

# The *De minimis* Regulation QUESTIONNAIRE

## ABOUT YOU

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01. Do you object to the disclosure of your identity?

No

02. Does any of the exceptions foreseen in Article 4 of Regulation 1049/2001 of the European Parliament and of the Council of 30 May 2001 regarding public access to European Parliament, Council and Commission documents<sup>1</sup> apply to your response? If so, please indicate clearly which parts should not be divulged, justify the need for such confidential treatment and provide also a non-confidential version of your response for publication on the Commission website.

Please provide your contact details below.

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***NOTE: You are requested to follow the order of the questions, even though you are not required to reply to all questions. You can also submit additional information that you consider relevant and which does not fit any specific question.***

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<sup>1</sup> OJ L 145, 31 May 2001, p. 43.

## **SECTION A: FACTUAL INFORMATION ON THE USE OF THE DE MINIMIS REGULATION**

### **Questions aiming at public authorities (both local and central):**

1. Which objectives did your authority pursue with the aid granted under the de minimis Regulation? Please estimate, if possible, the percentages of de minimis aid granted for different purposes.

N/A

2. Have you carried out an assessment (overall or on a case-by-case basis) of the impact of the de minimis aid granted? If so, please explain and summarise its main results.

N/A

3. Regarding the measures for which you have used the de minimis Regulation, what would you possibly have done if no de minimis Regulation had existed?

N/A

4. To what extent has the economic and financial crisis had an impact on the granting of de minimis aid in your Member State?

If applicable, please describe such impact and indicate if, and how, your authorities have adapted their de minimis aid granting policy in response.

In particular, please explain whether you have experienced an increase in de minimis aid directly targeting difficulties of companies relating to access to finance. Please explain if possible, to what extent this was relevant for small, medium-sized and large undertakings.

N/A

## **SECTION B: GENERAL DE MINIMIS POLICY QUESTIONS**

### **Questions aiming at all respondents:**

5. Please describe what you consider from your perspective as the main positive economic effects of support granted under the de minimis Regulation. Please substantiate and give concrete examples.

*De Minimis aid is increasingly important in the future of Agriculture as it potentially involves all aid to the agricultural sector, other than that provided for under CAP Regulations, funded entirely or partially by Member States. It also covers the grant equivalent aid of tax reliefs, loans and loan guarantees provided these can be directly quantified. Given increasing volatility across world market for agricultural products it more important than ever for member states to have individual powers to help sectors that suffer price community falls in certain years.*

*The Agriculture Cashflow Support Loan Scheme provided low-cost flexible working capital finance to Irish farmers to address the impact of the lower commodity prices and weather*

*events in some agriculture sectors in 2016 and 2017. It was a cash flow support facility, providing farmers with a low cost, flexible source of working capital ensuring the ongoing financial sustainability of viable farming enterprises. This is a positive example of de minimis regulation in action.*

6. Please describe what you consider from your perspective as the main potential negative effects of support granted under the de minimis Regulation. Please substantiate and give concrete examples.

*It is important to note that the Regulation only applies to aid which is possible to calculate precisely the gross grant equivalent of the aid without any need to undertake a risk assessment. This is referred to as transparent aid. If the aid in question is not deemed to be transparent aid it does not fall under the de minimis rule and thus formal notification and approval must be obtained by the Member State from the EU Commission*

7. Do you consider that the application of the de minimis Regulation has led, in practice, to effects on competition and/or trade between Member States?

*Not that we are aware.*

Please explain in which cases or sectors and why. For the purposes of your reply, please consider in particular also aggregate effects of de minimis aid.

8. Do you have concrete examples where de minimis aid was granted by another Member State/region which had an effect on undertakings in your Member State/region?

*No.*

9. Do you consider that the de minimis Regulation has specific positive or negative effects on SMEs compared to large companies?

*Without having research to substantiate any position, it is open to debate, however, given the large number of farmers an industry such as agriculture versus a concentrated industry with less companies, it is likely that an individual competitive advantage is less likely the higher the number of producers in the sector. However, it is possible that there could be sectoral advantage in one country versus another, hence, there is a need for specific rules on the amount of aid subscribed to each sector as we outline below.*

## **SECTION C: MONITORING**

### **Questions for public authorities:**

10. How do you ensure a proper monitoring of the de minimis aid?

*N/A*

11. Have you set up a central register for de minimis aid?

If yes, please describe the functioning of your system. If possible, explain:

- (a) How many authorities use and/or have access to your central register?

(b) How would you estimate the net cost (if possible provide full man-days/fulltime equivalents) to set up and run as opposed to a decentralized system of recording and monitoring?

(c) For what purposes do you use the information contained in your register?

(d) Does your register only cover de minimis measures or also State aid?

(e) If you compare the situation before and after the introduction of the register, what are in your view the main (positive and negative) changes?

If no, please explain why you have chosen not to set up a central register. Do you have an overview of de minimis aid granted at the central level through other means (please specify)?

N/A

### **Questions aiming at all respondents:**

12. Have you encountered difficulties in applying the provisions on monitoring (Article 6), in particular concerning the respect of the ceiling?

Yes  No

If yes, please explain.

N/A

13. Please explain the workload (if possible provide full man-days/fulltime equivalents) caused by the monitoring provisions (Article 6), in particular concerning the respect of the ceiling and the records to be kept, and estimate, if possible, the administrative burden created by it.

N/A

## **SECTION D: MISCELLANEA**

### **Questions aiming at all respondents:**

14. Do you have any other comments on the application of the de minimis Regulation on issues other than those covered in the previous questions?

*The draft Regulation amending the basic Regulation deals primarily with two issues and ICMSA would like to comment on both.*

*First, the proposed increase in the overall national ceiling from the equivalent of 1% of gross agriculture output to 1.5% of agricultural output and the increased amount of aid granted to a single undertaking from €15,000 - €25,000 over three years. ICMSA would fully support these increases.*

*ICMSA note that the figures in the Annex to the current basic Regulation is below 1% of the Gross Agricultural output in Ireland. The national cap figure for Ireland contained in the Annex to the current Regulation is €66.28 million. The corresponding figure based on 1% of*

*the gross agriculture output as published by Irelands Central Statistics Office for 2017 would be €80.16 million. However, it is noted that a blank Annex is published alongside the draft amending Regulation and presumably up-to-date figures will be used as part of the amending process now in process.*

*ICMSA would support increasing the overall ceiling for any three-year period to 1.5% of the agricultural output. This in Ireland's case, based on 2017 data, would give an aggregate amount of aid covered by the de minimis rule to be €120 million over 3 years.*

*Increasing the total aggregate amount has implications for possible competition and trade distortions and particularly given the tendency for some Member States to concentrate the permissibility de minimis aid in certain product sectors. This could lead to a potential distortion of competition. As Ireland is an exporting country, ICMSA are mindful that that larger countries could aid certain priority sectors and lead to a competitive advantage against Irish food exports. The proposals from the EU Commission to limit the proportion of the maximum level which any Member State may apply to 50 percent on any given product sector is flawed and should be amended.*

*In virtually all Member States some product sectors are smaller and marginal. Thus, it is not appropriate to apply a single sectoral cap or ceiling of 50% of the total Member State permissive aid to any given product sector. This would give rise to clear advantages and would not prevent the distortion which the EU Commission rightly are seeking to avoid.*

*ICMSA would therefore propose that a sector cap should apply but that it should be defined as follows - the proportion of the national cap set out in the Annex that may be used in any product sector shall not exceed three times the proportion of the total agricultural output contributed by that product sector for the Member State concerned.*

*Thus, for example in the case of Ireland, the pig meat sectoral cap would be 19.8% (the output from the pig sector as a percentage of total gross agriculture output in 2016) (6.6% \*3 = 19.8 %) of the aggregate national cap. In contrast, the sector cap for the dairy sector in Ireland would be 76.08% (25.36%\*3). ICMSA feel that proportionate sectoral cap is a better system than the singular 50% sectoral cap proposed by the EU Commission.*

*The second matter relates to the requirement for each Member State to set up a central register of de minimis aid. ICMSA strongly support this requirement and believe it should be published in real time.*

Please provide copies of any documents or studies which may be relevant for assessing the application of the de minimis Regulation and contributing to the reflection on its future revision.

Please indicate whether the Commission services may contact you for further details on the information submitted, if required.

Yes

THANK YOU FOR RESPONDING TO THIS QUESTIONNAIRE.