Response of the Dutch authorities to the public consultation on targeted amendments to rules on small amounts of State aid to the agricultural sector, The Hague 12 July 2024

This response reflects the views of the Dutch 'Interdepartementaal Staatssteun Overleg (hereafter: ISO). The ISO is a central State aid coordination body composed of all Dutch ministries and representation of the regional and local authorities. The ISO is chaired by the Ministry of Economic Affairs. The Minister of Economic Affairs is responsible for competition policy in the Netherlands.

This is the response of the Dutch authorities to the public consultation to the draft targeted amendment to the rules on small amounts of aid to the agricultural sector (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) (hereafter: Agricultural *de minimis* Regulation). The Agricultural *de minimis* Regulation exempts small amounts from State aid control since they are deemed to have no impact on competition and trade in the Single Market.

In the draft proposal of the Agricultural *de minimis* Regulation the European Commission included the following changes compared to the current Agricultural *de minimis* Regulation:

i. The increase of the maximum *de minimis* ceiling per undertaking over three years from €25,000 to €37,000, to account for inflation (during the period 2019-2032). Since 2019, this individual *de minimis* ceiling is set at € 20,000 per undertaking. Member States can opt for a higher ceiling, set at € 25,000 provided that they set up a central register of *de minimis* aid at national level.
ii. The adjustment of the 'national caps', which are calculated based on the value of agricultural output. The current rules take into account the reference period 2012-2017 for this calculation. This reference period would be expanded to 2012-2023, which allows to take account of the increased value of agricultural production particularly during the last years, thereby increasing the national cap for all Member States. For the Netherlands this results in an increase from € 254.330.000 to € 510.710.000.
iii. The introduction of a maximum cumulative aid amount applying to aid measures which benefit only one single product sector. This sectoral maximum corresponds to 50% of the national cap.
iv. The maximum aid amount per undertaking will be calculated over a period of three years instead of three fiscal years, in line with the general *de minimis* rules.
v. The introduction of a mandatory central register of *de minimis* aid at national or EU level, in line with the general *de minimis* rules to increase transparency and reduce administrative burden on farmers who currently use a self-declaration system and as they will no longer need to self-monitor compliance.
vi. The Regulation will be prolonged until 2032.

General comments

The Dutch authorities welcome the draft targeted amendments of the Agricultural *de minimis* Regulation and its prolongation until 2032. The Dutch authorities thank the European Commission for the opportunity to comment on this draft through this public consultation. Regarding the proposed amendments, the Dutch authorities would like to bring the following comments to the attention of the European Commission.

The Dutch authorities are of the opinion that a well-functioning EU internal market that provides a level playing field is indispensable for European undertakings. The EU-competition rules have been an essential element of the success of European industry and the EU State aid rules are a central pillar to safeguard the level playing field in the internal market and to prevent subsidy races among EU Member States. According to the Dutch authorities, State aid should be limited to clearly justified cases and subject to strict criteria.

The agricultural *de minimis* regulation is an integral part of the EU toolbox for agriculture, alongside the Agricultural Block Exemption Regulation (ABER), and the guidelines for State aid in the agricultural and forestry sectors and in rural areas. The Dutch authorities consider it essential that the State aid frameworks are fit for purpose and that they are kept under constant review as to whether they need adjustment. In that context, the fact that the European Commission has taken note of the European Council's conclusions and is conducting this public consultation on the basis of the proposal, is appreciated.

The agricultural *de minimis* ceilings and period calculation method

Considering the above, the Agricultural *de minimis* ceiling (both the individual *de minimis* ceiling and the national caps) should balance the effectiveness and proportionality of measures with the possible effect on competition on the internal market. According to the European Commission this proposed increased ceiling is calculated based on the actual inflation, the projected inflation, and the inflation target until the proposed end of validity of the Regulation in 2032. Regarding the change from fiscal to rolling years, the alignment with the general de minimis regulations reflects a commitment to streamline and simplify regulatory processes, and fosters a more transparent and efficient economic environment. Therefore, an increase of the agricultural *de minimis* ceiling to €37.000 over a rolling period of three years, to account for inflation since 2019 until 2032, the increase of the national cap, and the introduction of a sectoral maximum, is welcomed and seen as reasonable by the Dutch authorities.

Mandatory central register

The introduction of a mandatory central register for the registration of de minimis aid was not supported by the Dutch authorities during the revision of the general and SGEI de minimis regulation. However, due to the fact that this register becomes a requirement for general de minimis aid on 1 January 2026, requiring agricultural de minimis aid to be centrally registered would be coherent with these changes in State aid monitoring practice. Therefore, the Dutch authorities have no objections against the current proposal to introduce a mandatory central register.

However, according to the Dutch authorities due diligence must be taken. The Dutch authorities emphasize the need to limit the burden for executing aid granting authorities and urge for the creation of a user-friendly system by the European Commission. This call to attention is specifically important for the many different autonomous national authorities of various sizes, such as municipalities, which will work with this register. The Dutch authorities emphasize the need for effective collaboration between the Commission services and Member States with regard to the design and practical implementation of the register. The Dutch authorities would welcome workshops and other consultation opportunities to contribute to a user-friendly system.

This contribution does not contain any confidential information and will be sent to the Dutch parliament.