State aid: Commission approves €910 million Italian scheme under the Recovery and Resilience Facility to support agro-industrial development

Brussels, 4 October 2023

The European Commission has approved, under EU State aid rules, a €910 million Italian scheme made available in part through the Recovery and Resilience Facility ('RRF') to support agro-industrial development. The measure contributes to the achievement of the objectives of the Common Agricultural Policy by fostering a smart, competitive, resilient and diversified agricultural sector.

The Italian scheme

The scheme, which will run until 31 December 2029, will be partly funded by the RRF, following the Commission's positive assessment of Italy's Recovery and Resilience Plan and its adoption by the Council. The scheme supports the development and resilience of the Italian agro-industrial system by facilitating the implementation of large strategic and innovative investment projects.

Under the scheme, the aid will take the form of direct grants and subsidised financing to companies active in the agricultural sector that propose investment projects relating to the processing and marketing of agricultural products. The projects benefiting from the scheme will aim at improving market orientation, increasing competitiveness, and enhancing research, technology and digitalisation of the agro-industrial sector.

The scheme will benefit up to 500 companies. The aid amount per beneficiary will not exceed 60% of the eligible costs and will depend on the size of beneficiaries and the location where the project is carried out, with higher rates for small companies and for projects in areas at an economic disadvantage eligible for aid under Article 107(3)(a) of the Treaty on the Functioning of the European Union (so-called 'a' areas).

The scheme is a continuation of an Italian measure approved by the Commission in June 2017 (SA.47694), prolonged in December 2020 (SA.59101), and expired on 31 December 2022.

The Commission's assessment

The Commission assessed the scheme under EU State aid rules, in particular Article 107(3)(c) of the Treaty on the Functioning of the European Union ('TFEU'), which enables Member States to support the development of certain economic activities subject to certain conditions, and the 2022 Guidelines for State aid in the agricultural and forestry sectors and in rural areas ('2022 Agricultural Guidelines').

The Commission found that:

- The scheme **facilitates the development of an economic activity**, in particular the processing and marketing of agricultural products. At the same time, it contributes to the objectives of the Common Agricultural Policy.
- The scheme is **necessary** and **appropriate** to encourage the relevant investments in the agricultural sector. In addition, the scheme has an **incentive effect**, as the beneficiaries would not have carried out the investments without the public support.
- The scheme is **proportionate** as the aid is limited to the minimum necessary to trigger the investments, and it is modulated based on the size of beneficiaries and the location of projects.
- The aid brings about **positive effects** that outweigh any potential distortion of competition and trade in the EU.

On this basis, the Commission approved the Italian scheme under EU State aid rules.

Background

All investments and reforms entailing State aid included in the national recovery plans presented in the context of the RRF must be notified to the Commission for prior approval, unless covered by one of the State aid block-exemption rules.

The Commission assesses measures entailing State aid contained in the national recovery plans presented in the context of the RRF as a matter of priority and has provided guidance and support to Member States in the preparatory phases of the national plans, to facilitate the rapid deployment of the RRF. At the same time, the Commission makes sure in its decision that the applicable State aid rules are complied with, in order to preserve the level playing field in the Single Market and ensure that the RRF funds are used in a way that minimises competition distortions and do not crowd out private investment.

The 2022 Agricultural Guidelines provide guidance on how the Commission will assess the compatibility of aid measures in the sector, which are subject to the notification requirement, under Article 107(3)(c) TFEU. The Guidelines create a flexible, fit-for-purpose enabling framework to help Member States provide the necessary support and contribute, among other things, to the objectives of the Common Agricultural Policy. The 2022 Agricultural Guidelines aim to help Member States design national measures and meet national and EU's goals at the least possible cost for taxpayers and without undue distortions of competition in the Single Market.

The non-confidential version of the decision will be made available under the case number SA.107569 in the State aid register on the Commission's competition website once any confidentiality issues have been resolved. The State Aid Weekly e-News lists new publications of State aid decisions on the internet and in the Official Journal.

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Quotes:

This €910 million scheme, partially funded by the Recovery and Resilience Facility, enables Italy to support large strategic and innovative projects in the agricultural sector. It will contribute to the sustainable development of processing and marketing of agricultural products.
Commissioner Didier Reynders, in charge of competition policy - 04/10/2023

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