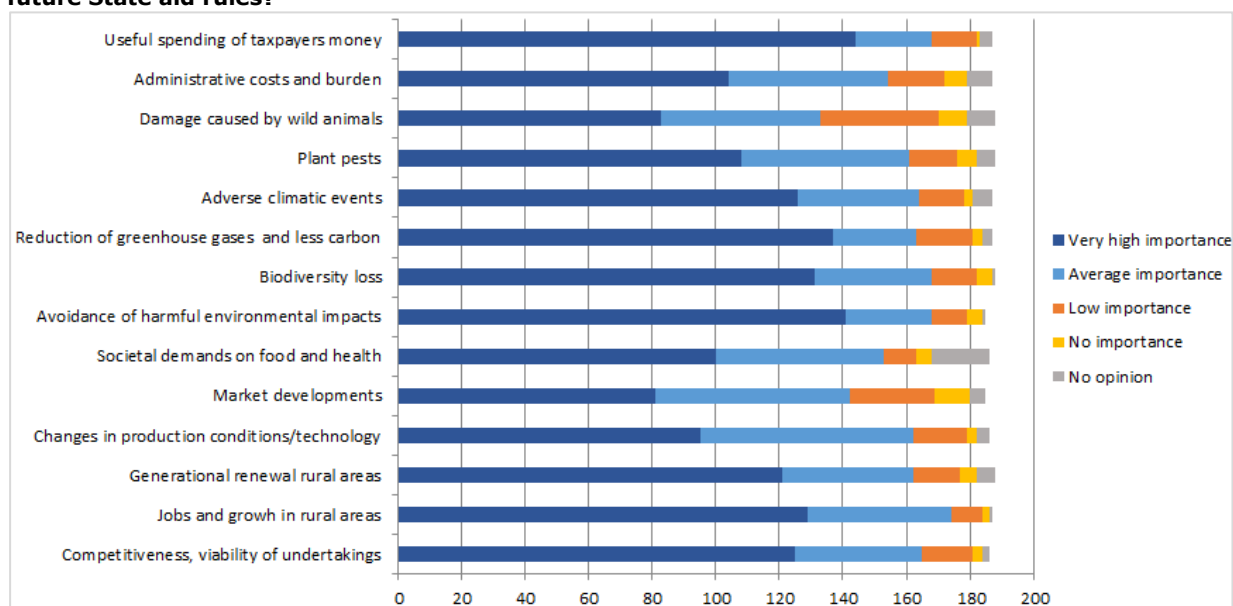
**Question 2: Based on your experience, how coherent are the current State aid rules with other EU policies and legislation?**



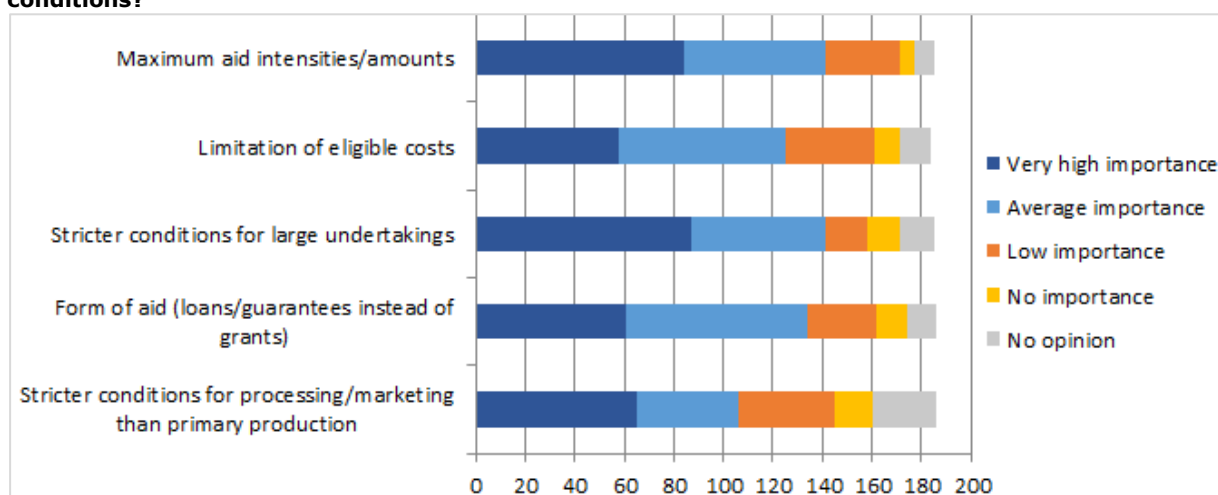
**Question 3: From your perspective, how important are the objectives pursued by the granting of State aid?**



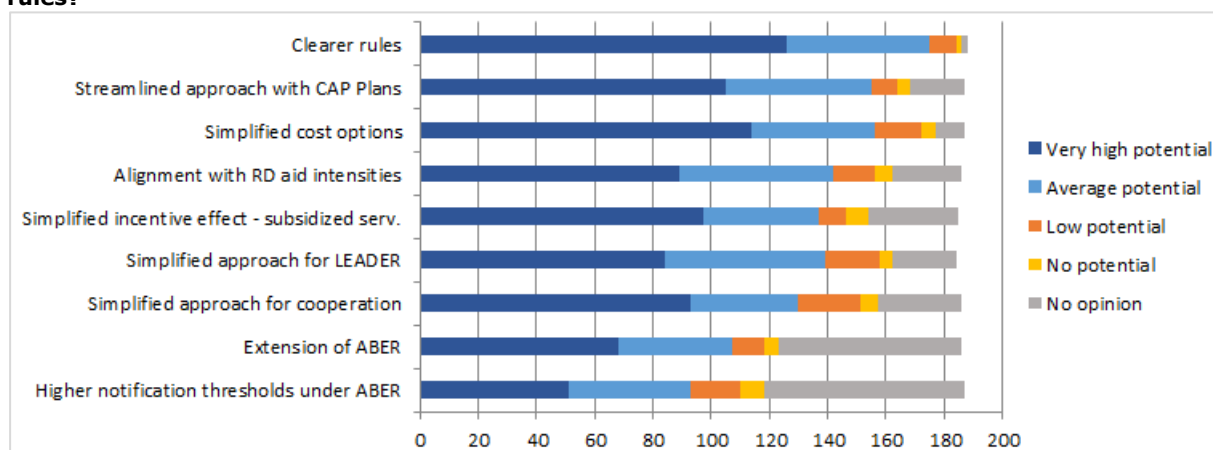
**Question 4: From your perspective, which are the most important challenges to be addressed by the future State aid rules?**



**Question 5: The State aid rules set out various conditions that are meant to limit undue distortive effects of aid on the internal market. Based on your experience, how important are the following conditions?**



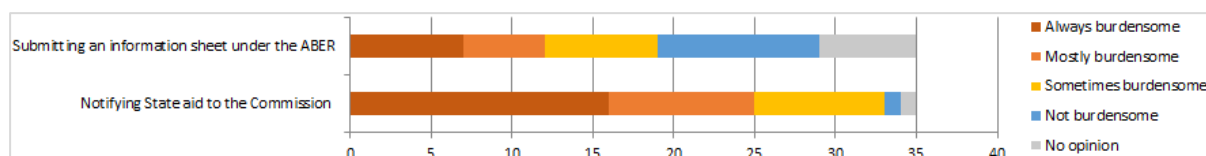
**Question 6: Based on your experience, what is the potential for simplification under future State aid rules?**



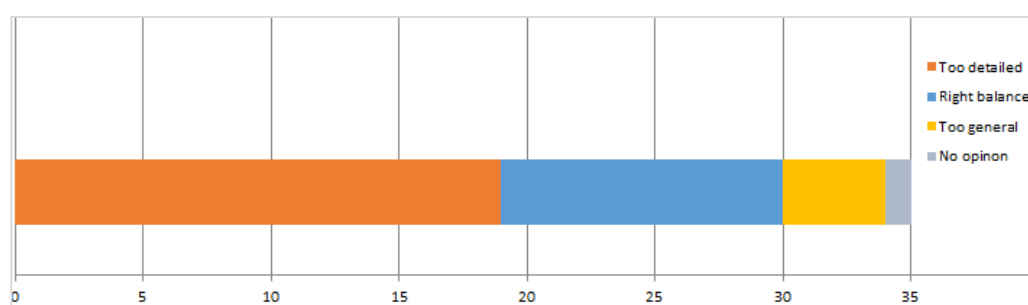
**Question 7** concerned simplification suggestions. Recurring suggestions concerned clarification of certain legal concepts and definitions, simplified cost options, further derogations from the incentive effect requirement (in particular for subsidised services), a less restrictive approach towards large undertakings, less prescriptive eligibility conditions (in particular for irrigation and forestry) and harmonised aid rates.

The first part of the public consultation also included questions addressed specifically to public authorities responsible for granting State aid. Public authorities were asked how burdensome they consider State aid procedures (question 8), if State aid rules strike the right balance (question 9) and if public authorities had encountered difficulties with regard to certain costs/activities/objectives which were not ineligible but did not fit into any category (question 10). The figures below show public authorities' replies in absolute numbers.

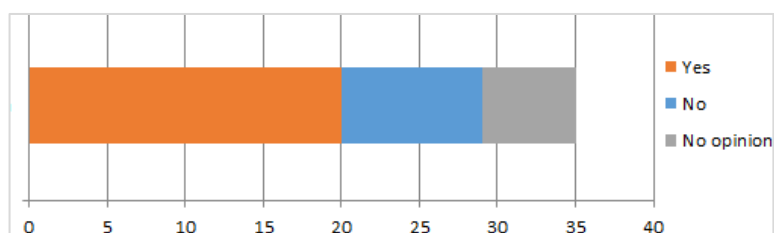
**Question 8: Based on your experience, how burdensome are the following procedures?**



**Question 9: State aid rules must ensure transparency, consistency and equal treatment. At the same time, they must not be overly constraining. The level of detail of State aid rules determines the balance between both aspects. Do you think that the current rules strike the right balance?**



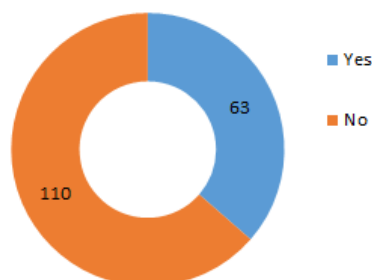
**Question 10: Have you ever had difficulties to apply the current State aid rules to certain costs/activities/objectives, which were not explicitly ineligible but which did not fit within the scope of any specific aid category?**



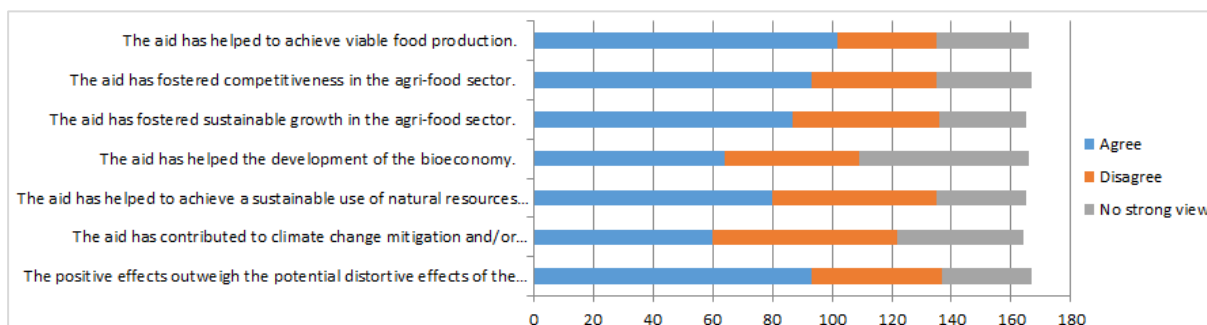
## Specific State aid issues (Sections II-IV)

The second section of the questionnaire focused on the **agricultural sector**. Views of stakeholders, including beneficiaries (see question 11) were asked on the impacts of State aid on the sector (question 12), on potential distortive effects (question 13), on difficulties encountered in complying with State aid rules (question 14) and possible changes to State aid rules in the agricultural sector (question 15). The below figures show the replies to the above mentioned questions, in absolute numbers.

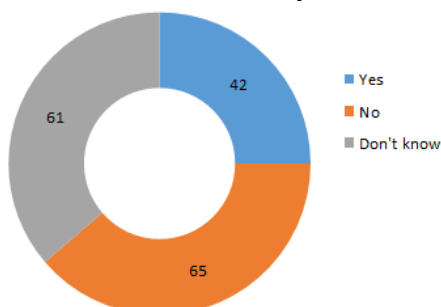
**Question 11: Are you, or have you been, a beneficiary of State aid in the agricultural sector?**



**Question 12: Based on your experience, do you agree with the following statements on State aid granted to the agricultural sector under the current State aid rules?**

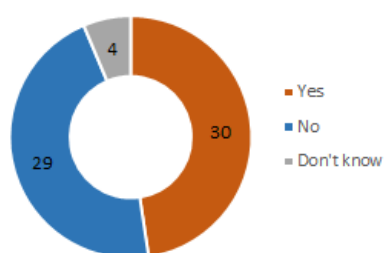


**Question 13: Regarding State aid for investments in the agricultural sector: Do you have views on what could be the potential distortive effects on competition and intra-EU trade?**



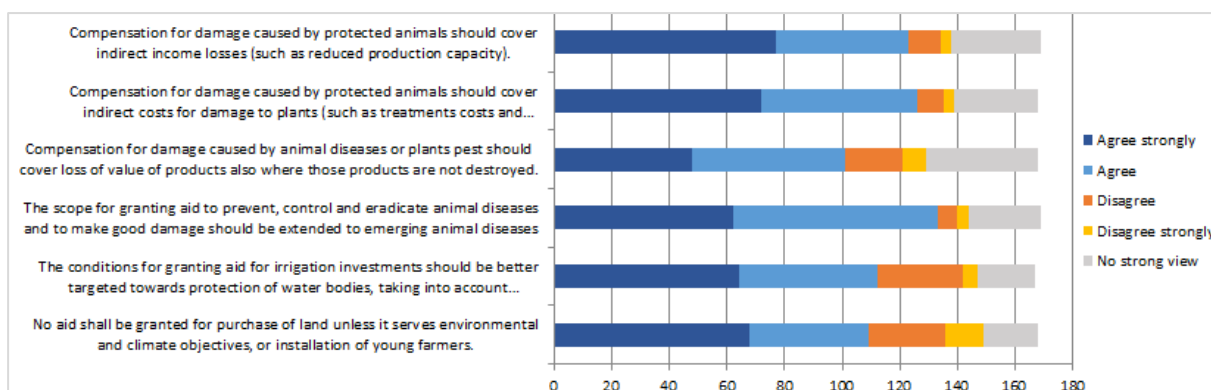
As potential distortive effect is mentioned among others aid to large enterprises that already have economies of scale and robust market position. Several stakeholders also mentioned the disparities between Member States in terms of financial means.

**Question 14: Have you experienced any particular difficulties in complying with the current State aid rules in the agricultural sector?** (The results show beneficiaries' replies.)



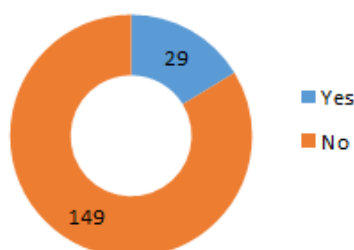
Very few concrete difficulties were mentioned. They mostly concerned to restrictive eligibility conditions and the incentive effect requirements.

**Question 15: Based on your experience, would you agree with the following changes to the State aid rules?**

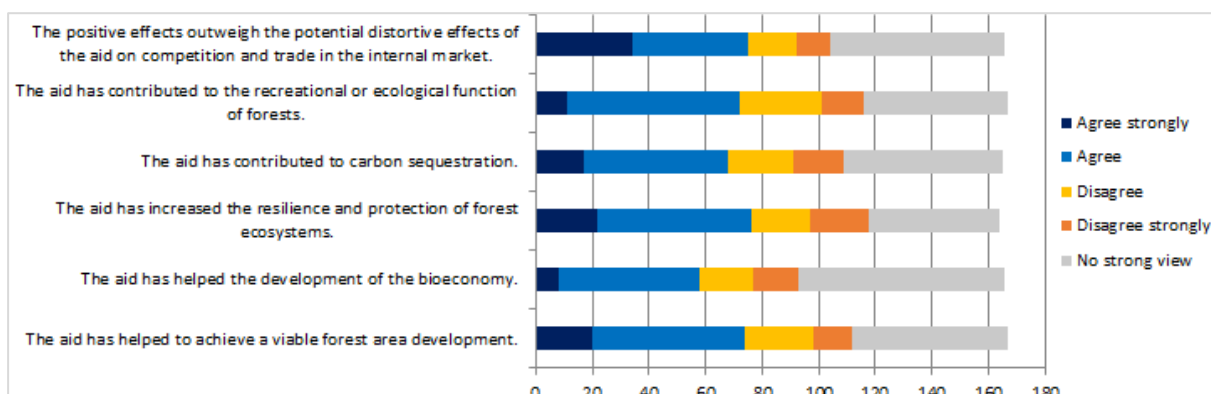


The third section of the questionnaire focused on the **forestry sector**. Views of stakeholders, including beneficiaries (see question 16) were asked on the impacts of State aid on the sector (question 17), on potential distortive effects (question 18), on difficulties encountered in complying with State aid rules (question 19) and possible changes to State aid rules in the agricultural sector (question 20). The below figures show the replies to those questions, in absolute numbers.

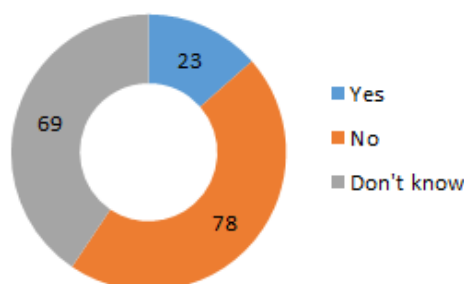
**Question 16: Are you, or have you been, a beneficiary of State aid in the forestry sector?**



**Question 17: Based on your experience, do you agree with the following statements on State aid granted to the forestry sector under the current State aid rules?**

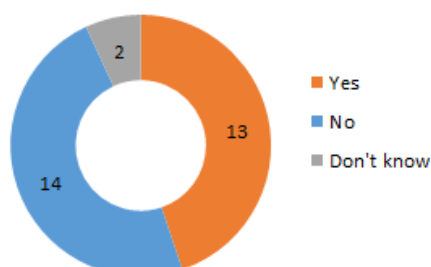


**Question 18: Regarding State aid for forestry investments: Do you have views on what could be the potential distortive effects on competition and intra-EU trade?**



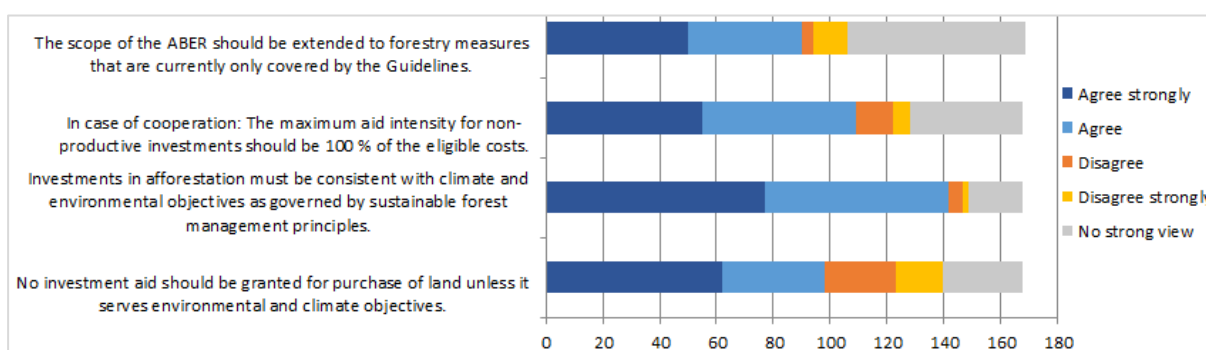
Some environmental NGOs referred to the risk of lower prices in raw materials and increased biomass use as potential distortive effects. Very few other concrete examples were given.

**Question 19: Have you experienced any particular difficulties in complying with the current State aid rules in the forestry sector?** (the results show beneficiaries' replies)



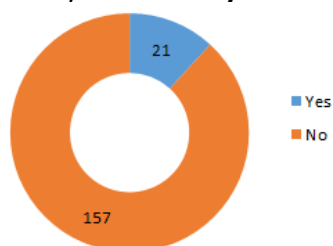
Several respondents, comprising both Member States and forestry stakeholders, complained about overly restrictive conditions for granting aid. Among the concrete examples were difficulties relating to aid for afforestation and agroforestry and to support the functioning of forest management associations.

**Question 20: Based on your experience, would you agree with the following changes to the State aid rules?**

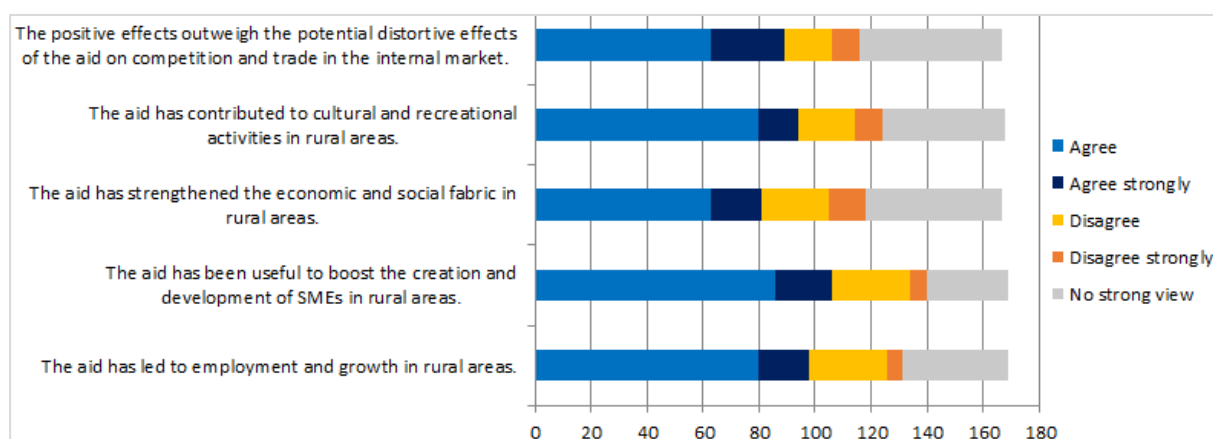


In Section IV, focus was put on the **non-agricultural sector**. Views of stakeholders, including beneficiaries (see question 21) were asked on the impacts of State aid granted on the sector (question 22), on potential distortive effects (question 23), on difficulties encountered in complying with State aid rules (question 24). The below figures show the replies to those questions, in absolute numbers.

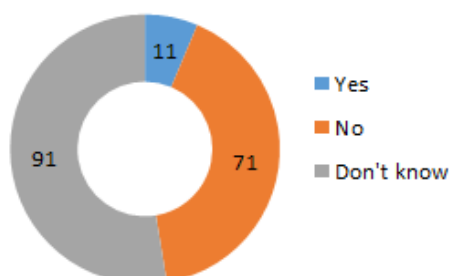
**Question 21: Are you, or have you been, a beneficiary of State aid in the non-agricultural sector?**



**Question 22: Based on your experience, do you agree with the following statements on State aid granted in rural areas under the current State aid rules?**

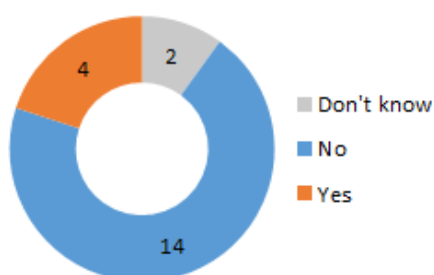


**Question 23: Regarding State aid for the processing of agricultural products into non-agricultural products: Do you have views on what could be the potential distortive effects on competition and intra-EU trade?**



As potential problem in this context is mentioned among others the difference for Annex I and non-Annex I products.

**Question 24: Have you experienced any particular difficulties in complying with the current State aid rules in the non-agricultural sector?** (the results show beneficiaries' replies)

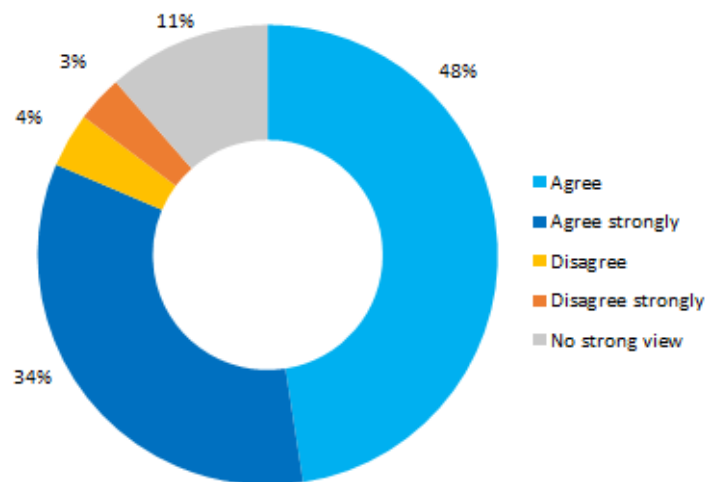


No concrete examples were mentioned.

## EU added value (Section V)

Stakeholders were asked if they agree that there was an EU added value in having a common framework of detailed rules for assessing the compatibility of State aid with the internal market. An overwhelming majority of the total respondents agreed to that: 82% in total.

**Question 25: Based on your experience, do you agree that there is EU added value in having a common framework of detailed rules for assessing the compatibility of State aid with the internal market?**



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