



EUROPEAN COMMISSION

Brussels, 8.3.2019
C(2019) 2009 final

Subject: **State aid–Czech Republic**
 SA.51941 (2018/N)
 Co-operation in the sharing of facilities and resources – 7th round

Sir,

The European Commission ("the Commission") wishes to inform the Czech Republic that, having examined the information supplied by your authorities on the State aid scheme referred to above, it has decided not to raise any objections to the relevant scheme as it is compatible with the internal market pursuant to Article 107(3)(c) of the Treaty on the Functioning of the European Union ("TFEU").

The Commission has based its decision on the following considerations:

1. PROCEDURE

- (1) By letter of 31 August 2018, registered by the Commission on 5 September 2018, the Czech Republic notified, according to Article 108(3) TFEU, the above mentioned aid scheme.
- (2) The Commission sent requests for additional information to the Czech authorities on 10 October 2018 and 28 November 2018, which the Czech authorities answered by letters of 8 November 2018 (registered by the Commission on the same day) and 20 December 2018 (registered by the Commission on the same day).

2. DESCRIPTION

2.1. Title

- (3) Co-operation in the sharing of facilities and resources.

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2.2. Objective

- (4) With the present notification the authorities of the Czech Republic wish to amend the existing aid scheme ("original aid scheme"), SA.46153 (2016/N), approved on 5 December 2016 by Commission decision C(2016)8306 final and amended by the aid scheme SA.49388 (2017/N), approved on 2 May 2018 by Commission decision C(2018) 2803 final.

2.3. Legal basis

- (5) The legal basis is the following:
- Act no. 252/1997 on agriculture, as amended [*Zákon č. 252/1997 Sb., o zemědělství, ve znění pozdějších předpisů*]
 - Rural Development Programme of the Czech Republic 2014 – 2020 ("RDP")
 - Rules establishing conditions for granting aid under the Rural Development Programme 2014-2020 [*Pravidla, kterými se stanovují podmínky pro poskytování podpory z programu rozvoje venkova¹*]
 - Resolution of the Government of the Czech Republic no. 532 of 9 July 2014 on the RDP [*Usnesení vlády České republiky č. 532 ze dne 9. července 2014 o programu rozvoje venkova*]

2.4. Duration

- (6) From the approval of the Commission until 31 December 2020, as approved under decision C(2016)8306 final (recital (6)).

2.5. Budget

- (7) The overall budget is CZK 378 million (approx. EUR 14 million), as approved under decision C(2016)8306 final (recital (7)).

2.6. Description of the aid scheme

- (8) The objective of the aid scheme SA.46153 (2016/N) is to support co-operation, in forestry and in rural areas, among small operators in organising joint work processes and sharing facilities and resources, and for developing/marketing tourism. The support is granted in the framework of the Czech RDP, namely the type of operation (TO) 16.3.1 ("Co-operation in the sharing of facilities and resources").
- (9) For the detailed description of the aid scheme, the Commission refers to the decisions C(2016)8306 final² and C(2018) 2803 final³.

¹ <http://eagri.cz/public/web/mze/dotace/program-rozvoje-venkova-na-obdobi-2014/opatreni/m16-spoluprace/x16-3-1-sdileni-zarizeni-a-zdroju/>

² Recitals (3) – (47).

³ Recitals (3) – (13).

- (10) The Czech authorities wish to make changes to the Rules establishing conditions for granting aid under the Rural Development Programme 2014-2020 (recital (5)), in order to increase the absorption capacity of the TO 16.3.1 of the Czech RDP. The Czech authorities explained that the TO 16.3.1 was introduced into the Czech RDP 2014-2020 without prior experience from the previous programming period 2007-2013. Despite the large-scale information measures (publicity and promotion), it presents low absorption capacity. Hence, the rules governing the various calls for applications (rounds of the application process) have been amended in such a way as to ensure greater interest in the scheme among applicants.
- (11) The amendments under the 7th round concern the following:
- (a) The focus of the co-operation in rural areas is clarified as: "Cooperation concerning processing of agricultural products into agricultural and non-agricultural products and their marketing".
 - (b) The cooperating entities are required to submit their business history dating back at least one year.
 - (c) Aid may only be granted to support a new group of co-operating entities; existing groups implementing a new common project are no longer eligible.
 - (d) Additional conditions regarding cooperation are added:
 - The object of the subsidy cannot be provided to a cooperating entity against remuneration.
 - The beneficiary must keep records of the use made of the object of the subsidy by all cooperating entities for the duration of the relevant project.
 - Subsidy cannot be used for the purchase of means of transport intended mainly for passenger transport.
 - (e) As regards cooperation in rural areas, the maximum level of expenditure to receive subsidy is increased to CZK 12 million (approx. EUR 465 000) per project.
- (12) Apart from the amendments mentioned above (recital (11)), the other modifications are administrative and technical in character and have no implications on the scope and compatibility of the original aid scheme.⁴
- (13) The Czech authorities confirm that there are no other modifications of the original aid scheme. In particular, the duration, budget and aid intensity remain unchanged.

⁴ These concern e.g. specification of safety features of tractors used in forestry.

3. ASSESSMENT

3.1. Existence of aid - Application of Article 107(1) TFEU

- (14) According to Article 107(1) of the TFEU, "[s]ave as otherwise provided in the Treaties, any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between Member States, be incompatible with the internal market".
- (15) The qualification of a measure as aid within the meaning of this provision therefore requires the following cumulative conditions to be met: (i) the measure must be imputable to the State and financed through State resources; (ii) it must confer an advantage on its recipient; (iii) that advantage must be selective; and (iv) the measure must distort or threaten to distort competition and affect trade between Member States.
- (16) As it was established in decisions C(2016)8306 final⁵ and C(2018) 2803 final⁶, the original aid scheme fulfils the conditions of Article 107(1) TFEU and, consequently, constitutes State aid within the meaning of that Article. The aid may only be considered compatible with the internal market if it can benefit from one of the derogations provided for in the TFEU.

3.2. Lawfulness of the aid – Application of Article 108(3) TFEU

- (17) The aid scheme was notified to the Commission on 31 August 2018 and it has not been implemented yet. Therefore, the Czech Republic has complied with its obligation under Article 108(3) TFEU.

3.3. Compatibility of the aid

3.3.1. Application of Article 107(3)(c) TFEU

- (18) Under Article 107(3)(c), an aid may be considered compatible with the internal market, if it is found to facilitate the development of certain economic activities or of certain economic areas, where such aid does not adversely affect trading conditions to an extent contrary to the common interest.
- (19) In Commission decisions C(2016)8306 final⁷ and C(2018) 2803 final⁸, this derogation was found to be applicable.

⁵ Recital (52).

⁶ Recital (16).

⁷ Recitals (54) – (95).

⁸ Recitals (18) – (23).

3.3.2. *Application of the European Union Guidelines for State aid in the agricultural and forestry sectors and in rural areas 2014 to 2020⁹ (“the Guidelines”)*

- (20) The Commission conducted the assessment of the compatibility of the original aid scheme pursuant to Part I, Chapter 3 "Common assessment principles" and pursuant to Part II, Chapter 2, Section 2.6 "Aid for co-operation in forestry sector" and Chapter 3, Section 3.10 "Aid for co-operation in rural areas" of the Guidelines.
- (21) The aid scheme was found to meet all the applicable conditions of the Guidelines. Therefore, as regards the details and the conclusions of the assessment of the compatibility of the original aid scheme, the Commission fully refers to the decisions C(2016)8306 final¹⁰ and C(2018) 2803 final¹¹.
- (22) The proposed modifications comprise clarifications concerning the beneficiaries and the focus of the cooperation as well as conditions regarding the co-operation under the original aid scheme (recital (11)), while the other conditions of that aid scheme do not change (recital (13)).
- (23) Based on the above considerations, the Commission concludes that the proposed modifications do not affect the evaluation of the compatibility of the aid scheme with the internal market, as carried out in the Commission decisions C(2016)8306 final and C(2018) 2803 final.

4. CONCLUSION

The Commission has accordingly decided not to raise objections to the notified aid scheme on the grounds that it is compatible with the internal market pursuant to Article 107(3)(c) TFEU.

If any parts of this letter are covered by the obligation of professional secrecy according to the Commission communication on professional secrecy in State aid decisions¹² and should not be published, please inform the Commission within fifteen working days of notification of this letter. If the Commission does not receive a reasoned request by that deadline the Czech Republic will be deemed to agree to the publication of the full text of this letter. If the Czech Republic wishes certain information to be covered by the obligation of professional secrecy please indicate the parts and provide a justification in respect of each part for which non-disclosure is requested.

⁹ OJ C 204 of 1.7.2014, p. 1. Amended by the Notices published in OJ C 390, 24.11.2015, p. 4; OJ C 139, 20.4.2018, p. 3 and OJ C 403, 9.11.2018, p. 10.

¹⁰ Recitals (54) – (95).

¹¹ Recitals (18) – (23).

¹² Commission communication C(2003) 4582 of 1 December 2003 on professional secrecy in State aid decisions, OJ C 297, 9.12.2003, p. 6.

Your request should be sent electronically via the secured e-mail system Public Key Infrastructure (PKI) in accordance with Article 3(3) of Commission Regulation (EC) No 794/2004¹³, to the following address: agri-state-aids-notifications@ec.europa.eu.

For the Commission

Phil HOGAN
Member of the Commission

¹³ Commission Regulation (EC) No 794/2004 of 21 April 2004 implementing Council Regulation (EU) 2015/1589 laying down detailed rules for the application of Article 108 of the Treaty on the Functioning of the European Union (OJ L 140, 30.4.2004, p. 1).