



EUROPEAN COMMISSION

Brussels, 26.1.2016
C(2016) 491 final

Subject: State aid–Italy (Lombardy)
SA.42825 (2015/N)
Environmental services provided by forestry associations

Sir,

The European Commission ("the Commission") wishes to inform Italy 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 6 August 2015, registered as received by the Commission on the following day, Italy notified, according to Article 108(3) TFEU, the above mentioned aid scheme.
- (2) The Commission sent a request for additional information to the Italian authorities on 29 September 2015 which the Italian authorities provided by letter of 3 December 2015. Additional information was provided by the Italian authorities on 16 December 2015.

2. DESCRIPTION

2.1. Title

- (3) Environmental services provided by forestry associations.

S.E. Onorevole Paolo Gentiloni
Ministro degli Affari esteri e della Cooperazione Internazionale
P.le della Farnesina 1
I - 00194 Roma

2.2. Objective

- (4) With the present notification the Italian authorities wish to support investments in the development of forest areas and improvement of the viability of forests and other aid with ecological, protective and recreational objectives.

2.3. Legal basis

- (5) The notified aid scheme has the following legal bases:
 - *deliberazione* n. X/3948 of 31 July 2015 of Lombardy's Regional Council and its Annex - "Criteria for defining and determining the environmental services provided by the forestry associations, pursuant to Article 56 of regional law n. 31/2008" (*Criteria per la definizione e determinazione dei servizi ambientali erogati dai consorzi forestali, in applicazione dell'articolo 56 della l.r. 31/2008*)
 - draft *deliberazione* amending *deliberazione* n. X/3948.

2.4. Duration

- (6) From the date of the approval of the notified scheme by Commission decision until 30 June 2021.

2.5. Budget

- (7) Overall budget is EUR 18 000 000, financed from the regional budgetary resources.

2.6. Beneficiaries

- (8) Forestry associations established by public and private land owners and other parties in the forestry-timber sector in order to carry out forestry activities on the land conferred upon.
- (9) The beneficiaries are micro, small and medium-sized enterprises within the meaning of Annex I to Regulation (EU) No 702/2014¹.
- (10) The number of beneficiaries is estimated to be between 51 and 100.
- (11) Undertakings in difficulty within the meaning of point (35.15) of the Guidelines for State aid in the agricultural and forestry sectors and in rural areas 2014-2020 (the "Guidelines" or "GL")² are excluded as beneficiaries.
- (12) In line with point (27) of the Guidelines, aid will not be granted to undertakings still having at their disposal an earlier unlawful aid that was declared incompatible by a Commission decision (either concerning an individual aid or an aid scheme).

¹ Commission Regulation (EU) No 702/2014 of 25 June 2014 declaring certain categories of aid in the agricultural and forestry sectors and in rural areas compatible with the internal market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union (OJ L 193, 1.7.2014, p. 1).

² As amended by the Commission Notice amending the European Union Guidelines for State aid in the agricultural and forestry sectors and in rural areas 2014 to 2020 (OJ C 390, 24.11.2015, p. 4).

2.7. Description of the aid scheme

- (13) The scheme provides for seven different forestry measures, which fall under the following categories of aid:
- aid for the prevention and restoration of damage to forests from forest fire, natural disasters, adverse climatic events which can be assimilated to natural disaster, other adverse climatic events, plant pests and catastrophic events (section 2.1.3 GL)
 - aid for investments improving the resilience and environmental value of forest ecosystems (section 2.1.4 GL)
 - aid for specific forest actions and interventions with the primary objective to contribute to maintaining or to restoring forest ecosystem and biodiversity or the traditional landscape (section 2.8.1 GL)
 - restoration and maintenance of natural pathways, landscape elements and features and natural habitat for animals in the forestry sector (section 2.8.3 GL)
 - aid for maintaining roads to prevent forest fires (section 2.8.4 GL).
- (14) The measures under the notified scheme described in sections (b) to (g) below are not included in Lombardy's rural development programme ("RDP") for 2014-2020, which was adopted by the Commission on 15 July 2015. The notified measure regarding the prevention and restoration of damages to forests (section (a) below) has the same objectives as RDP measures 8.3.01 and 8.4.01. However, the Italian authorities stated in that regard that overlapping is excluded since the afore mentioned RDP measures prescribe a minimum eligible size of 5 hectares, whereas the maximum eligible area of the notified measure is below 5 hectares (recital (15)). In their view, the notified aid scheme would be designed in a consistent manner with Regulation (EU) No 1305/2013³ and the rural development policy and contribute to the priorities addressed in the RDP, in particular to EAFRD priority 4(c) (Preventing soil erosion and improving soil management).
- (15) The size of the eligible interventions shall be less than 5 hectares, thus falling below the threshold for the obligatory environmental impact assessment. For interventions concerning parks or nature reserves or Natura 2000 sites, the opinion of the relevant management authorities is required. Furthermore, the notified measures are only of local and site-specific scale and aimed to develop forest areas for the prevention of damages caused by natural disasters and climatic events assimilated thereto while maintaining the original forest ecosystem.
- (16) Aid intensity is 100% of the eligible costs. These are composed by: the eligible costs specified in the relevant sections (a) to (g) below; the value added tax (VAT) in the event it is not-recoverable; and the general costs (such as planning costs, costs for the supervision of works, the security plan and other administrative costs) which cannot exceed 15% of the overall eligible expenditure. Any payments received by the beneficiary from insurance or other forms of cover in respect of the eligible costs will be deducted from the aid under the notified scheme. Aid may be

³ Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) (OJ L 347, 20.12.2013, p. 487).

granted annually on the basis of the applications submitted by the beneficiaries and aid for each beneficiary may not exceed EUR 100 000 per year.

- (17) Aids are paid in the form of grants. The Italian authorities explained that such form of aid is deemed necessary in order to be able to first evaluate the compatibility of the projects submitted before granting the aid. In their view, no other potentially less distortive forms of aid do exist at the moment.
- (18) According to the Italian authorities, the negative effects of the aid on competition and trade are limited to the minimum due to the small and local scale of the eligible interventions. The Italian authorities submitted ex-post checks that have been carried out on environmental services provided by forestry associations under preceding aid schemes.
- (19) With regard to sections (d) to (g) below, the Italian authorities ensured that aid to forest based industries, for commercially viable extraction or transportation of timber, for processing of wood or other forestry resources into products or for energy generation is excluded and that no aid will be granted for felling the primary purpose of which is the commercially viable extraction of timber or for restocking where the felled trees are replaced by equivalent ones. Furthermore, with regard to sections (a) and (b) below, no aid will be granted for agricultural related activities in areas covered by agri-environment-climate commitments nor for the loss of income resulting from fires, natural disasters, adverse climatic events which can be assimilated to natural disaster, other adverse climatic events, plant pests, catastrophic events and climate change related events.
- (20) As regards the measures of the notified scheme described in sections (d) to (g) below, the Italian authorities explained that they aim primarily at maintaining and restoring the forestry ecosystem of the Lombardy region and that therefore they fall in the scope of section 2.8 of Part II of the Guidelines.
- (21) The aid will not support the costs of activities that the beneficiaries would have incurred in any event and will not compensate the normal business risk of an economic activity. No aid will be granted wherever the work on the relevant project or activity has already started prior to the aid application by the beneficiary. The application has to include at least the applicant's name and the size of the undertaking, and the annual programme of the environmental services describing the project or activity, including its location and start and end dates, the amount of aid needed to carry it out and the eligible costs. To be eligible the application must prove the respect by the beneficiary of the provisions and conditions of the forest management plans and forest policy plans.
- (22) Aid granted under this scheme cannot be cumulated with other public funds for the same eligible costs. To that end, beneficiaries have to state whether other sources of funding have been applied for and where this was successfully, to communicate which funding option has been chosen.

a) Prevention and restoration of damages to forests (section 2.1.3 GL)

- (23) Eligible costs: felling of trees damaged by abiotic stresses such as snow breakage, snowslides, avalanches, floods, etc.; clearing and thinning works in woods with a recreational, protective or nature/environmental purpose; lopping and pruning for fire prevention purposes or to facilitate people's enjoyment of the forest or on a

limited number of final crop trees; prevention, eradication and treatment of plant diseases and parasite infestation by felling and removing sick and dead trees; prevention, eradication and treatment of pine processionary by gathering up or destroying winter nests or using *Bacillus thuringiensis* (Berliner); placing of pheromone traps to verify and control the harmful insect population; artificial regeneration in forests damaged by natural disasters without creating new forest cover. According to the Italian authorities, except for the felling of trees which is intended for restoration purposes, all other eligible costs serve the prevention of damages.

- (24) In the event of the restoration of forest potential damaged by parasites and plant pests, the damage must be acknowledged by the regional phytosanitary service that has to confirm the extension and the destruction of at least 20% of the relevant forest potential. For the prevention of damages from plant pests, the risk of the occurrence of the plant pest must be supported by scientific evidence and acknowledged by the regional phytosanitary service.
- (25) Only forest areas which are classified as a medium to high forest fire risk in the forest protection plan according to the specific legislation are eligible for aid for prevention of fire.

b) Improvement of water run-off (section 2.1.3 GL)

- (26) Eligible costs: small-scale maintenance of ordinary or urgent nature of existing forest hydraulic engineering works; flushing and cleaning of water courses and bodies of water, particularly in the proximity of existing forest hydraulic engineering works or bridges; measures to deal with minor instabilities or erosion processes using soil bioengineering; localised works on the forest floor aimed at encouraging the decomposition of excessive plant litter and, as a result, natural regeneration and correct water run-off.
- (27) Expenditure under this measure may not exceed 50% of the total funding granted annually to the beneficiary. The use of any type of fertilisers is prohibited. Interventions reducing biodiversity or that may have a negative impact on water ecosystems or water basins and hydraulic engineering works not based on soil bioengineering techniques are not eligible for aid.

c) Investments in infrastructures improving the ecological value of forests (section 2.1.4 GL)

- (28) Eligible costs: production and installation of wooden forest furnishings; production and erection of wooden noticeboards, aimed at illustrating the environmental improvements, hydrogeological protection and recreation-related activities carried out in the forest by the beneficiary.
- (29) Only the timber taken from the forests managed by the beneficiary can be used. Expenditure under this measure may not exceed 10% of the total funding granted annually to the beneficiary.

d) Interventions to restore forest ecosystem and biodiversity (section 2.8.1 GL)

- (30) Eligible costs: curative treatment of trees with the aim of maintaining or restoring the forest's ecological conditions; changing from coppice to high forest in forests with a recreational, protective or nature/environmental purpose; artificial

regeneration aimed at reintroducing rare species or species that have disappeared in the local area; felling and uprooting of exotic species, possibly along with artificial regeneration using native species; planting or sowing woodland grasses in recently afforested areas on the plain or on the valley floor.

- (31) The following activities are prohibited: harvesting of any type; felling of trees for production purposes; artificial regeneration following harvesting shelterwood cutting or thinning; afforestation and re-afforestation; planting of trees or bushes in order to close off clearings or open spaces.

e) Restoration and maintenance of natural pathways and landscape elements
(section 2.8.3 GL)

- (32) Eligible costs: ordinary maintenance of paths for pedestrians, cyclists or horses aimed at allowing people's enjoyment of the forest and of open or natural spaces; maintenance of small landscape elements and features such as dry stone walls; maintenance of panoramic viewing points by cutting back excess vegetation blocking sightlines; planning costs.

- (33) Interventions in forests which are not open to the public (unless the limitations are for the purposes of the protection of biodiversity or of security reasons) are prohibited and interventions aiming at the implementation of the Habitats Directive⁴ and the Birds Directive⁵ are not covered by this measure.

f) Restoration and maintenance of natural habitats for animals in the forestry sector (section 2.8.3 GL)

- (34) Eligible costs: maintenance or restoration of clearings to maintain biodiversity (e.g. breeding grounds for grouse); maintenance or restoration of small ponds or bodies of water in order to protect and increase the number of amphibian fauna or European pond turtles or invertebrates living in humid environments or floating, aquatic or semi-aquatic flora; curative treatment of trees that are intended to age for an indefinite period and that are of significant importance to the landscape or natural environment; production, installation and maintenance of nest boxes for bats, falcons and owls, of nest boxes in recently afforested areas on the plain or on the valley floor and of floating platforms for nests for water birds or wading birds in bodies of water; fencing off of areas not open to the public for reasons of environmental protection or danger; placing of tied bundles of twigs and branches in water courses and bodies of water to act as places of shelter and reproduction for fish.

- (35) Measures may be carried out only if they have been specifically provided for by the forest plans, the plans on protected areas or the fauna/hunting planning. Interventions aiming at the implementation of the Habitats Directive and the Birds Directive are not covered by this measure.

g) Maintenance of roadways to prevent forest fires (section 2.8.4 GL)

⁴ Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (OJ L 206, 22.7.1992, p. 7).

⁵ Directive 2009/147/EC of the European Parliament and of the Council of 30 November 2009 on the conservation of wild birds (OJ L 20, 26.1.2010, p. 7).

- (36) Eligible costs: ordinary maintenance of forestry roadways included in the plan for such roadways (i.e. roadways closed to public motor vehicle traffic) with the sole objective to prevent forest fires.
- (37) Expenditure under this measure may not exceed 30% of the total funding granted annually to the beneficiary. The extraordinary maintenance of forestry roadways and the construction of new roadways are excluded. The interventions may not aim at supporting agro-pasture infrastructures nor may take place on forests which are not open to the public (unless the limitations are for the purposes of the protection of biodiversity or of security reasons). The interventions shall comply with the regional plan concerning activities to anticipate, prevent and fight forest fires.

2.8. Other commitments

- (38) Italy made a commitment to publish the information required under point (128) of the Guidelines by the deadline set out in point (131) thereof.
- (39) The Italian authorities have committed to adapt the notified aid scheme to bring it in line with the State aid rules applicable after the expiry of the Guidelines.

3. ASSESSMENT

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

- (40) For Article 107(1) TFEU to apply, the scheme must provide an economic benefit to an undertaking which it would not have received in its normal course of business, the aid must be granted to certain undertakings, the benefit must be granted by a Member State or through State resources and the scheme must be capable of affecting trade and competition between Member States.
- (41) The scheme in question confers an advantage on its recipients. This advantage is funded from the regional budget, i.e. granted through State resources and it favours only certain undertakings (namely the undertakings active in the forestry sector) by strengthening their position on the market. According to the case law of the Court of Justice, the mere fact that the competitive position of an undertaking is strengthened compared to other competing undertakings, by giving it an economic benefit which it would not otherwise have received in the normal course of its business, points to a possible distortion of competition⁶.
- (42) Pursuant to the case law of the Court of Justice, aid to an undertaking appears to affect trade between Member States where that undertaking operates in a market open to intra-EU trade.⁷ The beneficiaries of aid operate on the forestry market, where trade between Member States takes place. Statistical data shows that 434 998,37 cubic metres were produced in the European Union in 2013, out of which 36 330 cubic metres were traded between EU Member States. In 2012 Italy exported 7 744,46 cubic metres to other EU countries⁸. The sector concerned is thus open to competition at EU level and therefore sensitive to any measure in

⁶ Judgment of the Court of 17 September 1980 in Case 730/79 *Philip Morris Holland BV v Commission of the European Communities* ECLI:EU:C:1980:209.

⁷ See in particular the judgment of the Court of 13 July 1988 in Case 102/87 *French Republic v Commission of the European Communities* ECLI:EU:C:1988:391.

⁸ EUROSTAT database, Roundwood production and trade, update from 12.08.14.

favour of the production in one or more Member States. Therefore, the present scheme is liable to distort competition and to affect trade between Member States.

- (43) In light of the above, the conditions of Article 107(1) of the TFEU are fulfilled. It can therefore be concluded that the proposed scheme constitutes State aid within the meaning of that Article.

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

- (44) The aid scheme was notified to the Commission on 6 August 2015. It has not been implemented yet. Therefore, Italy has complied with its obligation under Article 108(3) TFEU.

3.3. Compatibility of the aid

- (45) State aid may only be considered compatible with the internal market if it can benefit from one of the derogations provided for in the TFEU.

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

- (46) Under Article 107(3)(c) TFEU, 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.

- (47) For this derogation to be applicable, the aid must fulfil the requirements of the relevant Union State aid legislation.

3.3.2. Application of the European Union Guidelines for State aid in the agricultural and forestry sectors and in rural areas 2014 to 2020

- (48) As regards the notified aid scheme, Part I and Part II, Chapters 2.1 and 2.8 of the Guidelines are applicable.

3.3.2.1. Common Assessment Principles

Contribution to a common objective

- (49) In accordance with point (43) of the Guidelines, the scheme aims to promote the efficient and sustainable use of resources in the forestry sector. The scheme is a rural development-like measure, which is similar but not identical to the relevant measures included in Lombardy's RDP for 2014-2020 (recital (14)). Therefore, there is no risk of overlap and double funding is impossible. The notified aid scheme can be regarded as fitting into and consistent with the Lombardy's RDP for 2014-2020. The Commission thus considers that the conditions of point (47) of the Guidelines are met and that the scheme contributes to the objectives of rural development.

- (50) According to point (48) of the Guidelines, with regard to the measures of the present scheme covered by section 2.8 of Part II of the Guidelines (described in sections (d) to (g) above) and thus outside the scope of rural development, the Commission considers that the principle of contribution to the objectives of rural development is met, following sufficient experience as to the contribution of those measures to the rural development objectives.

- (51) As described in recitals (4) and (15), the aid scheme supports investments in the development of forest areas for the prevention of damages caused by natural disasters and climatic events assimilated thereto while maintaining the original forest ecosystem. Therefore, no negative impact on the environment within the meaning of point (52) of the Guidelines has been identified.

Need for State intervention

- (52) Since the present scheme fulfils the specific conditions laid down in the relevant sections of Part II of the Guidelines, as analysed below under section 3.3.2.2, the Commission considers, in line with point (55) of the Guidelines, that the aid is necessary to address the objective of common interest.

Appropriateness of aid

- (53) Pursuant to point (56) of the Guidelines an aid is appropriate if no other less distortive policy instrument or other less distortive type of aid make it possible to achieve the same contribution to the objectives of CAP.
- (54) Since the present scheme fulfils the specific conditions laid down in the relevant sections of Part II of the Guidelines, in line with point (57) of the Guidelines the Commission considers the policy instrument appropriate.
- (55) As regards investments aid not covered by Regulation (EU) No 1305/2013, the Italian authorities provided the reasons why no other potentially less distortive forms of aid exist at the moment (recital (17)). The condition of point (62) of the Guidelines is therefore deemed to be satisfied. With regard to the forestry measures under section 2.8 of Part II of the Guidelines, they furthermore provided information as to why the ecological, protective and recreational objectives cannot be otherwise achieved (recital (20)) as set out in point (63) of the Guidelines. The Commission therefore considers the aid instrument appropriate and the specific aid forms in line with Part II of the Guidelines.

Incentive effect and need for aid

- (56) It follows from recital (21) above that work on the relevant activity will only start after the beneficiary has submitted an aid application to the national authorities and that the aid application will include the elements required under points (71) of the Guidelines.
- (57) According to point (75)(a) of the Guidelines, aid schemes with ecological, protective and recreational objectives in accordance with section 2.8 of Part II of the Guidelines are not subject to the requirements regarding the need of an incentive effect if the aid scheme establishes a right to aid in accordance with objective criteria and without further exercise of discretion by the Member State, it has been adopted and in force before the eligible costs are incurred by the beneficiary and it covers only SMEs. As described in recital (9) and in recital (6) in conjunction with recital (21), these conditions are met and the Commission therefore considers that the aid scheme complies with point 75(a) of the Guidelines.
- (58) Pursuant to point (75)(q) of the Guidelines, aid covering the restoration costs of the measure falling within section 2.1.3 of Part II of the Guidelines (described in section (a) above) is not required or is deemed to have an incentive effect.

- (59) In the light of the above, the Commission considers that the conditions regarding the incentive effect according to points (70) to (75) of the Guidelines are met.

Proportionality of the aid

- (60) Pursuant to point (84) of the Guidelines, proportionality is fulfilled if the eligible costs are in line with the specific conditions set out in Part II of the Guidelines and the maximum aid intensities for each type of aid are respected. The aid intensities of the scheme comply with the maximum aid intensities of the Guidelines, as shown in section 3.3.2.2 below.
- (61) As described in recital (16), VAT is not eligible except where it is not-recoverable and any payments received from insurance or other forms of cover are deducted from the aid. The conditions of points (86) and (94) of the Guidelines are therefore met.
- (62) Points (99) and (100) of the Guidelines contain rules on cumulation. As aid cannot be cumulated with aid received from other public funds to cover the same eligible costs (recital (22) above), these points are not applicable to the aid scheme at hand.
- (63) On the basis of the above the Commission considers that the condition of proportionality is fulfilled.

Avoidance of undue negative effects on competition and trade

- (64) As regards distortions of competition and trade in case of investments in the forestry sector, the Italian authorities provided sufficient information (recital (18)) that any negative effects will be limited to the minimum pursuant to points (115) and (116) of the Guidelines, so that this criterion is deemed to be fulfilled.
- (65) Additionally, since the present scheme fulfils the conditions laid down in Part II of the Guidelines and does not exceed the relevant maximum aid intensities specified therein, in line with point (113) of the Guidelines the Commission considers that the negative effect on competition and trade is limited to the minimum.

Transparency

- (66) Italy committed to comply with the transparency requirements under point (128) of the Guidelines (recital (38)).

3.3.2.2. Specific assessment according to the category of aid

Aid for prevention and restoration of damage to forests from plant pests (section 2.1.3 GL)

- (67) According to point (520) of the Guidelines, aid may be granted to private and public forest holders and other private and public bodies and their associations. As described in recital (8) above, this condition is met.
- (68) The eligible costs described in the relevant sections of the notified measures (recitals (23) and (26)) respect the categories of eligible costs listed in point (521) of the Guidelines. As no aid will be granted for agricultural related activities in areas covered by agri-environment-climate commitments (recital (19)), the

Commission considers the afore mentioned eligible costs to be in line with point (521) of the Guidelines.

- (69) As described in recital (24), in the event of the restoration of forest potential damaged by parasites and plant pests, the damage must be acknowledged by the regional phytosanitary service that has to confirm the extension and the destruction of at least 20% of the relevant forest potential, in line with point (522) of the Guidelines.
- (70) According to point (523) of the Guidelines, in the case of aid for prevention of damage to a forest from plant pests, the risk of the occurrence of the plant pest must be supported by scientific evidence and acknowledged by a scientific public organisation. As described in recital (24) above, the relevant measure complies with this requirement.
- (71) The eligible operations have to be in line with the provisions and conditions of the forest management plans and forest policy plans (recital (21)). The condition laid down in point (524) of the Guidelines is thus complied with.
- (72) Pursuant to (525) of the Guidelines, only forest areas which are classified as a medium to high forest fire risk according to the forest protection plan established by the Member States should be eligible for aid for prevention of fire. As described in recital (25), this requirement is complied with.
- (73) As no aid will be granted for the loss of income resulting from fires, natural disasters, adverse climatic events which can be assimilated to natural disaster, other adverse climatic events, plant pests, catastrophic events and climate change related events (recital (19)), the condition of point (526) of the Guidelines is met.
- (74) As described in recital (16), the aid intensity respects the maximum level laid down in point (527) of the Guidelines and with regard to the restoration costs of the measure described in section (a) above, payments received by the beneficiary from insurance or other forms of cover in respect of the eligible costs will be deducted from the aid to be granted under the notified scheme, in line with point (528) of the Guidelines.
- (75) The specific conditions set out in section 2.1.3 of the Guidelines are therefore met.

Aid for investments improving the resilience and environmental value of forest ecosystems (section 2.1.4 GL)

- (76) Pursuant to point (530) of the Guidelines, aid may be granted to natural persons, private and public forest holders and other private law and public bodies and their associations. As described in recital (8), this condition is met.
- (77) According to point (531) of the Guidelines, investments should be aimed at the achievements of commitments for environmental aims for the provisions of ecosystem services and/or for the enhancement of the public amenity value of forests and woodland in the area concerned or the improvement of the climate change mitigation potential of ecosystems, without excluding economic benefits in the long term. It follows from the description of the eligible costs of the relevant measure in recital (28) above that its objectives are in line with this provision. Therefore, the conditions of point (531) of the Guidelines are met.

- (78) The aid is limited to 100% of the eligible costs (recital (16)). The condition of point (532) of the Guidelines is met.
- (79) The specific conditions set out in section 2.1.4 of the Guidelines are therefore complied with.

Aid for specific forest actions and interventions with the primary objective to contribute to maintaining or to restoring forest ecosystem and biodiversity or the traditional landscape (section 2.8.1 GL)

- (80) According to point (590) of the Guidelines, Member States should demonstrate that the measures directly contribute to maintaining or restoring the ecological, protective and recreational functions of forests, biodiversity and a healthy forest ecosystem. Point (594) of the Guidelines further specifies that aid can be given for planting, pruning, thinning and felling of trees and other vegetation in existing forests and the removal of fallen trees where the primary objective of the measure is to contribute to maintaining or restoring forest ecosystem and biodiversity or the traditional landscape. As described in recital (30), the relevant measure supports costs to restore forest ecosystem and biodiversity which are in line with the conditions of points (590) and (594) of the Guidelines.
- (81) As described in recital (19), no aid will be granted to forest based industries or for commercially viable extraction or transportation of timber, for the processing of wood or other forestry resources into products or for energy generation, nor will be aid granted for felling the primary purpose of which is the commercially viable extraction of timber or for restocking where the felled trees are replaced by equivalent ones, in line with point (591) of the Guidelines.
- (82) The aid intensity respects the maximum level laid down in point (592) of the Guidelines (recital (16)) and the beneficiaries are undertakings active in the forestry sector in accordance with point (593) of the Guidelines, as described in recitals (8) and (9) above.
- (83) The specific conditions set out in section 2.8.1 of the Guidelines are therefore complied with.

Restoration and maintenance of natural pathways, landscape elements and features and natural habitat for animals in the forestry sector (section 2.8.3 GL)

- (84) Pursuant to point (600) of the Guidelines, aid may be granted for the restoration and maintenance of natural pathways, landscape elements and features and the natural habitat for animals, including planning costs. As described in recitals (32) and (34), this condition is met.
- (85) According to point (601) of the Guidelines, measures aiming at the implementation of the Habitats Directive and the Birds Directive shall not be covered by this type of aid. As described in recitals (33) and (35), this condition is complied with.
- (86) The aid intensity respects the maximum level laid down in point (592) of the Guidelines (recital (16)) and the beneficiaries are undertakings active in the forestry sector in accordance with point (593) of the Guidelines, as described in recitals (8) and (9) above.

- (87) The specific conditions set out in section 2.8.3 of the Guidelines are therefore complied with.

Aid for maintaining roads to prevent forest fires (section 2.8.4 GL)

- (88) According to points (602) and (603) of the Guidelines, aid for maintaining roads may be granted if it aims at preventing forest fires. The link between the objective of the aid and the road maintenance should be demonstrated in the notification to the Commission. As described in recitals (36) and (37), these conditions are met.
- (89) The aid intensity respects the maximum level laid down in point (592) of the Guidelines (recital (16)) and the beneficiaries are undertakings active in the forestry sector in accordance with point (593) of the Guidelines, as described in recitals (8) and (9) above.
- (90) The specific conditions set out in section 2.8.4 of the Guidelines are therefore complied with.

3.4. Other conditions

- (91) The Commission takes note that undertakings in difficulty (recital (11)) and undertakings still having at their disposal an earlier unlawful aid that was declared incompatible by a Commission decision (recital (12)) are excluded from any support.
- (92) In accordance with point (719) of the Guidelines the Commission only authorises

schemes of limited duration. Aid schemes that can benefit from co-financing under

Regulation (EU) No 1305/2013 should be limited to the duration of the programming period 2014-2020. Other aid schemes should not apply for a period of more than seven years. It follows from recital (6) that this requirement is met.

- (93) The Guidelines are applicable until 31 December 2020 according to point (737) thereof. In that regard, the Commission takes note of the commitment made by the Italian authorities to adapt the notified aid scheme to bring it in line with the State aid rules applicable after the expiry of the Guidelines (recital (39)).
- (94) It may be therefore concluded that the notified aid scheme complies with the relevant provisions of the Guidelines.

4. CONCLUSION

The Commission has accordingly decided not to raise objections to the 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 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 Italy will be deemed to agree to the publication of the full text of this letter. If Italy 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.

Your request should be sent electronically via the secured e-mail system Public Key Infrastructure (PKI) in accordance with Article 3(4) of Commission Regulation (EC) No 794/2004⁹, to the following address: agri-state-aids-notifications@ec.europa.eu.

For the Commission

Phil Hogan
Member of the Commission

⁹ Commission Regulation (EC) No 794/2004 of 21 April 2004 implementing Council Regulation (EC) No 659/1999 laying down detailed rules for the application of Article 93 of the EC Treaty (OJ L 140, 30.4.2004, p. 1).