EUROPEAN COMMISSION

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PUBLIC VERSION
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SUBJECT: STATE AID SA.58794 (2020/N) – FINLAND
COVID-19: Amendment Temporary aid to undertakings in primary agricultural production (SA.57231)

Excellency,

1. PROCEDURE

(1) By electronic notification of 29 September 2020, Finland notified amendments (“the notified amendments”) to the aid scheme SA.57231 (“the existing aid scheme”) approved by Decision of 6 May 2020 (“COVID-19: Temporary aid to undertakings in primary agricultural production”) (“the initial Decision”) under the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, as amended (“the Temporary Framework”)


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Finland 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 1/1958 and to have this Decision adopted and notified in English.

2. DESCRIPTION OF THE SCHEME

2.1. BACKGROUND

The initial Decision had already once been amended by Decision of 13 July 2020 (SA.57958 (2020/N)) ("the previous amendment"). The previous amendment was based on Article 107(3)(b) TFEU, in light of sections 2 and 3.1 of the Temporary Framework.

The previous amendment introduced the possibility to grant aid to micro or small enterprises (within the meaning of Annex I of the agricultural block exemption regulation ("ABER")) that were already in difficulty on 31 December 2019, provided that at the moment of the granting, these enterprises are not subject to collective insolvency procedure under national law, and that they have not received rescue aid or restructuring aid.

The compatibility assessment of the notified amendments is based on Article 107(3)(b) TFEU, in light of sections 2 and 3.1 of the Temporary Framework.

2.2. LEGAL BASIS

The legal bases of the notified amendments are:

(a) Draft, Government Decree amending Government Decree on temporary aid to undertakings in primary agricultural production, ("Luonnos, Valtioneuvoston asetus maatalouden alkutuotannon yritysten väliaikaisesta tuesta annetun valtioneuvoston asetuksen muuttamisesta");

(b) Government Decree on temporary aid to undertakings in primary agricultural production (Valtioneuvoston asetus maatalouden alkutuotannon yritysten väliaikaisesta tuesta);

(c) The Act on Discretionary Government Transfers (2001/688), (Valtionavustuslaki (2001/688));

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


### 2.3. The Objective of the Scheme

(7) The objective is to prevent negative economic and employment impacts by providing support to undertakings in order to adapt and continue to operate profitably during and after the crisis. The scheme will help undertakings to cover their immediate liquidity needs and, thus, ensure that they can continue their core activities during and after the crisis.

### 2.4. Sectoral and Regional Scope of the Scheme

(8) The scheme is open to undertakings in the primary agricultural sector. It applies to the whole territory of Finland.

### 2.5. The Notified Amendments

(9) With this notification, Finland increases the budget of the scheme and the maximum aid amount in the national legislation (recital (6)(b) of this Decision). The purpose is to minimize the differences between the initial Decision, which is limited to the primary agricultural sector, and the general Act on Temporary Cost Support for Undertakings (“*määräaikaisesta kustannustuesta annettu laki 508/2020*”) (hereafter “the General Cost Support”), as adopted by Decision of 24 April 2020 (SA.56995 (2020/N)) and amended by Decision of 13 July 2020 (SA.57958 (2020/N)).

(10) The notified amendments introduce the following changes:

   a) The budget of the scheme is increased by EUR 48 million to a total of EUR 78 million;

   b) Investments or purchases of inputs other than essential feeding stuffs needed to ensure the health and business continuity of farmed animals are excluded from the eligible expenditures;

   c) The maximum notified aid amount per undertaking is increased to EUR100 000.

(11) The Finnish authorities have also confirmed that there are no further amendments, notably as regards cumulation and the monitoring and reporting obligations as contained in the initial Decision.

### 3. Assessment

#### 3.1. Lawfulness of the Measure

(12) By notifying the measure before putting it into effect, the Finnish authorities have respected their obligations under Article 108(3) TFEU.
3.2. **EXISTENCE OF STATE AID**

(13) 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.

(14) The qualification of the scheme as State aid was established in recitals (27) to (32) of the initial Decision. The Commission further notes that the notified amendments do not change the initial assessment, which applies also to them.

(15) In view of the above, the Commission concludes that the scheme, as modified by the notified amendments, constitutes aid within the meaning of Article 107(1) TFEU. The Finnish authorities do not contest that conclusion.

3.3. **COMPATIBILITY**

(16) Since the measure involves aid within the meaning of Article 107(1) TFEU, it is necessary to consider whether that measure is compatible with the internal market.

(17) In the initial Decision, the Commission assessed the existing aid scheme on the basis of Article 107(3)(b) TFEU in light of the Temporary Framework and concluded that it was compliant with the compatibility conditions set out in the Temporary Framework. The Commission refers to its compatibility assessment as set out in recitals (33) to (40) of the initial Decision.

(18) The Commission considers that the modifications in respect of the maximum amount of aid per beneficiary (recital (10)c) of this Decision), as well as the exclusion of certain expenses from eligible expenses and increase of the budget of the scheme have no impact on the compliance of the scheme, as amended, with Section 3.1 of the Temporary Framework. The notified amendments increase the maximum aid to EUR 100 000. Thus the overall nominal value of the direct grants does not exceed EUR 100 000 per undertaking active in the primary agricultural sector. The measure therefore complies with point 23(a) of the Temporary Framework.

(19) Apart from the modifications referred to in recital (10) of this Decision, the Commission notes that there are no other changes to the existing aid scheme. The Commission further observes that the notified amendments do not affect the compliance of the scheme with the rules on cumulation and they have no impact on the monitoring and reporting obligations as laid down in point 20 and Section 4 of the Temporary Framework, which Finland has committed to observe.

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In light of the above, the Commission considers that the notified amendments do not affect the compatibility analysis of the existing aid scheme as set out in the initial Decision, as amended.

4. CONCLUSION

The Commission has accordingly decided not to raise objections to the aid 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.

The decision is based on non-confidential information and is therefore published in full on the Internet site: http://ec.europa.eu/competition/elojade/isef/index.cfm.

Yours faithfully,

For the Commission

Margrethe VESTAGER
Executive Vice-President