



EUROPEAN COMMISSION

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SENSITIVE* : *COMP Operations*

Subject: **State Aid SA.57349(2020/N) – Italy (Campania)**
COVID-19: Plan for the socio-economic emergency in the Campania region – Aid measures in favour of undertakings in the agricultural sector, in the fishery and aquaculture sector, in the buffalo livestock sector and in the floriculture sector.

Excellency,

1. PROCEDURE

- (1) By electronic notification of 14 May 2020, Italy notified aid in the form of direct grants (Plan for the socio-economic emergency in the Campania region – Aid measures in favour of undertakings in the agricultural sector, in the fishery and aquaculture sector, in the buffalo livestock sector and in the floriculture sector (“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”).¹
- (2) The Italian authorities confirm that the notification does not contain confidential information.
- (3) Italy exceptionally agrees to waive its rights deriving from Article 342 of the Treaty on the Functioning of the European Union (“TFEU”), in conjunction with

* Handling instructions for SENSITIVE information are given at <https://europa.eu/db43PX>

¹ Communication from the Commission - Temporary framework for State aid measures to support the economy in the current COVID-19 outbreak, 19 March 2020, OJ C 91I, 20.3.2020, p. 1-9, as amended by Communication from the Commission C(2020) 2215 final of 3 April 2020 on the Amendment of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, OJ C 112I, 4.4.2020, p. 1–9 and by Communication from the Commission C(2020) 3156 final of 8 May 2020 on the Amendment of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, OJ C 164, 13.5.2020, p. 3–15.

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

2. DESCRIPTION OF THE MEASURE

- (4) Italy considers that the COVID-19 outbreak has started to affect the real economy. The measure forms part of an overall package of measures which 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.
- (5) The compatibility assessment of the measure is based on Article 107(3)(b) TFEU, as interpreted by Section 2 and Section 3.1 of the Temporary Framework.

2.1. The nature and form of aid

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

2.2. Legal basis

- (7) The legal basis for the measure is the draft decree of the Director General for Agriculture of the Campania Region “Regional Council deliberations n. 170 of 7.4.2020 and n. 211 of 5.5.2020- Plan for the socio-economic emergency in the Campania region- Support measures for the agricultural and fishery undertakings and for specific sub-sectors of agriculture -Approval of the public notices for granting a lump sum to agricultural undertakings, fishery and aquaculture undertakings, undertakings of the buffalo livestock subsector and undertakings of the floriculture regional subsector” (DGR nn. 170 del 7/04/2020 e 211 del 5/05/2020 -Piano per l'emergenza socio economica della Regione Campania - Misure di sostegno alle aziende agricole e della pesca e misure di sostegno per specifici comparti dell'agricoltura - Approvazione avvisi pubblici per l'erogazione di un bonus una tantum a favore delle imprese agricole, delle imprese armatrici di imbarcazioni da pesca ed imprese acquicole, delle imprese del comparto bufalino e delle imprese del comparto florovivaistico regionale).

2.3. Administration of the measure

- (8) The Campania Region is responsible for administering the measure.

2.4. Budget and duration of the measure

- (9) The estimated budget of the measure is EUR 70 million and is broken down as follows:

Target sector or subsector	Budget
Primary agriculture production, with the exception of	EUR 45 million

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

buffalo livestock and floriculture	
Fishery and aquaculture	EUR 5 million
Buffalo livestock	EUR 10 million
Floriculture	EUR 10 million

- (10) Aid may be granted under the measure as from its approval until no later than 31 December 2020.

2.5. Beneficiaries

- (11) The final beneficiaries of the measure, the number of which is estimated at over 1000, are undertakings of all sizes active in the primary agricultural production and in the fishery and aquaculture sectors which have an operating unit on the Campania region territory. Financial institutions are excluded as eligible final beneficiaries.
- (12) Aid may not be granted under the measure to undertakings that were already in difficulty within the meaning of the Agricultural Block Exemption Regulation (“ABER”)³ or the Fishery Block Exemption Regulation (“FIBER”)⁴ on 31 December 2019.

2.6. Basic elements of the measure

- (13) The scheme provides aid to the eligible beneficiaries in the form of direct grants under Section 3.1 of the Temporary Framework. The amount of the aid is calculated differently according to the sector or subsector in which the beneficiary is active, as described in the following recitals.
- (14) For undertakings active in agricultural primary production, except for buffalo livestock farmers and floriculture farmers, the aid consists of:
- a) a direct grant of EUR 1 500 for farmers and agricultural entrepreneurs;
 - b) a direct grant of EUR 2 000 for farmers and agricultural entrepreneurs which employed more than five employees for more than 510 days in total in 2019.
- (15) For undertakings operating in the buffalo livestock sector, the aid amount is determined based on the animals indicated in the barn registry on 28 February 2020, converted in livestock unit (LU) according to the conversion rates set out in

³ As defined in 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 of 1.7.2014, p.1.

⁴ As defined in Article 3(5) of Commission Regulation (EU) No 1388/2014 of 16 December 2014 declaring certain categories of aid to undertakings active in the production, processing and marketing of fishery and aquaculture products compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 369 of 24 December 2014, p. 37.

Annex II to Commission Regulation (EU) 2016/669⁵. Applicant farmers with up to 50 LU will receive a lump sum of EUR 2 000. Farmers with more than 50 LU will receive a grant of EUR 38/LU or EUR 40/LU, depending on the number of applications received, but not exceeding the ceilings laid down in point 23(a) of the Temporary Framework.

- (16) For undertakings operating in the floriculture sector, the aid amount is determined based on the reduction percentage of turnover over the period March-April 2020 compared to the same period in 2019. The aid amount shall range from EUR 2 000 to EUR 10 000.
- (17) For undertakings operating in the fishery sector, the aid amount is determined based on the gross tonnage of the fishing boats as indicated on the fishing licence. The aid amount shall range from EUR 2 550 to EUR 34 000 per boat.
- (18) For undertakings operating in aquaculture, the aid amount is a fixed grant of EUR 25 000 for each operating unit located on the Campania region territory.
- (19) The notified aid may not be cumulated with any other support measure that may be adopted by the Campania region in the framework of the Plan for the socio-economic emergency in the Campania region in favour of the agricultural and fishery and aquaculture sectors.
- (20) 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.
- (21) Aid to undertakings active in the fishery and aquaculture sectors will not concern any of the categories of aid referred to in Article 1, paragraph (1) (a) to (k), of Commission Regulation (EU) No 717/2014⁶.

2.7. Cumulation

- (22) The Italian authorities confirm that aid granted under the measure may be cumulated with aid under de minimis Regulations⁷ or the “ABER” and the “FIBER” provided the provisions and cumulation rules of those Regulations are respected.

⁵ Commission Implementing Regulation (EU) 2016/669 of 28 April 2016 amending Implementing Regulation (EU) No 808/2014 as regards the amendment and the content of rural development programmes, the publicity for these programmes, and the conversion rates to livestock units, JO L 115 of 29.4.2016, p. 33.

⁶ Commission Regulation (EU) No 717/2014 of 27 June 2014 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid in the fishery and aquaculture sector (OJ L 190, 28.6.2014, p. 45)

⁷ 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), Commission Regulation (EU) No 717/2014 of 27 June 2014 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid in the fishery and aquaculture sector (OJ L 190, 28.6.2014, p. 45).

- (23) The Italian authorities confirm that aid granted under the measure may be cumulated with other forms of Union financing, provided that the maximum aid intensities indicated in the relevant Guidelines or Regulations are respected.
- (24) The Italian authorities confirm 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.
- (25) The Italian authorities confirm 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 points 23(a) of that framework, shall be respected.
- (26) Where an undertaking is active in both primary agricultural production and in the fishery and aquaculture sector, Italy commits to 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 120 000 is not exceeded per undertaking.

2.8. Monitoring and reporting

- (27) The Italian authorities confirm 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 granted under the measure on the comprehensive national State aid website or Commission's IT tool within 12 months from the moment of granting⁸).

3. ASSESSMENT

3.1. Lawfulness of the measure

- (28) By notifying the measure before putting it into effect, the Italian authorities have respected their obligations under Article 108(3) TFEU.

3.2. Existence of State aid

- (29) 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.
- (30) The measure is imputable to the State, since it is administered by the Campania region and it is based on a draft decree of the Director General for Agriculture of the Campania Region. It is financed through State resources, since it is financed by public funds.

⁸ Referring to information required in Annex III to Commission Regulation (EU) No 702/2014 and Annex III of the Commission Regulation (EU) No 1388/2014 of 16 December 2014.

- (31) The measure confers an advantage on its beneficiaries in the form of liquidity via direct grants. The measure thus relieves those beneficiaries of costs which they would have had to bear under normal market conditions.
- (32) The advantage granted by the measure is selective, since it is awarded only to certain undertakings, in particular undertakings active in primary agricultural production and in the fishery and aquaculture sectors, excluding the financial sector.
- (33) 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.
- (34) In view of the above, the Commission concludes that the measure constitutes aid within the meaning of Article 107(1) TFEU. The Italian authorities do not contest that conclusion.

3.3. Compatibility

- (35) 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.
- (36) 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”*.
- (37) 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”*.
- (38) The measure aims at granting liquidity at a time when the normal functioning of credit 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.
- (39) The measure is one of a series of measures conceived at national level by the Italian authorities to remedy the liquidity shortage in their economy and therefore a serious disturbance in their economy. The importance of these measures to provide liquidity is widely accepted by economic commentators and the measures are of a scale, which can be reasonably anticipated to produce effects across the entire Italian economy. The measure is justified by the unprecedented crisis that the agricultural and fishery sectors are undergoing in the Campania region due to the closure of the hotel/restaurant/catering sector, the severe disruption of export channels and direct markets, as well as the reduction of available workers and increased logistical difficulties. 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.

- (40) 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 (recitals (6)).
 - 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 will not be granted to undertakings under the measure that were already in difficulty on 31 December 2019 (recital (12)). The measure therefore complies with point 22(c) of the Temporary Framework;
 - Aid will be granted under the measure no later than 31 December 2020 (recital (10)). The measure therefore complies with point 22(d) of the Temporary Framework;
 - Since undertakings active in the processing and marketing of agricultural products are not included in the scope of the scheme (recital (11)), point 22(e) of the Temporary Framework is not applicable.
 - The overall nominal value of the direct grant does not exceed EUR 120 000 per undertaking active in the fishery and aquaculture sector or EUR 100 000 per undertaking active in the primary production of agricultural products (recital (25)). The measure therefore complies with point 23(a) 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 (recital (20)). The measure therefore complies with point 23(b) of the Temporary Framework;
 - Aid granted to undertakings active in the fishery and aquaculture sector does not concern any of the categories of aid referred to in Article 1, paragraph (1)(a) to (k) of Commission Regulation (EU) No 717/2014 (recital (21)). The measure therefore complies with point 23(c) of the Temporary Framework.
 - Where an undertaking is active in several sectors to which different maximum aid amounts apply in accordance with points 23(a) of the Temporary Framework, Italy 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 120 000 is not exceeded per undertaking (recital (26)). The measure therefore complies with point 23bis of the Temporary Framework.
- (41) The Italian authorities confirm that the monitoring and reporting rules laid down in Section 4 of the Temporary Framework will be respected (recital (27)). The Italian 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 (recitals (22) to (26)).

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.

Yours faithfully,

For the Commission

Margrethe VESTAGER
Executive Vice-President

CERTIFIED COPY
For the Secretary-General,

Jordi AYET PUIGARNAU
Director of the Registry
EUROPEAN COMMISSION