Subject: State aid SA.56482 (2020/N) – Germany (Bund)
GAK group measure 5.F "Aid to tackle the damage caused by extreme weather conditions in forests"

Excellency,

The European Commission ("the Commission") wishes to inform Germany 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 14 February 2020, registered by the Commission on the following day, Germany notified, according to Article 108(3) TFEU, the above mentioned aid scheme.

   (2) The Commission sent a request for additional information to the German authorities on 8 April 2020, which the German authorities answered by letter of 8 May 2020, registered by the Commission on the same day. Additional information was sent by the German authorities on 4 June 2020, registered by the Commission on the same day.

*Handling instructions for SENSITIVE information are given at https://europa.eu/!db43PX*

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2. DETAILED DESCRIPTION OF THE SCHEME

2.1. Title

(3) GAK group measure 5.F "Aid to tackle the damage caused by extreme weather conditions in forests".

2.2. Objective

(4) With the notified scheme the German authorities wish to support investments for the conservation and restoration of forests hit by extreme climatic events.

2.3. Legal basis

(5) The scheme has the following legal bases:

(a) Framework for the common action „Improvement of the agrarian structure and the coastal protection“ (GAK) for 2019-2023 (Rahmenplan der Gemeinschaftsaufgabe „Verbesserung der Agrarstruktur und des Küstenschutzes“ für den Zeitraum 2019 bis 2022, in particular:

- support area 5.F "Aid to tackle the damage caused by extreme weather conditions in forests" (Förderung von Maßnahmen zur Bewältigung der durch Extremwetterereignisse verursachten Folgen im Wald),

- general State aid provisions (Allgemeine beihilferechtliche Bestimmungen);

(b) GAK Act (GAK-Gesetz).

2.4. Duration

(6) From the date of the notification of the Commission decision until 31 December 2023.

(7) Where necessary, the German authorities will adapt the notified aid scheme to the State aid rules applicable after the expiry of the European Union Guidelines for State aid in the agricultural and forestry sectors and in rural areas 2014 to 2020\(^1\) ("the Guidelines").

2.5. Budget

(8) Overall budget is EUR 596 000 000, 60% thereof financed from the general budget of the federal Government (Bund) and 40% from the budgets of the Regions (Länder). The aid will be granted by the competent authorities of the Länder.

2.6. Beneficiaries

(9) All sized natural and legal persons established under private and public law which are forest holders, as well as recognised forestry associations and other associations of equal status, as defined in the federal Forestry Act

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(Bundeswaldgesetz). Where beneficiaries are not owners of the eligible areas they have to provide the written consent of the owner to receive the aid, except for forestry associations within the meaning of the Bundeswaldgesetz.

(10) The federal government and the Länder and legal persons at least 25% owned by these institutions are excluded as beneficiaries and measures carried out on land owned by these persons are not eligible for aid.

(11) The number of beneficiaries is estimated to be around 260,000.

(12) Aid will not be granted to undertakings in difficulty within the meaning of point (35.15) of the Guidelines, unless – with the exceptions of the measures described under sections B.3, B.4 and B.5 below – the financial difficulty of an undertaking is due to the damage caused by the risk event.

(13) 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).

2.7. Aid instrument

(14) The aid instrument is a direct grant. According to the German authorities, other potentially less distortive forms of aid do not exist at the moment; since, given the long production periods in forestry and the limited profit prospects, beneficiaries do not accept less distortive forms of aid like for example interest rebates, as it follows also from the past experience.

2.8. Background

(15) With the notified scheme the German authorities wish to provide support in order to cope with the consequences of extreme weather events in forests and to ensure the conservation and restoration of forest ecosystems and biodiversity, thereby promoting the environmental, protective and recreational function of forests.

(16) With above-average temperatures and extreme drought, the summers of 2018 and 2019 have led to considerable damage in the forests, making clear that climate change is progressing and that therefore events such as storms, forest fires, drought or other extreme events are expected to increase in the future. The drought stress has led to a continuous decline in the proportion of healthy trees. This is also clearly visible from a further increase in the volume of wood damaged by insects, in particular the bark beetle.

(17) Due to their nature, the measures of the scheme that have been notified under Section 2.8.1 of the Guidelines cannot be put under Sections 2.1 to 2.7 thereof. In particular, the prevention of the spreading of plant pests requires timely action, as plant pests on timber damaged by drought or storms reproduce in large quantities within a short time. Restoration of the forest potential under Section 2.1.3 of the Guidelines is limited to losses of forest potential of at least 20%. This could lead to the consequence that forest owners wait for tackling the damage that has occurred until the threshold value of 20% is reached with additional pest infestation. A further spread of plant pests would have serious long-term consequences on the overall health of the forest ecosystem. Moreover, to reach the objective pursued by the measures, namely to maintain or restore a healthy and climate-adapted forest ecosystem, it is not sufficient to restore the original
state of the forests; instead, new forests must be established in a way to better cope with new environmental and climatic conditions than the damaged forests.

2.9. Description of the aid scheme

(18) The scheme provides for several measures to support forestry, 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 of the Guidelines),

- aid for investments in infrastructure related to the development, modernisation or adaptation of forestry (Section 2.1.6 of the Guidelines),

- 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 of the Guidelines).

(19) The notified scheme is not included in the German National Framework for the 2014-2020 period. In that regard, the German authorities explained that the objectives underlying the notified support are in line with rural development objectives, as such support aims at protecting forests and safeguarding or restoring forest ecosystems, particularly contributing to reduce greenhouse gases.

(20) The German authorities explained that the present scheme constitutes the framework for the aid instruments of the Länder, which are responsible for the aid implementation. It is in the competence of the Länder to decide whether to co-finance the measures under the relevant rural development programme or to finance them exclusively from national funds, as this is foreseen at constitutional level. In this regard, the German authorities gave assurances that double support will be avoided in the implementation of the notified scheme and the German rural development programmes.

(21) The German authorities confirmed that the aid granted under this scheme can be cumulated with other local, regional, national or EU funds, as long as such aid concerns different eligible costs.

(22) The German 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. They furthermore ensured 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.

(23) According to the German authorities, the negative effects of the aid on competition and trade are limited to the minimum due to the very small-scale forestry situation in Germany, with private forest undertakings having on average only 3 hectares of forest area. The average amount of aid is EUR 2 000/2 500 per beneficiary. Moreover, the scheme only supports non-productive investments aimed at preserving and restoring forest cover damaged by extreme weather events.
The works for preventive measures shall not begin before the aid application is submitted. The aid application will include the information required by point (71) of the Guidelines. The German authorities confirmed that, where the applicants are large enterprises, they will need to include in the application the description of the situation that would arise if no funding were received (counterfactual scenario), with the relevant evidence, and that the granting authorities will carry out a credibility check of the counterfactual scenario, confirming that the aid has the required incentive effect. They also confirmed that the granting authorities will calculate the maximum aid intensity when granting the aid, whereby the eligible costs must be supported by clear, specific and contemporary documentary evidence.

The German authorities confirmed that aid to large undertakings will not exceed the minimum necessary to render the project sufficiently profitable. In that context, they will ensure that the aid amount corresponds to the net extra costs of implementing the investment, compared to the counterfactual scenario in the absence of aid and that they will use the method described in point (96) of the Guidelines together with maximum aid intensities as a cap.

Germany has informed the Commission that in order to comply with the transparency requirement the publication of the aid scheme and the individual aid grants above 500 000 EUR will be done through the following web page: https://webgate.ec.europa.eu/competition/transparency/public/search/home/.

**A) Measures to clear the land** (Section 2.8.1 of the Guidelines)

The measure covers support for the clearance of disaster areas, including the removal of damaged timber to eliminate resultant risks. For reasons of biodiversity protection minimal amounts of deadwood shall be maintained in the forests, except for reasons of forest protection (e.g. bark beetle, forest fire) and road and work safety.

Eligible costs: costs of the technical preparation, management and coordination of the measure, costs for the use of contractors and capitalised works (*Eigenleistung*) of the beneficiaries.

Aid intensity: up to 80 % of the expenditure.

**B) Forest protective measures**

**B.1 - Monitoring, prevention and control of plant pests** (Section 2.8.1 of the Guidelines)

The measure covers support for the monitoring, prevention and control of plant pests using attractants and other integrated pest management measures.

Eligible costs: purchase of appropriate materials (e.g. attractants, traps and other materials); costs for the use of qualified contractors and capitalised works of the beneficiaries, provided that they have the relevant necessary knowledge.

The measure must be recommended as in principle suitable by a scientific body of the *Land* responsible for forest protection or by an equivalent body acting on behalf of the *Land*. 
B.2 – Control of plant pests on timber (Section 2.8.1 of the Guidelines)

(33) The measure covers support to control plant pests by detecting and treating timber that is infested or in imminent danger of infestation (e.g. sanitary felling, bark stripping, bark disposal, timber extraction and shipment) or other measures that reduce or eliminate the susceptibility of timber, timber waste and brushwood to infestation.

(34) Eligible costs: purchase of appropriate materials (e.g. protective netting on lumber stacks or other materials authorised for this purpose), costs for the use of qualified contractors and capitalised works of the beneficiaries, provided that they have the relevant necessary knowledge.

(35) The measure must be recommended as in principle suitable by a scientific body of the Land responsible for forest protection or by an equivalent body acting on behalf of the Land.

B.3 – Establishment of timber storage areas (Section 2.8.1 of the Guidelines)

(36) The measure covers support to establish timber storage areas (wet and dry) for damaged timber. The German authorities explained that due to the frequency of the damaging events there are high wood quantities that cannot be marketed or stocked in the forests. By creating new storage areas, the present measure aims therefore at preventing the spreading of plant pests from damaged timber to other forest stands.

(37) Eligible costs: lease or rental of suitable land; construction of storage areas, including access (costs for the use of contractors and capitalised works); purchase of appropriate materials; maintenance and operation of storage sites for no longer than five years.

(38) The measure must be recommended as in principle suitable by a scientific body of the Land responsible for forest protection or by an equivalent body acting on behalf of the Land.

B.4 – Restoration of forest roads and facilities (Section 2.1.6 of the Guidelines)

(39) The measure covers support to restore forest roads and the necessary related facilities damaged by heavy rainfall events.

(40) Eligible costs: purchase of the required building materials, costs of the design, execution and management of works by contractors and capitalised works of the beneficiaries.

(41) The German authorities explained that according to the Bundeswaldgesetz, forest roads are open to the public free of charge, thereby serving the multifunctional aspects of the forests.

B.5 – Prevention and control of forest fires (Section 2.1.3 of the Guidelines)

(42) The measure covers support to prevention and control of forest fires.

(43) The following costs are eligible:
(a) purchase of appropriate materials;

(b) installation of firebreaks with locally-adapted and fire-resistant tree species (costs for the use of contractors and capitalised works of the beneficiaries);

(c) preparation, construction and maintenance of fuel breaks and fire lanes (costs for the use of contractors and capitalised works of the beneficiaries);

(d) installation and extension of fire ponds and water extraction points (costs for the use of contractors and capitalised works of the beneficiaries).

(44) The measure must be consistent with the forest protection plan of the Land and is eligible only for forest areas with a medium to high forest fire risk according to the relevant forest protection plan.

(45) The German authorities confirmed that no aid will be granted for agricultural related activities in areas covered by agri-environment-climate commitments.

Common elements to measures B

(46) The costs for the technical preparation, management and coordination of the measures are eligible for aid.

(47) Aid intensity: up to 80 % of the expenditure. For small private forest holders (under 20 hectares) the aid intensity can go up to 90% of the expenditure2, except for the purchase of equipment referred to in recital (55)(b).

C) Reforestation (Section 2.8.1 of the Guidelines)

(48) The measure covers support for reforestation, advance planting, additional planting, underplanting and repair planting in patchy or defoliated stands as a result of extreme weather events and their impact, by means of seeding or planting and natural regeneration, including young plantation preparation. Support includes the protection and safeguarding of young plantations during the first five years. The measure is expected to have a positive impact on biodiversity and climate protection.

(49) Eligible costs: costs of the technical preparation, management and coordination of the measure; the purchase of suitable forest propagation material; purchase of materials for the protection of young plantations (e.g. fencing), costs for the use of contractors and capitalised works of the beneficiaries.

(50) Measures are eligible only if site-appropriate tree species are used, whereby a sufficient number of local and climate-tolerant tree species must be planted. When establishing stands, local native tree species are to be planted in such a way to ensure that their adequate share remains assured. In case of reforestation, pure conifer plantations and mixed plantations with less than 30% deciduous trees are not eligible with the exception of justified cases where local growth conditions cannot support adequate shares of deciduous trees. Natural regeneration of site-appropriate deciduous trees can be taken into account when determining the share of deciduous trees. In case of rejuvenation measures exceeding 1 hectare, the maximal share of single species cannot exceed 75%.

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2 Only until 31 December 2022.
Aid intensity: up to 80% of the expenditure. The aid intensity can go up to 90% of the expenditure for small private forest holders (under 20 hectares)\(^3\) or where exclusively local tree species are used.

2.10. Common features to all measures

The measures must relate directly to tackling the direct and collateral damage caused by extreme weather events (e.g. bark beetle) and the restoration of site-appropriate forest stands adapted to the climate on the affected land.

Unpaid work done voluntarily by the beneficiaries and their family members (\textit{Eigenleistung}) is eligible for up to 80% of the expenditure that would result from the award of the works to a company or had similar work been carried out in a State forest\(^4\).

Aid provided in kind by the beneficiaries is eligible for up to 80% of the market value.

The following costs are not eligible:

(a) regular logging operations;

(b) purchase of machinery and equipment, except - for measure B.3 above - for equipment that is necessary for the proper functioning of the respective installations;

(c) measures on land where forest management is permanently prohibited by legislation, e.g. core areas of national parks or biosphere reserves, with the exception of the measures referred to in recital (43) (c) and (d);

(d) measures on land transferred to the beneficiary free of charge for the purpose of nature conservation, with the exception of the measures referred to in recital (43)(c) and (d);

(e) municipal obligatory duties;

(f) advisory services provided by public administrations in connection with the aid application;

(g) VAT, except where it is non-recoverable.

3. Assessment of the measure

According to Article 107(1) 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".

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\(^3\) Only until 31 December 2022.

\(^4\) The German authorities explained that the accounting results of the State Forest Administration (\textit{Staatsforstverwaltung}) are used to create a list of reference values for the different activities.
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.

The scheme in question is imputable to the State and financed through State resources (recital (8)). It is selective because only undertakings active as forest holders, as well as recognised forestry associations and other associations of equal status are eligible for aid with the exclusion of all other undertakings. It therefore gives only certain undertakings (recital (9)) a selective economic advantage, by strengthening their competitive 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 competition5.

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 trade6. The beneficiaries of aid operate in the forestry sector, where intra-EU trade takes place7. The sector concerned is open to competition at EU level and therefore sensitive to any measure in 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.

In light of the above, the Commission concludes that the conditions of Article 107(1) TFEU are fulfilled, therefore the proposed scheme constitutes State aid.

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

The aid scheme was notified to the Commission on 14 February 2020. It has not been implemented yet. Therefore, Germany has complied with its obligation under Article 108(3) TFEU.

3.2. Compatibility of the aid

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.

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

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.

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6 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.

7 In 2018, among EU Member States, after Sweden and Finland, Germany produced the most roundwood (71.8 million m³). Germany exported to and imported from other Member States, respectively, 5.4 million m³ and 9.2 million m³ of roundwood in 2018 (EUROSTAT: Forestry database - Roundwood production and trade).
For this derogation to be applicable, the aid must comply with the relevant Union State aid rules.

3.2.2. Application of the Guidelines

As regards the notified aid scheme, Part I, Part II, Section 2.1.3 "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 2.1.6 “Aid for investments in infrastructure related to the development, modernisation or adaptation of forestry” and Section 2.8.1 “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” and Part III of the Guidelines are applicable.

3.2.2.1. Common Assessment Principles

Contribution to a common objective

As indicated in recitals (4) and (15), the objective of the notified aid scheme is to support investments to cope with the consequences of extreme weather events in forests and to ensure the conservation and restoration of forest ecosystems and biodiversity, thereby promoting the environmental, protective and recreational function of forests. The notified scheme thus contributes to a common objective in line with points (43) and (44) of the Guidelines. The notified scheme contains a set of rural development-like measures that can be regarded as fitting into and consistent with the rural development policy, as described in recital (19) above. The Commission thus considers that the provisions of point (47) of the Guidelines are complied with and that the scheme contributes to the objectives of rural development. 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, which are 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 this section to the rural development objectives.

Taking into account the objective of the scheme (recitals (4) and (15)) and the information submitted by the German authorities (recital (16) and (17)), no negative impact on the environment within the meaning of point (52) of the Guidelines has been identified.

The Commission thus considers that the provisions concerning the contribution to a common objective are complied with.

Need for State intervention

Since the notified scheme complies with the specific provisions of the relevant sections of Part II of the Guidelines (recitals (91), (94) and (99)), the Commission considers, in line with point (55) of the Guidelines, that the aid is necessary to achieve the objectives of common interest.

Appropriateness of aid

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.
Since the present scheme complies with the specific provisions of the relevant sections of Part II of the Guidelines (recitals (91), (94) and (99)) and the German authorities explained why the option of rural development-like measures was chosen (recital (20)), in line with points (57) and (58) of the Guidelines the Commission considers the policy instrument appropriate.

As regards investment aid not covered by Regulation (EU) No 1305/2013, the German authorities explained why other potentially less distortive forms of aid do not exist at the moment (recital (14)), as required by point (62) of the Guidelines. Furthermore, with regard to forestry measures under Section 2.8 of Part II of the Guidelines, they demonstrated that the ecological, protective and recreational objectives they are aiming to cannot be otherwise achieved (recital (17)), in line with 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**

It follows from recital (24) 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) and (72) of the Guidelines. The German authorities also confirmed that in case of large undertakings the national authorities will fulfil the obligations under point (73) of the Guidelines.

According to point (75)(r) of the Guidelines, aid for the costs of treatment and preventing the spreading of pests and tree diseases in accordance with Section 2.8.1 of Part II (measures described under sections B.1, B.2, and B.3 above) is not required or is deemed to have an incentive effect.

The Commission therefore considers that the aid has an incentive effect in line with points (70) to (75) of the Guidelines.

**Proportionality of the aid**

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. As shown in section 3.2.2.2 below (recitals (91), (94) and (99)), the present scheme fulfils the specific conditions regarding the eligible costs and the aid intensities laid down in the relevant sections of Part II of the Guidelines and thus the provisions of point (84) of the Guidelines are complied with.

In line with point (85) of the Guidelines, the granting authorities will calculate the maximum aid intensity when granting the aid and the eligible costs will need to be supported by clear, specific and contemporary documentary evidence (recital (24)).

VAT is not eligible for aid, except where it is non-recoverable (recital (55)(g)), in compliance with the provisions of point (86) of the Guidelines.

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As described in recital (25), the German authorities ensured that aid amounts to large undertakings will not exceed the minimum necessary to render the project sufficiently profitable, complying with the provisions of points (96) and (97) of the Guidelines.

The German authorities have confirmed that aid cannot be cumulated with aid received from other local, regional, national or EU schemes to cover the same eligible costs (recital (21)), in line with points (99) and (100) of the Guidelines.

On this basis, the criterion of proportionality is complied with.

Avoidance of undue negative effects on competition and trade

As regards distortions of competition and trade in case of investments in the forestry sector, as described in recital (23) the German authorities demonstrated that any negative effects will be limited to the minimum according to points (115) and (116) of the Guidelines.

Additionally, since the notified scheme complies with the provisions of the applicable specific Sections of Part II of the Guidelines and does not exceed the relevant maximum aid intensities (recitals (90), (93) and (98)), the Commission considers, in line with point (113) of the Guidelines, that the negative effect on competition and trade is limited to the minimum.

Transparency

The transparency requirement is complied with as shown in recital (26).

3.2.2.2. Specific assessment according to the category 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 of the Guidelines)

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 (9) above, this provision is complied with.

In line with point (521)(a) of the Guidelines, the eligible costs concern the establishment of protective infrastructure, namely investments for the prevention and control of forest fires (recital (43)). The German authorities confirmed that no aid will be granted for agricultural related activities in areas covered by agri-environmental-climate commitments (recital (45)). The requirements of point (521) of the Guidelines are therefore complied with.

In line with point (524) of the Guidelines, the German authorities confirmed that the eligible operations are consistent with the relevant regional forest protection plan (recital (44)).

As described in recital (44), preventive measure against forest fires are eligible only for forest areas classified as a medium to a high forest fire risk. The requirement of point (525) of the Guidelines is therefore satisfied.

According to point (526) of the Guidelines, no aid may be granted for loss of income resulting from the risk event. It follows from the description of the eligible costs in recital (43) that this provision is complied with.
As described in recital (47), the aid intensity is below the maximum aid intensity laid down in point (527) of the Guidelines.

The specific requirements set out in section 2.1.3 of the Guidelines are therefore met.

Aid for investments in infrastructure related to the development, modernisation or adaptation of forestry (Section 2.1.6 of the Guidelines)

Aid covers investments in tangible assets which concern infrastructure related to the development, modernisation or adaptation of forests, in particular the access to forest land (recitals (39) and (40)), in line with point (543) of the Guidelines.

According to point (544) of the Guidelines, for investments for forest roads which are open to the public free of charge and which serve the multifunctional aspects of the forest the aid intensity is limited to 100% of the eligible costs. As described in recitals (41) and (47) above, the relevant measure complies with the provisions of point (544) of the Guidelines.

The specific requirements set out in Section 2.1.6 of the Guidelines are therefore met.

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 of the Guidelines)

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 of trees in existing forests, the removal of trees and the planning costs for such measures, 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 recitals (27) and (48), the provisions of points (590) and (594) of the Guidelines are complied with.

Pursuant to point (594a) of the Guidelines, aid can be granted for the costs of treating and preventing the spreading of pests and tree diseases, in particular for preventive and treatment measures including soil preparation for replanting, and the products, appliances and materials necessary for such measures, whereby biological, physical and other non-chemical mechanical prevention and treatment methods must be preferred to chemical methods. The objective and eligible costs described above in recitals (30), (31), (33), (34), (36) and (37) are in line with point (594a) of the Guidelines.

As described in recital (22), as required by point (591) of the Guidelines 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.

The aid intensity is below the maximum level laid down in point (592) of the Guidelines (recitals (29), (47) and (51)) and the beneficiaries are undertakings active in the forestry sector (recital (9)) in accordance with point (593) of the Guidelines.
The specific requirements set out in Section 2.8.1 of the Guidelines are therefore complied with.

3.3. Other observations

The Commission takes note that aid will be granted to undertakings in difficulty only in cases where the financial difficulty of an undertaking has been caused by the risk event covered by the notified scheme, except for the measures referred to in recital (12), where undertakings in difficulties are excluded from any support. This is in line with point (26) of the Guidelines.

The Commission takes note that the aid will not be granted to undertakings still having at their disposal an earlier unlawful aid that was declared incompatible by a Commission decision are excluded from the support (recital (13)), in line with point (27) of the Guidelines.

In accordance with point (719) of the Guidelines the Commission only authorises schemes of limited duration. Aid schemes other than those benefiting from co-financing under Regulation (EU) No 1305/2013 and its implementing regulation should not apply for more than seven years. It follows from recital (6) above that this requirement is met.

The Commission takes note that, where necessary, the German authorities will adapt the scheme to the new State aid rules in force after the expiry of the Guidelines (recital (7)).

The Commission therefore concludes 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) of the Treaty on the Functioning of the European Union.
If this letter contains confidential information which should not be disclosed to third parties, please inform the Commission within fifteen working days of the date of receipt. If the Commission does not receive a reasoned request by that deadline, you will be deemed to agree to the disclosure to third parties and to the publication of the full text of the letter in the authentic language on the Internet site: http://ec.europa.eu/competition/elojade/isef/index.cfm.

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European Commission,
Directorate-General Competition
State Aid Greffe
B-1049 Brussels
Stateaidgreffe@ec.europa.eu

Yours faithfully,

For the Commission

Margrethe VESTAGER
Executive Vice-President