EUROPEAN COMMISSION



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PUBLIC VERSION

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Subject:

State Aid SA.62793 (2021/N) - Italy

Amendment of the measures SA.57947 (2020/N) and SA.59509 (2020/N) "COVID-19: Support measures for undertakings carrying out activities in the agricultural, forestry, fishery and aquaculture sectors and the activities related thereto, in relation with the COVID-19 outbreak crisis"

Excellency,

1. Procedure

(1) By electronic notification of 22 April 2021, supplemented by additional information sent by e-mail of 3 May 2021 Italy notified a measure consisting in an amendment to the State aid measures SA.57947 and SA.59509 (2020/N) "Support measures for undertakings carrying out activities in the agricultural, forestry, fishery and aquaculture sectors and the activities related thereto, in relation with the COVID-19 outbreak crisis" ("the existing aid measures") approved by Commission Decisions respectively C(2020) 4977 final of 15 July 2020 and C(2020) 8830 final of 7 December 2020 ("the initial decisions") under the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, as amended ("the Temporary Framework").\(^1\) SA.57947 (2020/N) has been amended by SA.59509 with prolonging the application and increasing the budget. SA.59509 also introduced aid under section 3.12. of the Temporary Framework in addition to the existing aid measure under section 3.1 of the latter.

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¹ Communication from the Commission - Temporary framework for State aid measures to support the economy in the current COVID-19 outbreak (OJ C 91I, 20.3.2020, p. 1), as amended by Commission Communications C(2020) 2215 (OJ C 112I, 4.4.2020, p. 1), C(2020) 3156 (OJ C 164, 13.5.2020, p. 3), C(2020) 4509 (OJ C 218, 2.7.2020, p. 3), C(2020) 7127 (OJ C 340I, 13.10.2020, p. 1) and C(2021) 564 (OJ C 34, 1.2.2021, p. 6).

(2) Italy exceptionally agrees to waive its rights deriving from Article 342 of the Treaty on the Functioning of the European Union ("TFEU"), in conjunction with Article 3 of Regulation 1/1958² and to have this Decision adopted and notified in English.

2. DESCRIPTION OF THE MEASURE

- (3) By this notification, the Italian authorities wish to amend the existing aid measures SA.57947 (2020/N) and SA.59509 (2020/N). The objective of the existing aid measures is to remedy the severe lack of liquidity suffered by the undertakings in the agricultural, forestry, fishery and aquaculture sectors that puts at risk the continuation of their activity. The measures, as modified by the notified measure, pursue the same objective.
- (4) The amendments concern an increase of the overall budget of the existing aid measures by EUR 500 million, the prolongation of their application until 31 December 2021 and the adaptation of the national legal basis to take advantage of the 5th amendment of the Temporary framework by adopting the increased maximum amounts of aid per undertaking provided for by the 5th amendment. Accordingly the overall nominal value of aid in the form of limited amounts of aid is as follows (all figures are gross, that is, before any deduction of tax or other charges): EUR 225 000 per undertaking active in the primary production of agricultural products (previously EUR 100 000), EUR 270 000 per undertaking active in the fishery and aquaculture sector (previously EUR 120 000) and EUR 1.8 million per undertaking active in the forestry sector or in the processing and marketing of agricultural product or in the other sectors within which fall the activities related to agriculture, forestry and fishery and aquaculture (e.g. catering, agro-tourism, didactic farms) (previously EUR 800 000). The overall aid for uncovered fixed costs will not exceed EUR 10 million per undertaking (previously EUR 3 million). The total budget of the measure will then amount to EUR 2 billion.
- (5) All the other conditions of the existing aid measures remain unchanged and as described in the initial decisions.
- (6) The legal basis for the measure is the new draft decree of the Ministry for agricultural, food and forestry policies concerning measures to support undertakings active in the agricultural, forestry, fishery and aquaculture sectors and performing activities related to the agricultural, forestry, fishery and aquaculture sectors in relation to the Covid-19 outbreak crisis ("Decreto del Ministro delle politiche agricole alimentari e forestali concernente le misure a sostegno delle imprese attive nei settori agricolo e forestale, nei settori della pesca e acquacoltura e nelle attività connesse ai settori agricolo e forestale, ai settori della pesca e acquacoltura in relazione all'emergenza epidemiologica da Covid-19"), which, albeit repealing the decree of the Ministry for agricultural, food and forestry policies n. 9394357 of 22 December 2020, contains the same provisions as the former save for the modifications described in recital (4).

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Regulation No 1 determining the languages to be used by the European Economic Community, OJ 17, 6.10.1958, p. 385.

3. ASSESSMENT

3.1. Lawfulness of the measure

(7) By notifying the measure before putting it into effect, the Italian authorities have respected their obligations under Article 108(3) TFEU.

3.2. Existence of State aid

- (8) For a measure to be categorised as aid within the meaning of Article 107(1) TFEU, all the conditions set out in that provision must be fulfilled. First, the measure must be imputable to the State and financed through State resources. Second, it must confer an advantage on its recipients. Third, that advantage must be selective in nature. Fourth, the measure must distort or threaten to distort competition and affect trade between Member States.
- (9) The existence of aid within the meaning of Article 107(1) TFEU was assessed and established in recitals (27) to (32) of SA.57947 complemented by recitals (22) and (23) of SA.59509 (the initial decisions), to which the Commission hereby refers since the amendments introduced with the current decision have no impact on the initial assessment of the measure.

3.3. Compatibility

- (10) The Commission has examined the notified measure pursuant to Article 107(3)(b)TFEU.
- (11) Pursuant to Article 107(3)b) the Commission may declare compatible with the internal market aid "to remedy a serious disturbance in the economy of a Member State".
- (12) By adopting the Temporary Framework on 19 March 2020, the Commission acknowledged (in Section 2) that "the COVID-19 outbreak affects all Member States and that the containment measures taken by Member States impact undertakings". The Commission concluded that "State aid is justified and can be declared compatible with the internal market on the basis of Article 107(3)(b) TFEU, for a limited period, to remedy the liquidity shortage faced by undertakings and ensure that the disruptions caused by the COVID-19 outbreak do not undermine their viability, especially of SMEs".
- (13) In its initial decisions, the Commission concluded that the existing aid measures were necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State pursuant to Article 107(3)(b) TFEU since they met all the relevant conditions of the Temporary Framework.
- (14) The Commission refers to its analysis of compatibility as set out in recitals (33) to (41) of SA.57947 and recitals (24) to (34) of SA.59509 (the initial decisions). Apart from the modifications referred to in recital (4) above, the Commission notes that the measure encompasses no other alterations to the existing aid measures (recital (5)). The Commission considers that the estimated increase in the total budget is appropriate, proportionate and necessary to achieve the objectives of the existing aid measures more effectively, taking into account that the duration of the existing aid measures is prolonged.

- (15) The increase of the maximum amount of aid per undertaking is in line with points 22a, 23a and 87d of the Temporary Framework. The prolonged duration of the existing aid measures is in line with points 22d and 87a of the Temporary Framework.
- (16) The Commission therefore considers that the notified measure does not affect the compatibility analysis of the existing aid measures as set out in the initial decisions.

4. CONCLUSION

The Commission has accordingly decided not to raise objections to the measure on the grounds that it is compatible with the internal market pursuant to Article 107(3)(b) of the Treaty on the Functioning of the European Union.

Yours faithfully,

For the Commission

Margrethe VESTAGER Executive Vice-President