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**Subject: State Aid SA.100609 (2021/N) – Latvia
COVID-19: State aid to mitigate the negative effects of COVID-19
outbreak in the micro-green production and in the fisheries and
aquaculture sector (amendments to SA.64033)**

Excellency,

1. PROCEDURE

- (1) By electronic notification of 10 November 2021, Latvia notified amendments (the “notified amendments”) to State aid measure SA.64033 *State aid to mitigate the negative effects of COVID-19 outbreak in the micro-green production and in the fisheries and aquaculture sector* (the “initial decision”)¹ under the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak (the “Temporary Framework”).²
- (2) On 23 November 2021 Latvia amended its notification by email.
- (3) Latvia exceptionally agrees to waive its rights deriving from Article 342 of the Treaty on the Functioning of the European Union (“TFEU”), in conjunction with

¹ Commission Decision C (2021) 5573 final of 20 July 2021.

² 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) C(2021) 564 (OJ C 34, 1.2.2021, p. 6) and C(2021) 8442 (OJ C 473, 24.11.2021, p. 1).

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Article 3 of Regulation 1/1958³ and to have this Decision adopted and notified in English.

1.1. DESCRIPTION OF THE NOTIFIED AMENDMENTS

- (4) Latvia wishes to amend the existing aid scheme SA.64033 ‘Procedures for the granting of State aid to mitigate the negative effects of Covid-19 spread in the micro-green production and in the fisheries and aquaculture sector’ approved by the Commission Decision C (2021) 5573 final (the “existing aid scheme”).
- (5) The amendment concerns the following:
 - a) introduction of the processing of agricultural products sector as an eligible sector (referred in recitals (7) to (10) of this Decision);
 - b) introduction of a new aid period from 1 October 2021 to 30 November 2021 for the micro-green production sector, preserving the specifications set out in recitals (19) and (20) of the initial decision;
 - c) prolongation of the granting period until the 30 June 2022 and introduction of increased aid ceilings as EUR 345 000 per undertaking active in the fishery and aquaculture sector and EUR 290 000 per undertaking active in the micro-green production sector; and
 - d) an increase of the budget from EUR 650 000 to EUR 7.65 million.
- (6) The measure provides aid in the form of direct grants.
- (7) The maximum amount of grant will not exceed EUR 2.3 million per undertaking active in processing of agricultural products.
- (8) For the processing of agricultural production sector, beneficiaries are eligible
 - (a) if they are registered as taxpayers in the State Revenue Service;
 - (b) if they are registered or recognised in the Food and Veterinary Service as food undertakings;
 - (c) if either their net turnover in processing of agricultural production from 1 October 2020 to 30 November 2021, or in any of the months of this period, decreased by more than 10 % compared to the corresponding period in 2019;
 - (d) or if the stocks of finished processed agricultural products for sale on 31 October or on 30 November 2021 have increased by more than 15 % compared to the relevant date in 2019;
 - (e) or if the volume of production in processed agricultural products from 1 October 2021 to 30 November 2021, or in any one month of this period,

³ Regulation No 1 determining the languages to be used by the European Economic Community, OJ 17, 6.10.1958, p. 385.

has decreased by more than 10 % compared to the volume of production produced during the relevant period of 2019;

- (f) and they have provided evidence regarding the causal link between the net turnover reduction, the increase in stocks or the decrease in production volume with the Covid-10 outbreak, including evidence regarding supply contracts.
- (9) The amount of aid to the processing of agricultural products sector is calculated as follows:
- a) 30 % of the difference calculated from the net turnover of the processing of agricultural production during the period from 1 October 2021 to 30 November 2021, or in any one month of that period, minus the net turnover during the relevant period in 2019;
 - b) 30 % of the difference calculated from the value of stocks of finished processed agricultural products for sale on 31 October or on 30 November 2021, minus the value of the stock fixed at that date in 2019;
 - c) 30 % of the difference calculated from the value of production in the main branch during the period from 1 October 2021 to 30 November 2021 or in any month of that period, minus the value of production during the corresponding period of 2019.

The choice of one of the calculation methods shown in recital (9) a) to c) is specified in the application by the applicant. The submitted information have to be supported by an auditor's certification.

- (10) An applicant engaged in processing of agricultural products is not entitled to transfer the aid either in whole or in part to producers of primary agricultural products.
- (11) Apart from the notified amendments, Latvia confirms that no further amendments are proposed to the existing aid scheme and that all other conditions of that scheme remain unaltered.
- (12) The legal basis for the notified amendments is *'Draft Regulations of the Cabinet of Ministers "Procedures for the granting of State aid to mitigate the negative effects of Covid-19 spread in the processing of agricultural products, the micro-green production and in the fisheries and aquaculture sector'*. The legal basis applies only after a decision of the European Commission declaring the aid compatible with the internal market has been received.
- (13) Aid may be granted under the existing aid scheme, as amended, as from the notification of the Commission's approval of the notified amendments. The Latvian authorities confirmed that the amended scheme only applies after this approval.

2. ASSESSMENT

2.1. Lawfulness of the measure

- (14) By notifying the amendments before putting them into effect, the Latvian authorities have respected their obligations under Article 108(3) TFEU.

2.2. Existence of State aid

- (15) 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 be liable to affect trade between Member States.
- (16) The existing aid scheme constitutes State aid within the meaning of Article 107(1) TFEU for the reasons set out in recitals (32) to (37) of the initial decision. The notified amendments do not affect that conclusion. The Commission therefore refers to the respective assessment of the initial decision and concludes that the existing aid scheme, as amended, constitutes State aid within the meaning of Article 107(1) TFEU.

2.3. Compatibility

- (17) The existing aid scheme is compatible with the internal market pursuant to Article 107(3)(b) TFEU, since it meets the conditions of section 2 and section 3.1 of the Temporary Framework for the reasons set out in recitals (38) to (45) of the initial decision. The Commission therefore refers to the respective assessment of the initial decision.
- (18) The notified amendments do not affect that conclusion. In particular:
- a) As regards the general conditions of compatibility for all the measures of the scheme as well as the specific conditions of compatibility for the support measures referred to in recital (5) to (10), the assessment of the Commission as set out in recitals (38) to (42) and (44) to (45) of the initial decision applies.
 - b) The aid takes the form of direct grants as limited amounts of aid under the Temporary Framework (recital (6) of this decision; recitals (5) and (6) of the initial decision).
 - c) The conditions of 22(a) of the Temporary Framework are met as the overall nominal value of direct grants does not exceed EUR 2.3 million per undertaking active in the newly added processing of agricultural products sector (recital (7) of this decision).
 - d) In accordance with 23(a) of the Temporary Framework, the maximum amount of grant will not exceed EUR 345 000 per undertaking active in the fishery and aquaculture sector and EUR 290 000 per undertaking active in the primary production of agricultural products (recital (5) c) of this decision).

- e) The measure complies with point 22(d) of the Temporary Framework as Aid will be granted under the measure no later than 30 June 2022 (recital (5) c) of this decision).
 - f) Undertakings active in the processing of agricultural products are not entitled to transfer the aid on to primary producers. The measure therefore complies with point 22(e) of the Temporary Framework (recital (10) of this decision).
 - g) Further conditions remain as shown in recital (43) of the initial decision.
- (19) Apart from the notified amendments, Latvia confirms that no further amendments are proposed to the existing aid scheme and that all other conditions of that scheme remain unaltered.
- (20) The Commission therefore considers that the notified amendments are 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 meet all the relevant conditions of the Temporary Framework. The Commission therefore considers that the notified amendments do not alter the Commission's conclusion on the compatibility of the existing aid scheme in the initial decision.

3. CONCLUSION

The Commission has accordingly decided not to raise objections to the scheme, as amended, 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