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COMMISSION STAFF WORKING DOCUMENT
EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT

Accompanying the document

Commission Regulation

amending Regulation (EU) No 1408/2013 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

{C(2019) 1310 final} - {SEC(2019) 34 final} - {SWD(2019) 27 final}

Executive Summary
Impact assessment on the initiative to amend Commission Regulation (EU) No 1408/2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to <i>de minimis</i> aid in the agriculture sector
A. Need for action
What is the problem and why is it a problem at EU level?
The key problem in relation to <i>de minimis</i> aid is setting adequate aid ceilings. The current ceilings are unduly constraining and do not allow for the <i>de minimis</i> rules to fully achieve their objective of simplification and more focused State aid control. An additional issue is the monitoring of aid. These are problems at EU level because they affect the logic of State aid control.
What should be achieved?
Improvement of a well-established policy serving the objectives of simplification and focusing State aid control on more distortive subsidies.
What is the value added of action at the EU level (subsidiarity)?
The Union has exclusive competence in the area of State aid and only the Commission can review the <i>de minimis</i> rules. The only alternative is to postpone the review until 2020 when the validity of the current rules expires.
B. Solutions
What are the various options to achieve the objectives? Is there a preferred option?
The options relate mainly to variations in scale of possible changes to ceilings that define the concept of <i>de minimis</i> aid. The preferred option is a two-tier approach allowing Member States a choice between a larger increase of the ceilings, subject to a sector cap and mandatory use of central aid registers, or a lesser increase without further conditions.
What are different stakeholders' views? Who supports which option?
Almost all stakeholders (mostly farmers' associations and Member States' authorities) call for significantly higher aid ceilings. Farmers' associations are generally in favour of mandatory aid registers, whereas most Member States are against.
C. Impacts of the preferred option
What are the benefits of the preferred option (if any, otherwise of main ones)?
It strikes a fair balance between greater flexibility and maintaining a level-playing field for farmers, while keeping administrative costs at a proportionate level.
What are the costs of the preferred option (if any, otherwise of main ones)?
Costs are incurred only by Member States that opt for a larger increase, which requires central aid registers, and have not already set up such a register. Costs of setting up a register: Annual average cost of EUR 8 700. Costs of running a register: on average 105 working days per year.

What are the impacts on SMEs and competitiveness?
The beneficiaries of <i>de minimis</i> aid are mainly SMEs; this reflects the structure of the agriculture sector. The initiative has an overall positive impact for SMEs, as it facilitates a rapid granting of aid.
Will there be significant impacts on national budgets and administrations?
No significant impacts, other than the costs of the staff resources and IT-support needed to set up central aid registers. Extending the scope for granting <i>de minimis</i> aid is expected to result in cost savings in terms of a reduced need for State aid procedures.
Will there be other significant impacts?
No.
Proportionality?
The preferred option ensures proportionality by offering a two-tier approach.
D. Follow up
When will the policy be reviewed?
If Regulation (EU) No 1408/2013 is amended, its period of application will be set to expire on 31 December 2027. The next review would take place in the two to three years preceding that expiry.