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NOTE	
From:	General Secretariat of the Council
То:	Council
Subject:	Increase of «de minimis» aid in the agricultural sector - Information from Germany, supported by France

Delegations will find in the <u>Annex</u> a note received from the German delegation on the abovementioned subject, to be dealt with under "Any other business" at the meeting of the "Agriculture and Fisheries" Council on 23 September 2024.

<u>ANNEX</u>

Increase of «de minimis» aid in the agricultural sector

On June 7, the Commission proposed a draft regulation amending Commission Regulation (EU) No 1408/2013 of 18 December 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 agricultural sector, known as the "agricultural de minimis regulation".

We thank the Commission for its proposal, which includes several important and commendable amendments. However, the matter of the ceilings requires further review and discussion.

In its proposal, the Commission proposes increasing the de minimis ceiling per company over three years from \notin 20,000 to \notin 37,000, while raising the national caps to 1.5% of the average of the three highest annual agricultural production values during the 2012-2023 period. These increases at individual and national level remain insufficient in view of the difficulties faced by European farmers since the last revision of the regulation (2019):

- economic: the return of inflation leading to a lasting increase in production costs, imbalances along the supply chain and changes in consumer behaviour;
- health: crises caused by animal diseases or plant pests, including damage caused by the ban on certain plant protection products;
- climatic: additional costs due to the climate crises and the increase in events such as droughts, floods, frosts, storms, etc.

The existing ceilings and those revised by the Commission are no longer suitable to the named circumstances. It is therefore essential to raise the de minimis ceiling per company over three years to €50,000, as proposed by Germany and supported by 14 Member States at the Agriculture and Fisheries Council on April 17 2024.

The national caps will also need to be recalculated. An increase of 0.25 % (from 1.25% in 2019) to now 1.5% of the average of the value of the 3 highest years of agricultural production in the period 2012-2017 seems insufficient and also prolongs the trend of a non-proportional evolution between the national caps and the ceilings per company. Such an evolution would lead to a significant reduction in the number of farmers eligible for assistance up to the individual ceiling. This lack of coordination makes it impossible to keep the promise of increased support for farmers in a context of inflationary pressure and high commodity prices.

In addition, the Commission proposes to introduce a mandatory de minimis register from January 1, 2026. The register should, according to the commission, increase transparency and reduce administrative burden on farmers who currently use a self-declaration system and as they will no longer need to self-monitor compliance.

However, this objective is only achievable as long as the Commission provides an EU-wide and robust IT system that includes the collection of data in a harmonized format as well as fully meets the requirements of European regulations. Additionally, it is important to emphasize the importance of the coherence with the requirements regarding the register under the general de-minimis regulation.

Nevertheless, some Member States need to have sufficient time to develop data transfers between their own information systems and the register set up by the Commission. Given the number of authorities likely to grant de minimis aid at national, regional and local level, this requires a sufficiently long transition period of at least 5 years.