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Subject: **State aid SA.63570 (2021/N) – Greece  
COVID-19: Grants throughout the country for the agricultural  
sectors of i. Pig breeding, ii. Native black pig breeding and iii. Honey  
production.**

Excellency,

#### **1. PROCEDURE**

- (1) By electronic notification of 17 June 2021, Greece notified an aid scheme in the form of limited amounts of aid (*“Χορήγηση κρατικών ενισχύσεων σε όλη την Επικράτεια στους τομείς : α) της εκτροφής χοίρων, β) της εκτροφής αυτόχθονων μαύρων χοίρων, και γ) της παραγωγής μελιού”*, “the measure”) under the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, as amended (“the Temporary Framework”)<sup>1</sup>.
- (2) Greece exceptionally agrees to waive its rights deriving from Article 342 of the Treaty on the Functioning of the European Union (“TFEU”), in conjunction with

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<sup>1</sup> 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).

Κύριος Νίκος Δένδιας  
Υπουργός Εξωτερικών  
Βασιλίσσης Σοφίας 5  
Ελλάδα - 10671 Αθήνα

Article 3 of Regulation 1/1958<sup>2</sup>, and to have this Decision adopted and notified in English.

## **2. DESCRIPTION OF THE MEASURE**

- (3) Greece considers that the COVID-19 outbreak affects the real economy. The measure forms part of an overall package of measures and aims to ensure that sufficient liquidity remains available in the market, to counter the liquidity shortage faced by undertakings because of the outbreak, to ensure that the disruptions caused by the outbreak do not undermine the viability of the undertakings and thereby to preserve the continuity of economic activity during and after the outbreak.
- (4) Greece confirms that the aid under the measure is not conditioned on the relocation of a production activity or of another activity of the beneficiary from another country within the EEA to the territory of the Member State granting the aid. This is irrespective of the number of job losses actually occurred in the initial establishment of the beneficiary in the EEA.
- (5) The compatibility assessment of the measure is based on Article 107(3)(b) TFEU, as interpreted by Sections 2 and 3.1 of the Temporary Framework.

### **2.1. Nature and form of aid**

- (6) The measure provides aid in the form of direct grants.

### **2.2. National legal basis**

- (7) The legal basis of the measure are the Article 1, paragraphs 1, 2 and 3 of Law 1338/83, paragraph 1 as amended by the provision of paragraph 1 of Article 6 of Law 1440/1984, and Article 3 of Law 1338/83, as amended by article 65 of Law 1892/1990 and by paragraph 10 of article 39 of Law 2065/92, and the Draft decision of the Minister of Rural Development and Food concerning the Grants throughout the country for the agricultural sectors of i. Pig breeding, ii. Native black pig breeding and iii. Honey production.

### **2.3. Administration of the measure**

- (8) The Ministry of Rural Development and Food is responsible for administering the measure.

### **2.4. Budget and duration of the measure**

- (9) The estimated budget of the measure is EUR 19 902 000.
- (10) Aid may be granted under the measure as from the notification of Commission's approval<sup>3</sup> until no later than 31 December 2021.

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

<sup>3</sup> As provided in Article 15, of the national legal basis.

- (11) The Greek authorities confirmed that the measure is not co-financed by the European Regional Development Fund (ERDF), the European Social Fund (ESF), Cohesion Fund (CF), the European Agricultural Fund for Rural Development (EAFRD), the European Maritime and Fisheries Fund (EMFF), the European Union Solidarity Fund (EUSF) or the Coronavirus Response Investment Initiative (CRII).

## **2.5. Beneficiaries**

- (12) The beneficiaries of the measure are the breeders of pigs and native black pigs and producers of honey. All sizes enterprises are eligible for aid. Financial institutions are excluded as eligible final beneficiaries. Beneficiaries are producers active in the primary production sector throughout the country who meet the following eligibility conditions:
- a) for pig breeders, beneficiaries are those who have submitted data on the number of sows and boars for the year 2020 in the Integrated Information System maintained at the General Directorate of Veterinary Medicine of the Ministry of Regional Development;
  - b) especially for the black pig breeders, the beneficiaries are the Greek black pig breeders who are registered in the genealogical book of the above breed that is kept at the Ministry of Rural Development and Food for the year 2020;
  - c) for the beekeepers, the beneficiaries are those who have joined Measure 3.2 of the Rural Development Program 2014-2020 for the year 2020.
- (13) Aid may not be granted under the measure to enterprises that were already in difficulty within the meaning of the Block Exemption Regulations<sup>4</sup> on 31 December 2019.

## **2.6. Sectoral and regional scope of the measure**

- (14) The measure is open to the pig breeding sector, the native black pig breeding sector and the honey production sector, as described in recital (12). Financial institutions are excluded as eligible final beneficiaries. The measure applies to the whole territory of Greece.

## **2.7. Basic elements of the measure**

- (15) The aim of the measure is to grant financial assistance to the farmers active in the primary agricultural subsectors concerned due to loss of income due to the COVID-19 epidemic, in order to mitigate its consequences.
- (16) For the pig breeding sector, the pork meat market is an important part of the livestock industry in Greece since it represents about 20% of the domestic meat

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<sup>4</sup> As defined in Article 2(18) of Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 187, 26.6.2014, p. 1 (“GBER”) and Article 2(14) of 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, OJ L 193, 1.7.2014, p. 1 (“ABER”).

market. It plays also a key role in domestic meat production as it is the second largest category of meat after poultry. Based on available data domestic pork production fluctuated in the year 2020 at almost the same levels as in 2019 increased in terms of quality. The corresponding demand in the same year, 2020, was severely affected by the restrictive measures taken to limit the spread of COVID-19. The oversupply of production pushed prices down leading to a gradual decline in the value of the product. On an annual basis, an estimated value of EUR 18 million is lost. The decrease in the value of primary production was exacerbated by the fall in exports of live pigs both in terms of quantity and value (-16.4%). At the same time, the total domestic demand for pork (domestic consumption, consumption by the catering industry and food industry enterprises) decreased by 16.1% compared to 2019, with a downward trend in the value of domestic consumption, as a result of reduced demand in the industry of mass catering, due to the cessation of operation and the reduction of tourism. Finally, taking into account the marginal increase in average production costs, the industry suffered a loss of EUR 28 million. It is proposed an aid of EUR 253.56 for mother animal for approximately 61,130 mother animals, which amounts to a total of EUR 15,500,122.80<sup>5</sup>.

- (17) For the native black pig breeding sector, the rapid spread of the African swine fever virus in Balkans and the necessary adoption of drastic biosecurity measures in combination with the COVID pandemic measures have led to a reduction in demand while at the same time high capital is required having as result the minimizing of any profit margin. It is proposed an aid of EUR 353.46 for 3,395 animal (approximately 3,140 mother animals + 255 boars), which amounts to a total of EUR 1,199,996.70<sup>6</sup>.
- (18) For honey producers, their loss of income due to the COVID pandemic is based on the reduction of the production due to the restrictions of movement in the spring of 2020, the reduced quantities of Greek honey absorbed by markets compared to previous years, the reduced prices compared to previous years and depending on the total quantity of honey to be marketed, the increase of the production cost due to the forced feeding of bee colonies both for their maintenance and for the production of honey. Based on the data of the National Interprofessional Organization of Honey and other organizations in the beekeeping sector, it is estimated a loss of income of 30%. It is proposed an aid of EUR 3.39 for each cell for approximately 944,357 cells, which amounts to a total of EUR 3,201,370.23.
- (19) The overall nominal value of direct grants does not exceed EUR 225 000 per undertaking active in the primary production of agricultural products, all figures gross, that is, before any deduction of tax or other charges.
- (20) Greece confirms that aid to undertakings active in the primary production of agricultural products is not fixed on the basis of the price or quantity of products put on the market.

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<sup>5</sup> For pig breeders a prerequisite is that they had at least ten female animals over six months old on 30 June 2020.

<sup>6</sup> For native black pig breeders a prerequisite is that they had at least ten female animals over six months old on 30 June 2020.

## **2.8. Cumulation**

- (21) The Greek authorities confirmed that aid granted under the measure will not be cumulated with *de minimis* aid<sup>7</sup> or with aid under the ABER or GBER for the same identifiable eligible costs.
- (22) The Greek authorities confirm that aid under the notified measure will not be cumulated with other forms of Union financing.
- (23) The Greek authorities confirmed that aid granted under the measure may be cumulated with aid granted under other measures approved by the Commission under other sections of the Temporary Framework provided the provisions in those specific sections are respected.
- (24) The Greek authorities confirmed that if the beneficiary receives aid on several occasions or in several forms under the measure or aid under other measures approved by the Commission under section 3.1 of the Temporary Framework, the overall maximum cap per undertaking, as set out in point 23(a) of that Framework, will be respected.
- (25) Moreover, where an undertaking is active in several sectors to which different maximum aid amounts apply in accordance with points 22(a) and 23(a) of the Temporary Framework, Greece will ensure, by appropriate means such as separation of accounts, that the relevant ceiling is respected for each of those activities and that the overall maximum amount of EUR 1.8 million is not exceeded per undertaking. Where an undertaking is active in the sectors covered by point 23(a) of the Temporary Framework, the overall maximum amount of EUR 270 000 is not exceeded per undertaking.

## **2.9. Monitoring and reporting**

- (26) The Greek authorities confirmed that they will respect the monitoring and reporting obligations laid down in Section 4 of the Temporary Framework (including the obligation to publish relevant information on each individual aid above EUR 10 000 granted under the measure on the comprehensive State aid website or Commission's IT tool within 12 months from the moment of granting<sup>8</sup>).

## **3. ASSESSMENT**

### **3.1. Lawfulness of the measure**

- (27) Greece has committed not to grant any aid before the notification of the approval by the Commission of the notified measure. By notifying the measure before putting it into effect, the Greek authorities have respected their obligations under Article 108(3) TFEU.

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<sup>7</sup> Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid (OJ L 352, 24.12.2013, p.1), and Commission Regulation (EU) No 1408/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid in the agriculture sector (OJ L 352, 24.12.2013 p. 9).

<sup>8</sup> Referring to information required in Annex III GBER and Annex III ABER.

### 3.2. Existence of State aid

- (28) 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.
- (29) The measure is imputable to the State, since it is administered by the Ministry of Rural Development and Food, as shown in recital (8), and is based on the Draft decision of the Minister of Rural Development and Food concerning the Grants throughout the country for the agricultural sectors of i. Pig breeding, ii. Native black pig breeding and iii. Honey production, as shown in recital (7). It is financed through State resources, since it is financed by public funds.
- (30) The measure confers an advantage on its beneficiaries in the form of direct grants, as shown in recital (6). The measure confers on those beneficiaries an advantage, which they would not have had under normal market conditions.
- (31) The advantage granted by the measure is selective, since it will be awarded only to certain undertakings, in particular for undertakings active in a specific production sector, excluding the financial sector, as shown in recital (12).
- (32) The measure is liable to distort competition, since it strengthens the competitive position of its beneficiaries. It also affects trade between Member States, since those beneficiaries are active in sectors in which intra-Union trade exists.
- (33) In view of the above, the Commission concludes that the measure constitutes aid within the meaning of Article 107(1) TFEU. The Greek authorities do not contest that conclusion.

### 3.3. Compatibility

- (34) 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.
- (35) Pursuant to Article 107(3)(b) TFEU the Commission may declare compatible with the internal market aid *“to remedy a serious disturbance in the economy of a Member State”*.
- (36) 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”*.
- (37) The measure aims at receiving that compensation at a time when the normal functioning of markets is severely disturbed by the COVID-19 outbreak and that

outbreak is affecting the wider economy and leading to severe disturbances of the real economy of Member States.

- (38) The measure is one of a series of measures conceived at regional level by the Greek authorities to remedy a serious disturbance in their economy. The measure is important to preserve employment and economic continuity, is widely accepted by economic commentators and the measure is of a scale which can be reasonably anticipated to produce effects across the targeted subsectors in Greece. Furthermore, the measure has been designed to meet the requirements of a specific category of aid ("*Limited amounts of aid*") described in section 3.1 of the Temporary Framework.
- (39) The Commission accordingly considers that the measure is necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State and meets all the conditions of the Temporary Framework. In particular:
- The aid takes the form of direct grants, as shown in recital (6).
  - The overall nominal value of direct grants does not exceed EUR 225 000 per undertaking active in the primary production of agricultural products, all figures must be gross, that is, before any deduction of tax or other charges, as shown in recital (19). If the beneficiary receives aid on several occasions or in several forms under the measure or aid under other measures approved by the Commission under section 3.1 of the Temporary Framework, the overall maximum cap per undertaking, as set out in point 23(a) of that Framework, will be respected, as shown in recital (24). The measure therefore complies with point 23(a) of the Temporary Framework.
  - Aid is granted under the measure on the basis of a scheme with an estimated budget as indicated in recital (9). The measure therefore complies with point 22(b) of the Temporary Framework.
  - Aid can be granted under the measure to all sizes of enterprises, as shown in recital (12). Aid may not be granted under the measure to enterprises that were already in difficulty on 31 December 2019, as shown in recital (13). The measure therefore complies with point 22(c) of the Temporary Framework.
  - Aid will be granted under the measure no later than 31 December 2021, as shown in recital (10). The measure therefore complies with point 22(d) of the Temporary Framework.
  - Aid granted to undertakings active in the primary production of agricultural products must not be fixed on the basis of the price or quantity of products put on the market, as shown in recital (20). The measure therefore complies with point 23(b) of the Temporary Framework
  - Where an undertaking is active in several sectors to which different maximum aid amounts apply in accordance with points 22(a) and 23(a) of the Temporary Framework, Greece will ensure, by appropriate means such as separation of accounts, that the relevant ceiling is respected for each of those activities and that the overall maximum amount of EUR 1.8 million is not exceeded per undertaking. Where an undertaking is active in the sectors

covered by point 23(a) of the Temporary Framework, the overall maximum amount of EUR 270 000 is not exceeded per undertaking, as shown in recital (25). The measure therefore complies with point 23bis of the Temporary Framework.

- (40) The Greek authorities confirm that the monitoring and reporting rules laid down in section 4 of the Temporary Framework will be respected, as shown in recital (26). The Greek authorities further confirm that the aid under the measure may only be cumulated with other aid, provided the specific provisions in the sections of the Temporary Framework are respected and the cumulation rules of the relevant Regulations are respected, as shown in recitals (21) to (23).
- (41) The Commission therefore considers that the measure is necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State pursuant to Article 107(3)(b) TFEU since it meets all the relevant conditions of the Temporary Framework.

#### **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