



Brussels, **XXX**
[...] (2013) **XXX** draft

COMMISSION REGULATION (EU) No .../..

of **XXX**

declaring certain categories of aid in the agriculture and forestry sector and in rural areas compatible with the internal market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union, and repealing Commission Regulation (EC) No 1857/2006

COMMISSION REGULATION (EU) No .../..

of **XXX**

declaring certain categories of aid in the agriculture and forestry sector and in rural areas compatible with the internal market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union, and repealing Commission Regulation (EC) No 1857/2006

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 108(4) thereof,

Having regard to Council Regulation (EC) No 994/98 of 7 May 1998 on the application of Articles 92 and 93 of the Treaty establishing the European Community to certain categories of horizontal State aid¹,

Having published a draft of this Regulation,

Having consulted the Advisory Committee on State Aid,

Whereas:

- (1) State funding meeting the criteria in Article 107(1) of the Treaty constitutes State aid and requires notification to the Commission by virtue of Article 108(3) of the Treaty. However, according to Article 109 of the Treaty, the Council may determine categories of aid that are exempted from this notification requirement. In accordance with Article 108(4) of the Treaty the Commission may adopt regulations relating to these categories of State aid. By virtue of Regulation (EC) No 994/98 the Council decided, in accordance with Article 109 of the Treaty, that certain aid may be exempted from the procedure provided for in Article 108(3) of the Treaty. On the basis of Regulation (EC) No 994/98, the Commission adopted Regulation (EC) No 1857/2006 of 15 December 2006 on the application of Articles 87 and 88 of the EC Treaty to State aid to small and medium-sized enterprises active in the production of agricultural products which applies until 31 December 2013².
- (2) Council Regulation (EU) No 733/2013 of 22 July 2013 amending Regulation (EC) No 994/98 on the application of Articles 92 and 93 of the Treaty establishing the European Community to certain categories of horizontal State aid³ provided for additional categories of aid such as aid in favour of heritage conservation, making good the damage caused by natural disaster and forestry which can, under certain conditions, be exempt from the notification requirement of Article 108(3) of the Treaty.
- (3) Article 42 of the Treaty provides that the rules on competition apply to the production of and trade in agricultural products only to the extent determined by the European

¹ OJ L 142, 14.5.1998, p. 1, as amended by Council Regulation (EU) No 733/2013, OJ L 204, 31.7.2013 p. 11.

² OJ L 358, 16.12.2006, p. 3

³ OJ L 204, 31.7.2013 p. 11

Parliament and the Council. By virtue of Article 146 (1) of Regulation No [sCMO/2013]⁴ state aid rules apply to aid for production of and trade with agricultural products. However, State aid rules do not apply to payments made by Member States pursuant to Regulation (EU) [xxx] of the European Parliament and of the Council on support for rural development by EAFRD⁵ (hereafter: Regulation No [RD/2013] nor to additional national financing, within the scope of Article 42 of the Treaty. Payments intended to provide additional national financing within the scope of Article 42 have to comply with the criteria of Regulation No [RD/2013] in order to be approved by the Commission as part of the rural development programme of a given Member State. Nevertheless, State aid rules apply, both to the co-financed part under the EAFRD and to additional national financing for measures falling outside the scope of Article 42 of the Treaty.

- (4) Because the economic effects of aid do not change depending on whether it is partly financed by the Union, or whether it is financed by a Member State alone, the Commission considers that there should in principle be consistency and coherence between its policy in respect of the control of State aid, and the support which is granted under the Union's own common agricultural and rural development policy.
- (5) It is appropriate therefore to align the scope of this Regulation with Regulation No [RD/2013] in particular as far as the aid in favour of the forestry sector and the aid in favour of SMEs active in rural areas are concerned. For this purpose this Regulation should be applicable to aid measures in favour of SMEs active in the rural areas which fall outside the scope of Article 42 of the Treaty, only and insofar as these measures are included in the Rural Development Programs and are co-financed by EAFRD. For the same purpose this Regulation shall apply to forestry aid measures in favour of SMEs only if these measures are included in the Rural Development Programs and are co-financed by EAFRD. On the contrary, this Regulation is not applicable to aid to undertakings in rural areas in favour of activities outside the scope of Article 42 of the Treaty or to the forestry sector if there is no direct link to the Rural Development Programs and no co-financing from EAFRD.
- (6) A simplified procedure should be made available for Member States when they are required to obtain State aid clearance for both the co-financed part and the additional financing of their national rural development programmes, in line with [Article 88 (1) of Regulation No[RD/2013]]. In this respect it is appropriate to allow these aids to be exempted from the notification requirement when they comply with the compatibility conditions set out in this Regulation.
- (7) With its Communication on EU State Aid Modernisation (SAM)⁶, the Commission launched a wider review of the State aid rules. The main objectives of this modernisation are (i) to achieve sustainable, smart and inclusive growth in a competitive internal market, while contributing to Member State efforts towards a more efficient use of public finances; (ii) to focus Commission ex ante scrutiny on cases with the biggest impact on the internal market, while strengthening Member State cooperation in state aid enforcement; and (iii) to streamline the rules and provide for faster, better informed and more robust decisions based on a clear economic rationale, a common approach and clear obligations.

⁴ OJL

⁵ OJL

⁶

- (8) This Regulation, allows for a better prioritisation of enforcement activities, greater simplification and should lead to greater transparency, effective evaluation and the control of compliance with the State aid rules at national and Union levels, while respecting proportionality and preserving the institutional competences of the Commission and the Member States.
- (9) The Commission has applied Articles 107 and 108 of the Treaty to SMEs active in the production, processing and marketing of agricultural products in numerous decisions, in particular in the framework of Commission Regulation (EC) No 1857/2006, Commission Regulation (EC) No 800/2008 of 6 August 2008 declaring certain categories of aid compatible with the common market in application of Articles 87 and 88 of the Treaty (General block exemption Regulation)⁷ and the Community Guidelines on State aid in the agriculture and forestry sector 2007-2013⁸. It has thus gained considerable experience in this field. The Commission's experience has allowed it, on the one hand, to better define the conditions under which certain categories of aid can be considered compatible with the internal market and to extend the scope of block exemptions and, on the other hand, made clear the necessity to strengthen transparency as well as monitoring and allow for a proper evaluation of large schemes in light of their effect on competition in the internal market.
- (10) The general conditions for the application of this Regulation can be defined on the basis of a set of common principles that ensure that the aid serves a purpose of common interest, meets a well-identified market failure or cohesion need, has a clear incentive effect, is appropriate and proportionate, is awarded in full transparency and subject to a control mechanism and regular evaluation, and does not distort competition and trade beyond what can be accepted from a common interest perspective.
- (11) Any aid that fulfils all the conditions laid down in this Regulation both general and specific to the relevant categories of aid should be exempt from the notification obligation laid down in Article 108(3) of the Treaty. With a view to ensuring efficient supervision and simplifying administration without weakening Commission monitoring, exempted aid (schemes and individual aids outside any aid scheme) should contain an express reference to this Regulation.
- (12) State aid within the meaning of Article 107(1) of the Treaty not covered by this Regulation remains subject to the notification requirement of Article 108(3) of the Treaty. This Regulation is without prejudice to the possibility for Member States to notify aid the objectives of which correspond to objectives covered by this Regulation. Such notifications will be assessed by the Commission in the light of this Regulation and on the basis of the Union Guidelines for State aid in the agriculture and forestry sector and in rural areas 2014-2020 or any other applicable Union legislation on State aid.
- (13) In view of the potential of large schemes to distort competition, this Regulation should not apply to schemes with a planned or effective yearly expenditure exceeding a threshold based on national GDP and an absolute value, notably with a view to subjecting them to regular evaluation.

⁷ OJ L 214 of 9.8.2008, p. 3

⁸ OJ, C 319, 27.12.2006, p. 1.

- (14) This Regulation should not apply to aid favouring domestic over imported products or aid to export-related activities. In particular, it should not apply to aid financing the establishment and operation of a distribution network in other countries. Aid towards the cost of participating in trade fairs or of studies or consultancy services needed for the launch of a new or existing product on a new market should not normally constitute aid to export-related activities .
- (15) The Commission must ensure that authorised aid does not alter trading conditions in a way contrary to the general interest. Therefore, aid in favour of a beneficiary which is subject to an outstanding recovery order following a previous Commission decision declaring an aid illegal and incompatible with the internal market should be excluded from the scope of this Regulation.
- (16) Aid granted to undertakings in difficulty should be excluded from the scope of this Regulation, since such aid should be assessed under the Guidelines on State aid for rescuing and restructuring firms in difficulty⁹ in order to avoid their circumvention. [This will be without prejudice to aid granted to compensate for damages caused by natural disasters, unfavorable climatic conditions, animal diseases or parasitic infestations and pests of plants.] In order to provide legal certainty, it is appropriate to establish clear criteria that do not require an assessment of all the particularities of the situation of an undertaking to determine whether an undertaking is considered to be in difficulty for the purposes of this Regulation.
- (17) If a State aid or the conditions attached to it, including its financing method when it forms an integral part of it, entail a non-severable violation of Union legislation, the aid may not be declared compatible with the internal market. It is therefore appropriate to envisage in the common provisions of this Regulation that it should not apply to aid which entails a non-severable violation of Union legislation.
- (18) State aid enforcement is highly dependent on the cooperation of Member States. Therefore, Member States should take all necessary measures to ensure compliance with this Regulation, including compliance of individual aid grants under block-exempted schemes.
- (19) In view of the need to strike the appropriate balance between minimising distortions of competition in the aided sector and the objectives of this Regulation, it should not exempt individual aid, whether granted ad hoc or on the basis of an aid scheme, which exceed, alone or cumulatively, a fixed maximum threshold. Any aid granted above these thresholds remains subject to the notification requirement of Article 108(3) of the Treaty.
- (20) In order to ensure transparency, equal treatment and effective monitoring, this Regulation should apply only to aid which is transparent. Transparent measures are measures in respect of which it is possible to calculate precisely the gross grant equivalent *ex ante* without a need to undertake a risk assessment.
- (21) For certain specific aid instruments, such as loans, guarantees, fiscal measures and, in particular, repayable advances, this Regulation should define the conditions under which they can be considered transparent. Public loans should be considered to be transparent provided that they are backed by normal security and do not involve abnormal risk and are therefore not considered to contain a state guarantee element. Aid comprised in guarantees should be considered as transparent if the gross grant

⁹ OJ C 244, 1.10.2004, p. 2

equivalent has been calculated on the basis of safe-harbour premiums laid down in the Commission Notice on the application of Articles 87 and 88 of the EC Treaty to State aid in the form of guarantees¹⁰. [It will also be considered transparent if before the implementation of the measure, the methodology used to calculate the aid intensity of the state guarantee has been notified to and approved by the Commission in line with the Commission Notice on the application of Articles 87 and 88 of the EC Treaty to State aid in the form of guarantees.] Aid comprised in risk capital measures and capital injections should not be considered as transparent aid.

- (22) Aid which is not transparent should always be notified to the Commission. Notification of non-transparent aid is assessed by the Commission in particular in the light of the criteria set out in the Union Guidelines for State aid in the agriculture and forestry sector and in rural areas 2014-2020¹¹.
- (23) To ensure that the aid is necessary and acts as incentive to further develop activities or projects, this Regulation should not apply to aid for activities in which the beneficiary would engage under market conditions alone. No aid should be granted retroactively in respect of activities which have already been undertaken by the beneficiary. Aid should only be exempt from notification under this Regulation if the activity or the work on the aided project starts after the beneficiary has submitted a written application for the aid. [The incentive effect requirement shall not apply to compensatory measures such as making good damages caused by natural disaster, adverse climatic conditions, and animal or plant diseases.]
- (24) SUPPLEMENTARY OPTION FOR INCENTIVE EFFECT FOR LARGE ENTERPRISES: As regards any aid covered by this Regulation granted to a beneficiary which is a large enterprise, the Member State should, in addition to the conditions applying to SMEs, also ensure that the beneficiary has analysed, in an internal document, the viability of the aided project or activity with aid and without aid. The Member State should verify that this internal document confirms a material increase in size or scope of the project/activity, a material increase in the total amount spent by the beneficiary on the subsidised project or activity or a material increase in the speed of completion of the project/activity concerned. The incentive effect may also be established on the basis of the fact that the investment project or then activity would not have been carried out as such in the rural area concerned in the absence of the aid.
- (25) Automatic fiscal schemes should continue to be subject to a specific condition concerning the incentive effect, in light of the fact that the aid resulting from such schemes is granted within the framework of different procedures than other categories of aid. Requiring incentive effect means that the aforementioned schemes should have been adopted before the activity or the work on the aided project started. However, this condition should not apply in the case of fiscal successor schemes provided the activity was already covered by the previous fiscal schemes. For the assessment of the incentive effect of such schemes, the crucial moment is the moment when the fiscal measure was set out for the first time in the original scheme, which is then replaced by the successor scheme.
- (26) To ensure that the appropriate balance between minimising distortions of competition and the objectives of this Regulation is respected, this Regulation should apply only to

¹⁰ OJ C155, 20.6.2008, p. 10

¹¹ OJ ...

proportionate aid. The aid is deemed to be proportionate if it complies with the maximum aid intensities or amounts as laid down in this Regulation.

- (27) With a view to ensuring that aid is proportionate and limited to the amount necessary, the aid amounts should whenever possible be expressed in terms of aid intensities in relation to a set of eligible costs. Where the maximum aid intensity cannot be set, because eligible costs cannot be identified or in order to provide simpler instruments for small amounts, maximum aid amounts defined in nominal terms should be set out in order to ensure proportionality of the aid. The aid intensity and the maximum aid amounts should be fixed, in the light of the Commission's experience, at a level that minimises distortions of competition in the aided sector while appropriately addressing the objective of facilitating the development of the economic activities of SMEs in agriculture, in the rural areas, and the forestry sector. In the interests of coherence with Union-financed rural development measures, the ceilings should be harmonised with the ceilings set out in Regulation No [RD/2013].
- (28) For the calculation of the aid intensity, all figures used should be taken before any deduction of tax or other charges. Aid payable in several instalments should be discounted to its value at the moment of granting. The eligible costs should also be discounted to their value at the moment of granting. The interest rate to be used for discounting purposes and for calculating the amount of aid in the case of aid which does not take the form of a grant should be the reference rate applicable at the time of the grant, as laid down in the Commission Communication on the revision of the method for setting the reference and discount rates¹². The identification of eligible costs should be supported by clear, specific and up-to date documentary evidence. Where aid is granted in a form other than a grant, the aid amount shall be expressed in gross grant equivalent. Where aid is awarded by means of tax advantages, aid tranches should be discounted on the basis of the reference rates applicable on the various dates when the tax advantages become effective. The use of aid in the form of repayable advances should be promoted, since such risk-sharing instruments are conducive to a strengthened incentive effect of the aid. It is therefore appropriate to establish that where aid is granted in the form of repayable advances the applicable aid intensities laid down in this Regulation might be increased.
- (29) In the case of tax advantages on future taxes, the applicable reference rate and the exact amount of the aid tranches may not be known in advance. In such a case, Member States should set in advance a cap on the discounted value of the aid respecting the applicable aid intensity. Subsequently, when the amount of the aid tranche at a given date becomes known, discounting can take place on the basis of the reference rate applicable at that time. The discounted value of each aid tranche should be deducted from the overall amount of the cap ("capped amount").
- (30) To determine whether the individual notification thresholds and the maximum aid intensities laid down in this Regulation are respected, the total amount of the public financing for the aided activity or project should be taken into account, regardless of how that measure is financed. To the extent that the Commission assesses globally the total amount of public support when authorising Union funds centrally managed by the Commission and ensures consistency with State aid rules, the Union funding that is not directly or indirectly under the control of the Member State and does not constitute

¹² OJ C 14, 19.1.2008, p. 6

State aid should not be taken into account in determining whether the notification thresholds and maximum aid intensities are respected.

- (31) Moreover, this Regulation should specify the circumstances under which different categories of aid may be cumulated. Aid exempted by this Regulation and any other compatible aid exempted under this Regulation or approved by the Commission may be cumulated as long as those measures concern different identifiable eligible costs. Where different sources of aid are related to the same – partly or fully overlapping – identifiable eligible costs, cumulation should be allowed up to the highest aid intensity or aid amount applicable to that aid under this Regulation. This Regulation should also set out special rules for cumulation of aid with and without identifiable eligible costs, and for cumulation with de minimis aid.
- (32) Given that State aid within the meaning of Article 107(1) of the Treaty is, in principle, prohibited, it is important that all parties have a possibility to check whether an aid is granted in compliance with the applicable rules. Transparency of State aid is, therefore, essential for the correct application of Treaty rules and leads to better compliance, greater accountability, peer review and ultimately more effective public spending.
- (33) To ensure transparency and effective monitoring, in accordance with Article 3 (2) of Regulation (EC) No 994/98, it is appropriate to establish a standard format in which Member States should provide the Commission with summary information whenever, in accordance with this Regulation, an aid scheme is implemented or individual aid is granted outside such a scheme, with a view to publication on the internet site of the Commission.
- (34) To further enhance transparency, this Regulation should also require each Member State to establish a single State aid website. This website should be self-standing or retrieves information from several websites (portal). On that website the Member States should publish summary information about each aid exempted under this Regulation in a standardized format, the full text of each measure and information about the award of individual aid. That obligation should be a condition for the compatibility of the individual aid with the internal market. The links to the State aid websites of all the Member States should be published on the Commission's website.
- (35) To ensure effective monitoring, it is appropriate in accordance with Article 5 of Commission Regulation (EC) No 794/2004 of 21 April 2004 implementing Council Regulation (EC) No 659/1999 laying down detailed rules for the application of Article 93 of the EC Treaty¹³ and in accordance with Article 3 (4) of Regulation (EC) No 994/98 to establish rules concerning annual reporting on the excepted measures, including specific requirements for certain categories of measures, to be submitted to the Commission by Member States.
- (36) In view of the wide availability of the necessary technology, the summary information and the annual report should be in computerised format and transmitted to the Commission via the Commission electronic system(s).
- (37) To enable the Commission to better monitor the cumulative effects of aid, the Member States should report on individual aid awards exceeding a certain aid amount.

¹³ OJ L 140, 30.4.2004, p.1

- (38) Moreover, it is appropriate in accordance with Article 3 (3) of Regulation (EC) No 994/98 to establish rules concerning the records that Member States should keep regarding the aid exempted by this Regulation, in light of the limitation period established in Article 15 of Council Regulation (EC) No 659/1999 laying down detailed rules for the application of Article 93 of the EC Treaty¹⁴.
- (39) Failure by a Member State to comply with the reporting obligations established in this Regulation may make it impossible for the Commission to perform its monitoring task under Article 108(1) of the Treaty and, in particular, to assess whether the cumulative economic effect of the aids exempted under this Regulation is such as to adversely affect trading conditions to an extent contrary to the common interest. The need to evaluate the cumulative effect of State aid is particularly high where the same beneficiary may receive aid granted by several sources, as is increasingly the case in the field of agriculture. It is therefore of primary importance that the Member State rapidly submits appropriate information before implementing aid under this Regulation.
- (40) To reinforce the effectiveness of the compatibility provisions set out in Chapter I and III of this Regulation as well as of the provisions regarding the procedural requirements set out in Chapter II, it should be possible for the Commission to withdraw the benefit of the block exemption for future measures in the event of failure to comply with the requirements set out in these Chapters. The Commission may restrict the withdrawal of the benefit of the block exemption to measures in favour of certain beneficiaries or adopted by certain authorities. In case of failure to meet general compatibility conditions set out in Chapter I, aid granted is not covered by this Regulation and, as a consequence, constitutes unlawful aid, which the Commission will examine in the framework of the relevant procedure as set out in Regulation No (EC) No 659/1999. In case of failure to fulfil the requirements of Chapter II, the withdrawal of the benefit of the block exemption in respect of future measures does not affect the fact that past measures were subject to block exemption.
- (41) Having regard to Article 107(3)(c) of the Treaty, aid should not have the sole effect of continuously or periodically reducing the operating costs which the beneficiary would normally have to bear, and should be proportionate to the handicaps that have to be overcome in order to secure the socio-economic benefits deemed to be in the Union interest. Unilateral State aid which simply seeks to improve the financial situation of producers but which in no way contributes to the development of the sector, and in particular aids which are granted solely on the basis of price, quantity, unit of production or unit of the means of production are considered to constitute operating aids which are incompatible with the internal market. Furthermore, if granted in the agriculture sector, such aids are also likely to interfere with the mechanisms of the common organisations of the markets. It is therefore appropriate to limit the scope of this Regulation to certain types of aid.
- (42) SMEs play a decisive role in job creation and, more generally, act as a factor of social stability and drive the economy. However, their development may be limited by market failures, leading to these SMEs suffering from typical handicaps. SMEs often have difficulties in obtaining capital or loans, given the risk-averse nature of certain financial markets and the limited collateral that they may be able to offer. Their limited resources may also restrict their access to information, notably as regards new

¹⁴ OJ L83, 27.3.1999, p. 1.

technology and potential markets. To facilitate the development of the economic activities of SMEs, this Regulation should therefore exempt certain categories of aid when they are granted in favour of SMEs.

- (43) To ensure coherence with the rural development policy and to achieve simplification of the rules based on the experience already gained by the Commission in the light of the application of Regulation 1857/2008 it is appropriate to exempt different categories of aid in favour of SMEs active in primary production, processing and marketing of agricultural products.
- (44) These categories of aid should in particular encompass investment aid (investments in tangible or intangible assets, for relocation of farm buildings), aid for business start up and business opportunity (aid for young farmers, small farms and producer groups as well as for new participation in quality schemes), aid to facilitate the business development (knowledge transfer and information actions, advisory services and promotion, farm replacement services), risk and crisis management aid (for making good losses caused by adverse weather conditions, for combating animal and plant diseases and aid for insurance premiums) as well as aid for the animal sector pursuing common public objectives like preservation of the genetic quality and protection of the animal and public health. These measures should especially aim at enhancing the competitiveness and the viability of the whole agricultural sector.
- (45) Moreover, other measures in favour of SMEs active in rural areas should also be exempted under this Regulation. In order to ensure coherence between rural development measures co-financed under the European Agricultural Fund for Rural Development (EAFRD) and measures financed from additional national resources or rural development measures financed purely through State aid, this Regulation should ensure full coherence with Regulation No[RD/2013]) and its implementing provisions as far as possible. It is therefore, in particular, appropriate to eliminate the difference between primary agricultural production on the one hand and processing and marketing of agricultural products on the other, as it existed in Regulation 1857/2006.
- (46) To eliminate differences that might give rise to distortions of competition and to facilitate coordination between different Union and national initiatives concerning SMEs as well as for reasons of administrative clarity and legal certainty, the definition of SME used for the purpose of this Regulation should be the one set out in Annex to this Regulation based on Commission Recommendation 2003/361/EC concerning the definition of micro, small and medium-sized enterprises¹⁵.
- (47) Possible option: [To safeguard that whenever the exemption of notification is applied and limited to SMEs, the SME status should be maintained as long as needed in order to prevent abuse. For this purpose it is envisaged that only SMEs that do not lose their SME status within [X] years from the grant of the aid due to becoming a partner or a linked enterprise with a large undertaking (enterprise) are eligible for aid in favour of SMEs exempted under this Regulation.]
- (48) Aid granted to SMEs active in primary production, processing and marketing of agricultural products, in the forestry sector or in rural areas could further more be exempted under Commission Regulation (EU) N° .../...of XXX declaring certain categories of aid compatible with the internal market in application of Articles 107 and

¹⁵ OJ, L 124, 20.5.2003, p.36.

108 of the Treaty¹⁶ (Regulation N [GBER/2013]) under the conditions laid down therein. Where Member States deem it more appropriate, they may alternatively choose to grant aid to SMEs active in processing and marketing of agricultural products or in the forestry sector, or aid in favour of SMEs in the rural areas for activities falling outside the scope of Article 42 of the Treaty under the conditions and in compliance with Regulation No [future GBER/2013]. In this context and in order to clarify the relation between this regulation and Regulation N [GBER/2013], it should be noted that the objectives, the categories of aid and the aid conditions of the two Regulations are different although they may target the same type of beneficiaries. In particular Member State may choose to grant regional aid, aid for SMEs, aid for research and development and innovation, aid for disadvantaged and disabled workers and aid for environmental protection under the conditions laid down in Regulation No [GBER/2013]. As a result, such aid should be exempted under Regulation No [GBER/2013].

- (49) To improve the economic and environmental performance and efficiency of the SMEs active in primary production, processing and marketing of agricultural products, to provide infrastructure needed for the development of agriculture and to support non-remunerative investments necessary to achieve environmental aims, aid should be provided to investments in tangible or intangible assets contributing to these objectives. The investment should be in conformity with Union legislation and national laws of the Member States concerned. Furthermore, only investments that do not require an environmental impact assessment under Union or national legislation could be exempted under this Regulation. Nevertheless, investments carried out in the framework of a regional or national rural development program, approved by the Commission, for which an environmental impact assessment has been carried out in accordance with the Regulation (EU) No [RD/2013], could be exempted under this Regulation.
- (50) Because of the risk of distortions resulting from targeted investment aid in the agriculture sector, investment aid exempted under this Regulation should not be limited to a specific agricultural product. This condition should not prevent a Member State from excluding certain agricultural products from the scope of a given exempted aid, notably where no normal market outlets can be found. Moreover, aid to certain types of investment should per se not qualify for exemption under this Regulation.
- (51) To ensure the appropriate balance between minimising distortions of competition and promoting energy and resource efficiency it should be envisaged that the investment may be linked to the production on farm-level of biofuels or energy from renewable sources if that production does not exceed the average annual consumption of fuel or energy of the given farm.
- (52) To encourage and to facilitate the initial establishment of young farmers and the development of small farms which are potentially economically viable it is appropriate to exempt from the notification requirement aid for business start up. In order to ensure the viability of the newly established agricultural activities, the aid should be made conditional on the submission of a business plan. Aid for business start up should cover only the initial period of the life of a business and not become operating aid.

¹⁶ OJ xxx

- (53) To enhance the competitiveness and resource efficiency, to improve the environmental performance, the sustainable management and overall performance of the SMEs it is appropriate to exempt from the notification requirement aid for knowledge transfer, information actions and farm advisory services as well as promotional measures. While the final beneficiaries of those aids are the SMEs, the recipient of aid in the form of indirect grants (subsidized services) shall be the provider of the knowledge transfer activities, the information actions, the advisory services or the promotional measures.
- (54) To enhance the market opportunities and to achieve added value for the agricultural products concerned it is also appropriate to encourage SMEs to participate in Union or national quality schemes and therefore aid for new participation in quality schemes should be exempted from the notification requirement. Given that it is at the moment of entering such schemes and in the early years of their participation that additional costs and obligations imposed on the SMEs as a result of their participation are not fully remunerated by the market, the aid should be limited to new participation and cover a period of not more than five years.
- (55) To help the agricultural sector to face the challenges posed by increased competition and consolidation of downstream markets in relation to the marketing of the agricultural products including in local markets the setting up of producer groups should be encouraged. It is therefore appropriate to exempt from the notification requirement start up aid to producer groups. Only producer groups that qualify as SMEs should benefit from the aid. In order to ensure that the producer group becomes a viable entity, a business plan should be submitted as a condition for the recognition of a producer group by Member States. To avoid providing operating aid and maintain the incentive effect, the maximum aid duration should be limited to five years.
- (56) Good risk and crisis management is a key tool for a sustainable and competitive agricultural sector. It is the primary production that is exposed to particular natural, climatic and health risks and crises which are confronting the agricultural sector. Therefore the risk and crisis management aid and the aid for the animal sector should be limited to the SMEs active in primary production. State aid for making good losses caused by adverse weather/climatic conditions, for combating animal and plant diseases and aid for paying insurance premiums should be limited to helping farmers facing various difficulties despite having undertaken reasonable efforts to minimise such risks. State aid should not have as its effect to entice farmers into taking unnecessary risk. Farmers should themselves bear the consequences of imprudent choices of production methods or products.
- (57) Aid for research and development can contribute to sustainable economic growth and strengthen competitiveness. This is of particular importance for SMEs, which may experience difficulties in gaining access to new technological developments, knowledge transfer or highly qualified personnel. Based on Commission experience in applying the Community Guidelines on State aid in the agriculture and forestry sector 2007-2013, the Community Framework for State aid for research and development and innovation¹⁷ and Commission Regulation (EC) No 800/2008 to aid for research and development in the agricultural sector, it is appropriate to exempt from notification requirement aid for research and development which fulfills the conditions laid down in this Regulation. Since the promotion of research and development is an

¹⁷ OJ C 323 of 30.12.2006, p. 1

important objective in the common interest, it should be required that the research project is of interest of all SMEs active in a particular agricultural sector or sub-sector. The information on the research project and the result of it should be made publicly available on the internet. Moreover, the result of the research should be available to the interested SMEs at no costs.

- (58) Emergency situations caused by natural disasters require urgent reactions on the side of the granting authorities. It is therefore important to ensure a swift implementation of the envisaged measures. The Commission has applied Articles 107 and 108 of the Treaty in a considerable number of decisions concerning compensation for damage caused to the agricultural sector by natural disasters. The Community Guidelines on State aid in the agriculture and forestry sector 2007-2013 already foresaw the possibility to authorise aid schemes to compensate for damages caused by natural disasters. In the period 2007 – 2012 and in application of the Community Guidelines on State aid in the agriculture and forestry sector 2007-2013, the Commission has approved more than 25 aids regarding the compensation of damages caused by natural disasters to the agriculture sector. The Commission experience has shown that these measures need to be implemented swiftly in order to be effective. This need calls for simplification through exemption from the notification requirement. Moreover they do not give rise to any significant distortion of competition due to their compensatory nature and existence of clear compatibility criteria. It is therefore appropriate that the Commission should also make use of the powers conferred on it by Regulation (EC) No 994/98, as amended by Regulation (EU) No 733/2013, as regards aids for compensation of damage caused by natural disasters in the agriculture sector.
- (59) Aid to make good damage caused by natural disasters should therefore be available to undertakings in the whole agricultural sector and be granted to both SMEs and large enterprises. The conditions to exempt aid to make good damage caused by natural disasters follow the already established practice and relate to the formal recognition by the Member States' authorities of the character of the event as a natural disaster, to a direct causal link between the damage caused by the natural disaster and the damages suffered by the beneficiary and should ensure that overcompensation is avoided. In particular, Member States should avoid overcompensation as a result of the combination of this aid with other compensations received by the beneficiaries including payments under an insurance scheme. Such compensations in favour of the beneficiaries should be deducted from the amount of aid.
- (60) The Commission has applied Article 107 and 109 of the Treaty to aid in favour of heritage conservation in numerous cases, in particular in the framework of the Community Guidelines on State aid in the agriculture and forestry sector 2007-2013 and Regulation (EC) No 1857/2006. In the period 2007-2013 the Commission has assessed more than 87 investment aids on conservation of traditional landscapes and buildings located on the agricultural holding. Investment aid for conservation of traditional landscapes and buildings in favour of SMEs was exempt from the notification requirement under Regulation (EC) No 1857/2006, while investment aid for conservation of traditional landscapes and buildings in favour of large companies was subject to the notification requirement and approved by the Commission in accordance with the Community Guidelines on State aid in the agriculture and forestry sector 2007-2013. However heritage conservation projects, even carried out by larger companies, do not typically give rise to any significant distortion of competition. It is therefore appropriate that the Commission should make use of the powers conferred

on it by Regulation (EC) No 994/98, as amended by Regulation (EU) No 733/2013, as regards aids in favour of heritage conservation

- (61) For aid in favour of cultural and natural heritage to be exempt from notification requirement under this Regulation, it should be granted for investments in tangible assets or capital works aimed at conservation of the heritage. The cultural or natural heritage should be located on the agricultural holding of the beneficiary and should be officially recognised as such by the competent public author in the Member State. The aid intensity should be made conditional on whether the investment is non-productive (allowing higher aid intensity in this case) or whether it leads to an increase of the production capacity (in which case the aid intensity should be limited).
- (62) Forestry is an integral part of rural development. The Commission has applied Articles 107 and 108 of the Treaty to undertakings active in the forestry sector in numerous decisions, in particular in the framework of the Community Guidelines on State aid in the agriculture and forestry sector 2007-2013. In the period 2007 – 2012 the Commission has approved 140 aids in favour of the forestry sector under the above-mentioned Guidelines. In the light of the considerable experience gained by the Commission in the context of applying the Guidelines to undertakings active in the forestry sector, it is appropriate, with a view to simplifying administration but at the same time ensuring efficient supervision and Commission monitoring, that the Commission should also make use of the powers conferred on it by Regulation (EC) No 994/98 for aid in favour of the forestry sector. According to Commission experience aid granted in the forestry sector for measures that are covered by Regulation No [RD/2013] as a part of the national Rural Development Programs and which is either co-financed by the EAFRD or is granted as an additional national financing to such co-financed measures does not significantly distort competition. For such measures clear compatibility conditions are defined.
- (63) These categories of aid should in particular encompass aid for afforestation and creation of woodland; aid for agro-forestry system, aid for prevention and restoration of forests damaged by fire, natural disasters or catastrophic events, aid for investments improving the resilience and environmental value of forest ecosystems, NATURA 2000 payments for forest areas, aid for forest-environmental and climate service and for forest conservation, aid for knowledge transfer and information actions, aid for advisory services, aid for infrastructure investments and aid for investments in new forestry technologies and in the processing and marketing of forest products. The aid to the forestry sector should avoid distorting competition and be market neutral.
- (64) In order to ensure coherence with Regulation (EU) No [RD/2013] and to achieve simplification of the rules to obtain State aid clearance for the co-financed part and the additional financing of the national rural development programmes, the measures in favour of the forestry sector exempted from the notification requirement under this Regulation should be identical to the underlying rural development measures and the exempted aid should only be granted pursuant to and in conformity with the Rural Development Programme of the Member State concerned.
- (65) Economic diversification and the creation of new economic activities is essential for the development and competitiveness of rural areas and in particular for the SMEs which are the backbone of the Union rural economy. The Regulation (EU) No [RD/2013] provides for measures to support non-agricultural business development in the rural areas aimed at employment promotion, setting up of quality jobs in rural

areas, maintenance of already existing jobs, reduction of seasonality fluctuations in employment, development of non-agricultural sectors and agricultural and food processing while fostering at the same time business integration and local inter-sectoral links.

- (66) To ensure coherence with the Regulation (EU) No [RD/2013] and to achieve simplification of the rules to obtain State aid clearance for the co-financed part and the additional financing of the national rural development programmes it is appropriate to exempt different categories of aid in favour of SMEs active in rural areas. These categories of aid should in particular encompass aid for investments concerning the processing of agricultural products into non-agricultural products or the production of cotton, aid for business start up for non-agricultural activities, aid for advisory services and training of advisers, aid for knowledge transfer and information actions and aid for new participation of farmers in quality schemes for cotton and foodstuff and promotional measures in favour of foodstuffs. The measures to be exempted from the notification requirement under this Regulation should be identical to the underlying rural development measures and the exempted aid should only be granted pursuant to and in conformity with the Rural Development Programme of the Member State concerned.
- (67) In the light of the Commission's experience in this area, and in particular the frequency with which it is generally necessary to revise State aid policy in the Union, it is appropriate to limit the period of application of this Regulation. To give Member States time to adapt, aid exempted in accordance with this Regulation should continue to be exempted for a period of six months following the date of expiry of this Regulation.

HAS ADOPTED THIS REGULATION:

CHAPTER 1 COMMON PROVISIONS

Article 1 Scope

1. This Regulation shall apply to the following categories of aid:
 - (a) aid in favour of SMEs:
 - (i) active in the primary production, processing or marketing of agricultural products, with the exception of Articles 14, 16, 18, 23, 25 to 28 that shall apply to SMEs active in the primary production only;
 - (ii) for activities falling outside the scope of Article 42 of the Treaty in favour of SMEs, insofar as they are covered by Regulation No [RD/2013] and are either co-financed by EAFRD or granted as additional national financing to such co-financed measures
 - (b) aid in favour of making good the damage caused by natural disasters in the agricultural sector;
 - (c) aid for investments in favour of conservation of cultural and natural heritage located on the agricultural holding;

- (d) aid in favour of forestry that is covered by Regulation No [RD/2013] and either co-financed by the EAFRD or granted as additional national financing to such co-financed measures.
2. Where Member States deem it appropriate, they may choose to grant aid to SMEs active in primary production, processing and marketing of agricultural products, in the forestry sector, or for activities falling outside the scope of Article 42 of the Treaty under the conditions and in compliance with Regulation No [GBER/2013].
 3. This Regulation shall not apply to:
 - (a) aid in favour of forestry sector which is not co-financed by the EAFRD or granted as additional national financing to such co-financed measure;
 - (b) aid in favour of SMEs for activities falling outside the scope of Article 42 of the Treaty which is not co-financed by the EAFRD or granted as additional national financing to such co-financed measure.
 4. This Regulation shall not apply to:
 - (a) aid schemes for which the planned or effective yearly public expenditure exceeds [...] % of national gross domestic product (GDP) for the Member State concerned for the previous calendar year and in so far as the planned or effective annual budget of the scheme in question exceeds EUR [...] million.

Such aid schemes shall be notified pursuant to Article 108(3) of the Treaty at the latest six months from the date on which the above conditions are met. If several schemes with identical or very similar characteristics are put into effect in the same Member State within a period of three years, those schemes shall be considered jointly for the purpose of the application of this provision.
 - (b) aid to export-related activities, namely aid that is directly linked to the quantities exported, to the establishment and operation of a distribution network or to other current expenditure linked to export activity;
 - (c) aid that is contingent upon the use of domestic over imported goods;
 5. [With the exception of Article 30,] this Regulation shall not apply to:
 - (a) aid schemes which do not explicitly exclude the payment of individual aid in favour of an undertaking which is subject to an outstanding recovery order following a previous Commission Decision declaring an aid illegal and incompatible with the internal market;
 - (b) ad hoc aid in favour of an undertaking which is subject to an outstanding recovery order following a previous Commission Decision declaring an aid illegal and incompatible with the internal market;
 6. This Regulation shall not apply to aid to undertakings in difficulty, [with the exception of:
 - (a) Article 30 of this Regulation
 - (b) Articles 25 and 26 of this Regulation, in relation to damages directly linked to the risk event, insofar as those undertakings had already been involved in a rescue or restructuring procedure. This condition is deemed to be fulfilled if the enterprise has e.g. already introduced an application for a rescue or restructuring aid. Earlier damages relating to the situation of the enterprise in

difficulty may under no circumstances be compensated for through aid foreseen in the above-mentioned Articles.]

7. This Regulation shall not apply to aid which entail, by themselves, by the conditions attached to them or by their financing method a non-severable violation of Union law, in particular to:
- (a) aid where the grant of aid is subject to the obligation for the beneficiary to have its headquarters in the relevant Member State or to be predominantly established in that Member State;
 - (b) aid where the grant of aid is subject to the obligation for the beneficiary to use nationally produced goods or national services;
 - (c) aid restricting the possibility for the beneficiaries to exploit the research, development and innovation results in other Member States.

Article 2 *Definitions*

For the purpose of this Regulation the following definitions shall apply:

1. 'aid' means any measure fulfilling all the criteria laid down in Article 107(1) of the Treaty;
2. 'individual aid' means aid granted to a specific undertaking and includes:
 - (a) ad hoc aid; and
 - (b) awards of aid on the basis of an aid scheme;
3. 'ad hoc aid' means aid not awarded on the basis of an aid scheme;
4. 'aid scheme' means any act on the basis of which, without further implementing measures being required, individual aid awards may be made to undertakings defined within the act in a general and abstract manner and any act on the basis of which aid which is not linked to a specific project may be awarded to one or several undertakings;
5. 'agricultural product' means the products listed in Annex I to the Treaty, except fishery and aquaculture products listed in Annex I to Regulation (EU) No .../2013 of the European Parliament and of the Council [COM(2011)416] on the common organisation of the markets in fishery and aquaculture products¹⁸;
6. 'primary agricultural production' means production of products of the soil and of stock farming, listed in Annex I to the Treaty, without performing any further operation changing the nature of such products;
7. 'processing of agricultural products' means any operation on an agricultural product resulting in a product which is also an agricultural product, except on-farm activities necessary for preparing an animal or plant product for first sale;
8. 'processing of agricultural products into non-agricultural products' means any operation on an agricultural product resulting in a product which is not an agricultural product;

¹⁸ OJ L

9. 'marketing of agricultural products' means holding or display with a view to sale, offering for sale, delivery or any other manner of placing on the market, except the first sale by a primary producer to resellers or processors and any activity preparing a product for such first sale; a sale by a primary producer to final consumers is considered as marketing of agricultural products if it takes place in separate premises reserved for that purpose;
10. 'agriculture sector' means all undertakings active in primary production, processing or marketing of agricultural products;
11. 'gross grant equivalent' or 'GGE' means the discounted value of the aid expressed as a percentage of the discounted value of the eligible costs calculated at the moment of award of the aid on the basis of the discount rate applicable at that moment in time;
12. 'SME' or "micro, small and medium-sized enterprises" means micro, small and medium-sized enterprises fulfilling the criteria laid down in Annex 1;
13. 'start of project' means either the actual start of (construction) works or activities, or the first firm commitment to order equipment or employ services, excluding preparatory works;
14. 'undertakings in difficulty' means an undertaking that fulfils the following conditions:
 - (a) [In the case of a limited liability company¹⁹, where more than half of its subscribed share capital²⁰ has disappeared due to accumulated losses. This is the case when deducting accumulated losses from reserves (and all other elements generally considered as part of the own funds of the company) leads to a negative result that exceeds half of the subscribed share capital.
 - (b) In the case of a company where at least some members have unlimited liability for the debt of the company²¹, where more than half of its capital as shown in the company accounts has disappeared due to accumulated losses.
 - (c) Where the undertaking is in collective insolvency proceedings or fulfils the criteria under its domestic law for being placed in collective insolvency proceedings at the request of its creditors.
 - (d) Where the undertaking's book debt: equity ratio is greater than [7.5].
 - (e) Where the undertaking's EBIT interest coverage ratio has been below [1.0] for the past [two] years.
 - (f) Where the undertaking is rated the equivalent of CCC+ ("payment capacity is dependent upon sustained favourable conditions") or below by at least one registered credit rating agency²²].

¹⁹ This refers in particular to the types of company mentioned in the first subparagraph of Article 1(1) of Council Directive 78/660/EEC of 25 July 1978 (OJ L 222, 14.8.1978, p. 11) with subsequent amendments.

²⁰ Where relevant, "share capital" includes any share premium.

²¹ This refers in particular to the types of company mentioned in the second subparagraph of Article 1(1) of Council Directive 78/660/EEC, with subsequent amendments.

²² "Registered credit rating agency" means a credit rating agency registered in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (OJ L 302, 17.11.2009, p. 1).

An SME that has been in existence for less than three years will not be considered to be in difficulty with regard to that period unless it meets the condition set out in point (c) above;]

15. 'transparent aid' means aid in respect of which it is possible to calculate precisely the gross grant equivalent ex ante without the need to undertake a risk assessment
16. 'aid intensity' means the aid amount expressed as a percentage of the eligible costs.;
17. 'rural development programme' means rural development programme as provided for in Article 7(1) of Regulation No [RDR/2013] reference;
18. 'natural disasters' means earthquakes, avalanches, landslides and floods brought about by waters overflowing river or lake banks;
19. 'adverse climatic event which can be assimilated to a natural disaster' means unfavourable weather conditions such as frost, storms and hail, ice, heavy rain or severe drought which destroy more than 30 % of the average of the annual production of a given farmer:
 - (a) in the preceding three-year period or
 - (b) a three-year average based on the preceding five-year period, excluding the highest and the lowest entry;
20. 'less developed regions' means regions where the gross domestic product (GDP) per capita is less than 75 % of average GDP of the EU-27;
21. 'young farmer' means a person who is less than 40 years of age on the date of submitting the aid application, and who possesses adequate occupational skills and competences and is setting up for the first time in an agricultural holding as head of the holding;
22. 'active farmer' means active farmer within the meaning of Article 9 of Regulation (EU) No [DP/2013].
23. ["agricultural holding" means]
24. "fixed costs arising from participation in quality scheme" means the costs incurred for entering a supported quality scheme and the annual contribution for participating in that scheme, including, where necessary, expenditure on checks required to verify compliance with the specifications of the quality scheme;
25. 'outermost regions' means the regions referred to in the first paragraph of Article 349 of the Treaty;
26. 'smaller Aegean islands' means the smaller islands referred to in Article 1(2) of Regulation (EU) No229/2013 of the European Parliament and of the Council of 13 March 2013 laying down specific measures for agriculture in favour of the smaller Aegean islands and repealing Council Regulation (EC) No 1405/2006²³;
27. 'fallen stock' means animals which have been killed by euthanasia with or without a definite diagnosis or which have died, including stillborn and unborn animals, on a farm or on any premises or during transport, but which have not been slaughtered for human consumption;

²³ OJ L 78, 20.3.2013, p. 41

28. 'Transmissible Spongiform Encephalopathy (TSE) and Bovine Spongiform Encephalopathy (BSE) test costs' means all costs, including those for test kits and for the taking, transporting, testing, storing and destruction of samples necessary for sampling and laboratory testing in accordance with Chapter C of Annex X to Regulation (EC) No 999/2001 of the European Parliament and of the Council of 22 May 2001 laying down rules for the prevention, control and eradication of certain transmissible spongiform encephalopathies²⁴;
29. 'tangible assets' means assets relating to land, buildings and plant, machinery and equipment;
30. 'intangible assets' means assets entailed by the transfer of technology through the acquisition of patent rights, licences, know-how or unpatented technical knowledge;
31. 'non-productive investment' means investment which does not lead to a net increase in the value or profitability of the agricultural holding;
32. 'transaction cost' means a cost linked to a commitment but not directly attributable to its implementation;
33. 'EU standards' means mandatory standards laid down in Union legislation setting the level of protection which individual undertakings must achieve, in particular as regards the environment, hygiene and animal welfare; however standards or objectives set at Union level which are compulsory for the Member State but not for the undertakings individually are not considered as mandatory EU standards;
34. 'investments to comply with EU standards' means investments made to comply with an EU standard after the expiry of the transitional period provided for in Union legislation;
35. 'producer group and organisation' means a group or organisation set up for the purpose of:
- (a) adapting the production and output of producers who are members of such groups or organisations to market requirements;
 - (b) jointly placing goods on the market, including the preparation for sale, centralisation of sales and supply to bulk buyers;
 - (c) establishing common rules on production information, with particular regard to harvesting and availability;
 - (d) other activities that may be carried out by producer groups or organisations, such as the development of business and marketing skills and organisation and facilitation of innovation processes;
36. 'capital works' means building and engineering works, undertaken by the farmer himself or by his workers, that create an asset;
37. 'trees for short rotation coppicing' means woody perennial crops, harvested on a 2-5 year cycle while the rootstocks or stools remain in the ground after harvest and are viable for several rotations;
38. 'fast growing trees' means trees grown with a planned rotation time (period between two harvest cuts on the same parcel) of less than [15] years;

²⁴ OJ L 147, 31.5.2001, p. 1

39. 'agroforestry systems' means land use systems where trees are grown in combination with agriculture on the same land;
40. 'advice' means complete advice given [in the framework of one and the same contract];
41. 'foodstuffs' means foodstuffs as listed in Annex I of Regulation (EU) No 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs²⁵;
42. 'linked enterprise' means linked enterprise as defined in Article 3 of Annex 1 to this Regulation;
43. 'European Globalisation Adjustment Fund' means European Globalisation Adjustment Fund as established by Regulation of the European Parliament and of the Council on the European Globalisation Adjustment Fund (2014 - 2020)²⁶
44. 'catastrophic event' means an unforeseen event of biotic or abiotic nature caused by human action that leads to important disturbances of agricultural production systems and forest structures, eventually causing important economic damage to the farming and forest sectors;
45. 'small farm' means agricultural undertaking which employs fewer than 10 persons and whose annual turnover or annual balance sheet total does not exceed EUR 2 million.
46. 'a' areas" mean those areas designated in a regional aid map in application of the provisions of Article 107(3)(a) of the Treaty;
47. 'c' areas" mean those areas designated in a regional aid map in application of the provisions of Article 107(3)(c) of the Treaty;
48. 'regional aid map' means the list of areas designated by a Member State in accordance with the conditions laid down in the Guidelines on regional state aid for 2014 – 2020²⁷ and approved by the Commission;
49. 'sparsely populated areas' mean those areas designated by the Member State concerned in accordance with paragraph 161 of the Guidelines on regional state aid for 2014 – 2020;
50. 'areas facing natural constraints' means areas designated by Member States pursuant to Article 33 of Regulation No [RD/2013]
51. "member of a farm household" means natural or legal person or a group of natural or legal persons, whatever legal status is granted to the group and its members by national law, with the exception of farm workers.

Article 3
Conditions for exemption

1. Aid schemes, individual aid granted under aid schemes and ad hoc aid shall be compatible with the internal market within the meaning of Article 107(3) of the

²⁵ OJ, L 343 of 14.12.2012, p.1

²⁶ OJ xx xxx

²⁷ OJ

Treaty and shall be exempt from the notification requirement of Article 108(3) of the Treaty provided that such aid:

- (a) fulfils all the conditions laid down in Chapter 1 and 2, as well as the relevant conditions laid down in Chapter 3 and
 - (b) contains an express reference to the relevant provisions of this Regulation, by citing the relevant provisions, the title of this Regulation and its publication reference in the Official Journal of the European Union.
2. Member States shall take all necessary measures to ensure effective compliance with this Regulation, including compliance of individual aid granted under schemes which are exempt from the notification requirement pursuant to this Regulation.

Article 4 *Notification thresholds*

This Regulation shall not apply to any individual aid, whether granted ad hoc or on the basis of a scheme, the gross grant equivalent of which exceeds the following thresholds:

- (a) aid for tangible or intangible investments in agricultural undertakings: EUR 400 000 per undertaking over any period of three fiscal years, or EUR 500 000 if the undertaking is situated in a less developed region;
- (b) aid for investments in connection with the processing and marketing of agricultural products: EUR 7,5 million per undertaking per investment project;
- (c) aid for investments improving the resilience and environmental value of forest ecosystems: EUR [7,5 million] per investment project;
- (d) aid for infrastructure investments in the forest sector: EUR [7,5 million] per investment project;
- (e) aid for investments in forestry technologies and in processing, mobilising and marketing of forestry products: EUR [7,5 million] per investment project;
- (f) aid for investments concerning the processing of agricultural products into non-agricultural products or the production of cotton: EUR [7,5 million] per investment project.

Article 5 *Transparency of aid*

1. This Regulation shall apply only to transparent aid.
2. The following categories of aid shall be considered to be transparent aid:
 - (a) aid comprised in grants and interest rate subsidies;
 - (b) aid comprised in loans, where the gross grant equivalent has been calculated on the basis of the reference rate prevailing at the time of the grant;
 - (c) aid comprised in guarantees:
 - (i) where the gross grant equivalent has been calculated on the basis of safe-harbour premiums laid down in Commission Notice on the application of Articles 87 and 88 of the EC Treaty to State aid in the form of guarantees; or

- (ii) where before the implementation, the methodology used to calculate the gross grant equivalent of the guarantee has been accepted following the notification of that methodology to the Commission under a regulation adopted by the Commission in the State aid area, and the approved methodology explicitly addresses the type of guarantee and the type of underlying transaction at stake in the context of the application of this Regulation;
 - (d) aid comprised in fiscal measures, where the measure provides for a cap ensuring that the applicable threshold is not exceeded.
 - (e) aid comprised in repayable advances, if the total nominal amount of the repayable advance does not exceed the thresholds applicable under this Regulation or if, before implementation of the measure, the methodology to calculate the gross grant equivalent of the repayable advance has been accepted following its notification to the Commission.
3. The following categories of aid shall not be considered to be transparent aid:
- (a) aid comprised in capital injections;
 - (b) aid comprised in risk capital measures.

Article 6
Incentive effect

1. This Regulation shall only exempt aid which has an incentive effect.
2. Aid shall be considered to have an incentive effect if the beneficiary has submitted a written application for the aid in the form laid down in Annex II to the Member State concerned before work on the project or activity has started
3. [SUPPLEMENTARY OPTION FOR LARGE ENTERPRISES: Aid granted to large enterprises shall be considered to have an incentive effect if, in addition to fulfilling the condition laid down in paragraph 2, the Member State has verified, before granting the individual aid concerned, that documentation prepared by the beneficiary establishes one or more of the following criteria:
 - (a) a material increase in the size of the project/activity due to the aid;
 - (b) a material increase in the scope of the project/activity due to the aid;
 - (c) a material increase in the total amount spent by the beneficiary on the project/activity due to the aid;
 - (d) a material increase in the speed of completion of the project/activity concerned;
 - (e) as investment aid, that the project would not have been carried out as such in the rural area concerned in the absence of the aid.]
4. Paragraph 2 shall not apply in relation to fiscal measures if the following conditions are fulfilled:
 - (a) the fiscal measure establishes a right to aid in accordance with objective criteria and without further exercise of discretion by the Member State; and
 - (b) the fiscal measure was adopted and in force before work on the aided project or activity has started; this condition shall not apply in the case of fiscal successor

schemes provided the activity was already covered by the previous fiscal schemes.

5. Paragraph 1 shall not apply to aid granted in accordance with Articles 25, 26 and 30 nor to aid concerning damage restoration granted in accordance with Article 34.

Article 7

Proportionality

1. This Regulation shall apply only to aid which is proportionate.
2. Aid exempted from the notification requirement of Article 108(3) of the Treaty under this Regulation shall be considered to be proportionate if it complies with the maximum aid intensities or amounts established in Chapter 3.

Article 8

Aid intensity and eligible costs

1. For the purposes of calculating the aid intensity and the eligible costs, all figures used shall be taken before any deduction of tax or other charge. The eligible costs shall be supported by documentary evidence which shall be clear, specific and contemporary.
2. [Value added tax (VAT) shall not be eligible for aid.
However, VAT amounts shall be eligible where they are not recoverable under national VAT legislation and are paid by a beneficiary other than non-taxable person as defined in the first subparagraph of Article 13(1) of Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax (OJ L 347 of 11.12.2006, p. 1), provided that such VAT amounts are not incurred in relation to the provision of infrastructure.]
3. Where aid is awarded in a form other than a grant, the aid amount shall be the gross grant equivalent of the aid.
4. Aid payable in several instalments shall be discounted to its value at the moment of granting. The eligible costs shall be discounted to their value at the moment of granting. The interest rate to be used for discounting purposes shall be the discount rate applicable at the time of grant.
5. Where aid is granted by means of tax advantages, discounting of aid tranches shall take place on the basis of the reference rates applicable when a tax advantage takes effect
6. Where aid is granted in the form of repayable advances which, in the absence of an accepted methodology to calculate their gross grant equivalent, are expressed as a percentage of the eligible costs and the measure provides that in case of a successful outcome of the project, as defined on the basis of reasonable and prudent hypothesis, the advances will be repaid with an interest rate at least equal to the discount rate applicable at the time of grant, the maximum aid intensities laid down in Chapter 3 may be increased by [10] percentage points.

[Article 9]SME status

[Whenever the exemption from the notification requirement of Article 108(3) of the Treaty is limited to SMEs or more favourable conditions apply to SMEs under this Regulation, an SME can only benefit from such an exemption or from more favourable conditions under this Regulation provided it does not lose its SME status within [x] years from the grant of the aid due to becoming a partner or linked enterprise within the meaning of Article 3 of Annex I with a large enterprise.]

Article 10 Cumulation

1. In determining whether the individual notification thresholds established in Article 3a and the maximum aid intensities and ceilings established in Chapter 3 are respected, the total amount of public support measures for the aided activity or project shall be taken into account, regardless of how the measures are financed. However, Union funding centrally managed by the Commission that is not directly or indirectly under the control of the Member State and does not constitute state aid should not be taken into account, when both such funding and national funding are assessed together for the purpose of compliance with European regulations.
2. Aid with identifiable eligible costs may be cumulated with:
 - (a) any other State aid, as long as those measures concern different identifiable eligible costs,
 - (b) any other State aid, in relation to the same eligible costs, partly or fully overlapping, only if such cumulation does not result in exceeding the highest aid intensity or aid amount applicable to this aid under this Regulation.
3. Aid exempted under this Regulation shall not be cumulated with any de minimis aid in respect of the same eligible costs if such cumulation would result in an aid intensity exceeding those laid down in Chapter 3.

Article 11 Withdrawal of the benefit of the block exemption

Where the Member State concerned grants aid allegedly exempted from the notification requirement under this regulation without fulfilling the conditions set out in this Chapter and in Chapter 3 or fails to meet the requirement set out in Chapter 2, the Commission may, after having provided the Member State concerned with the possibility to make its views known, adopt a decision stating that all or some of the future aid measures adopted by the Member State concerned are to be notified to the Commission in accordance with Article 108(3) of the Treaty. The aids to be notified may include, in particular, the aids adopted in favour of certain beneficiaries or the aids adopted by certain authorities of the Member State concerned.

CHAPTER 2

PROCEDURAL REQUIREMENTS

Article 12

Publication and information

1. At the latest 10 working days before the entry into force of an aid scheme exempted under this Regulation, or the granting of individual aid exempted under this Regulation outside any scheme, Member States shall transmit to the Commission, via the Commission's web application State Aid Notification Interactive (SANI) in accordance with Article 3 of Regulation (EC) No 794/2004, with a view to its publication on the Commission's website, a summary of the information regarding such aid scheme or individual aid in accordance with the form set out in Annex III.

Within 10 working days of receipt of that summary, the Commission shall send a notice of receipt with an identification number.
2. The Member State concerned shall publish on a single State aid website, or on a single website retrieving information from several websites:
 - (a) the summary information referred to in paragraph 1;
 - (b) the full text of each such aid , including its amendments, or a link providing access to it;
 - (c) the information on each individual aid award as set out in Annex IV to this Regulation.
3. The information mentioned in paragraph 2 above shall be organised and accessible in a standardized manner, described in Annex V and shall allow for effective search and download functions. The information referred to in paragraph 2 shall be up to date and available for at least 10 years from the date on which the aid was granted.
4. The full text of the aid scheme or of the ad hoc aid referred to in paragraph 2 shall include, in particular, an explicit reference to this Regulation, by citing its title and publication reference in the Official Journal of the European Union and to the specific provisions of Chapter 3 concerned by that act, or where applicable, to the national law which ensures that the relevant provisions of this Regulation are complied with. It shall be accompanied by its implementing provisions and its amendments.
5. The Commission shall publish on its website:
 - (a) the links to the State aid websites, of all Member States, provided for in paragraph 2;
 - (b) the summary information referred to in paragraph 1.

Article 13

Reporting

Member States shall transmit to the Commission in electronic form:

- (a) information on each individual aid award exceeding EUR 3 million, in the format set out in Annex IV, within 20 working days from the day on which the aid is granted;

- (b) an annual report, as referred to in Chapter III of Regulation (EC) No 794/2004, on the application of this Regulation, containing the information indicated in Annex VI to this Regulation, in respect of each whole year or each part of the year during which this Regulation applies.

Article 14
Monitoring

Member States shall maintain detailed records with the information and supporting documentation necessary to establish that all the conditions laid down in this Regulation are fulfilled. Such records shall be kept for 10 years from the date on which the individual aid was granted or the last aid was granted under the schemes. The Member State concerned shall provide the Commission within a period of 20 working days or such longer period as may be fixed in the request, with all the information and supporting documentation which the Commission considers necessary to monitor the application of this Regulation.

CHAPTER 3

CATEGORIES OF AID

SECTION 1

AID IN FAVOUR OF SMEs ACTIVE IN THE PRIMARY PRODUCTION, PROCESSING OR MARKETING OF AGRICULTURAL PRODUCTS

Article 15

*Aid for tangible or intangible investments in agricultural holdings linked to primary
production*

1. Aid for tangible or intangible investments in agricultural holdings linked to the primary production of agricultural products shall be compatible with the internal market within the meaning of Article 107(3)(c) of the Treaty and shall be exempt from the notification requirement of Article 108(3) of the Treaty where it fulfils the conditions laid down in paragraphs 2 to 16 of this Article.
2. The investment shall be carried out by one or several beneficiaries or concern an asset used by one or several beneficiaries.
3. The investment may be linked to the production at farm-level of biofuels or of energy from renewable sources, provided that such production does not exceed the average annual consumption of fuels or energy of the given farm.
4. The investment shall be in conformity with Union legislation and with national laws of the Member State concerned.
5. The investment shall pursue notably the following objectives:
 - (a) the improvement of the overall performance and sustainability of the agricultural holding, in particular through a reduction of production costs or the improvement and re-deployment of production;

- (b) the improvement of the natural environment, hygiene conditions or animal welfare standards, provided that the investment concerned goes beyond EU standards in force;
 - (c) the creation and improvement of infrastructure related to the development, adaptation and modernisation of agriculture, including access to farm land, land consolidation and improvement, the supply and saving of energy and water;
 - (d) achievement of agri-environmental-climate objectives, including biodiversity conservation status of species and habitat as well as enhancing the public amenity value of a Natura 2000 area or other high nature value systems, defined in the national or regional rural development programmes of Member States, as long as investments are non-productive;
 - (e) restoration of production potential damaged by natural disasters, exceptional occurrences or adverse climatic events which can be assimilated to natural disasters, and the prevention of damages caused by those events.
6. Only investments which do not require an environmental impact assessment pursuant to Union legislation or national laws shall be eligible for aid under this Article.
7. The eligible costs may include:
- (a) the construction, acquisition, including leasing, or improvement of immovable property, with land, other than land for construction purposes, only being eligible to an extent not exceeding 10% of total eligible costs of the operation concerned;
 - (b) the purchase of second hand equipment and the purchase or lease purchase of new machinery and equipment up to the market value of the asset;
 - (c) general costs linked to expenditure referred to in points (a) and (b), such as architect, engineer and consultation fees, fees relating to advice on environmental and economic sustainability, including feasibility studies; feasibility studies shall remain eligible expenditure even where, based on their results, no expenditure under in points (a) and (b) is made;
 - (d) the following intangible investments: acquisition or development of computer software and acquisitions of patents, licenses, copyrights, trademarks;
 - (e) expenses for non-productive investments linked to the achievements referred to in paragraph 5(d) above;
 - (f) in the case of irrigation, only investments that fulfil the following conditions shall be considered as eligible :
 - (i) a river basin management plan, as required under the terms of Directive 2000/60/EC, shall have been notified to the Commission for the entire area in which the investment is to take place, as well as in any other areas whose environment may be affected by the investment. The measures taking effect under the river basin management plan in accordance with article 11 of the same Directive and of relevance to the agricultural sector shall have been specified in the relevant programme of measures; water metering enabling measurement of water use at the level of the supported

investment shall be in place or shall be put in place as part of the investment;

- (ii) the investment shall lead to a reduction of previous water use of at least 25%;
 - (iii) investments affecting bodies of ground- or surface water whose status has been identified as less than good in the relevant river basin management plan for reasons related to water quantity as well as investments resulting in a net increase of the irrigated area affecting a given body of ground- or surface water shall not be eligible for aid under this Article.
- (g) in case of investments aimed at the restoration of agricultural production potential damaged by natural disasters, exceptional occurrences or adverse climatic events which can be assimilated to natural disasters, the eligible costs may include the costs incurred for restoring the production potential up to a level as it was before the occurrence of those events.
 - (h) in case of investments aimed at the prevention of damages caused by natural disasters, exceptional occurrences or adverse climatic events, the eligible costs may include the costs of specific preventive actions.
8. Other costs connected with leasing contracts, such as lessor's margin, interest refinancing costs, overheads and insurance charges shall not be considered to be eligible costs.
 9. In case of irrigation aid shall be paid only by Member States which have fully implemented Article 9 of Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy²⁸ in respect of agriculture, on water pricing and on the recovery of costs for water services.
 10. The aid shall not be limited to specific agricultural products and must therefore be open to all sectors of agriculture, unless a Member State excludes certain products because of overcapacity or a lack of market outlets.
 11. Aid shall not be granted in respect of the following:
 - (a) the purchase of production rights, payment entitlements and annual plants;
 - (b) the planting of annual plants;
 - (c) investments to comply with EU standards in force.
 12. Without prejudice to aid granted for investments pursuant to paragraph 5(e), aid shall not be granted in respect of the purchase of animals.
 13. Aid shall not be granted in contravention of any prohibition or restriction laid down in Council Regulations establishing common organisations of the market, even where such prohibitions and restrictions only refer to Union support.
 14. Aid for investments aimed at the restoration of agricultural production potential pursuant to paragraph 5(e) of this Article shall not be cumulated with aid for compensation for material damage referred to in Articles 25, 26 and 30.

²⁸ OJ L 327, 22.12.2000, p.1

15. The aid intensity shall not exceed:
- (a) 75% of the amount of the eligible costs in outermost regions;
 - (b) [75]% of the amount of the eligible costs in the smaller Aegean islands;
 - (c) 50% of the amount of the eligible costs in less developed regions [and in all regions whose GDP per capita for the 2007-2013 period was less than 75% of the average of the EU-25 for the reference period but whose GDP per capita is above 75% of the GDP average of the EU-27];
 - (d) 40% of the amount of the eligible costs in other regions.
16. The rates referred to in paragraph 15 may be increased by 20 percentage points, provided that the maximum combined support does not exceed 90% for:
- (a) young farmers as defined in Article 2 (21) [or who have already set up during the five years preceding the application for aid];
 - (b) collective investments, such as storage facilities which are used by a group of farmers or facilities to prepare the agricultural products before marketing, and integrated projects covering several measures provided for in Regulation No [RD/2013]), [including those linked to a merger of producer organisations];
 - (c) investments in areas facing natural and other specific constraints pursuant to Article 33 of Regulation No [RD/2013]);
 - (d) operations supported in the framework of the European Innovation Partnership (EIP), such as an investment on the farm in a new stable, allowing the testing of a new practice of animal housing, which has been developed in an operational group composed of farmers, scientists, and animal welfare non-governmental organisation;
 - (e) investments to improve the environmental protection, hygiene or animal welfare, as referred to in paragraph 5(b); in this case the increased rate as referred to in this paragraph shall only apply to the additional costs necessary to obtain a level exceeding the EU standards in force and not leading to an increase in production capacity.
17. As regards non-productive investments and investments for the restoration of production potential, referred to in paragraph 5(d) and 5(e), the maximum aid intensity shall not exceed 100%.

For investments in relation to preventive measures, referred to in paragraph 5(e) the maximum aid intensity shall not exceed 80%. [It may be increased to up to 100% if the investment is carried out collectively by more than one beneficiary.]

Article 16

Aid for investments concerning the relocation of farm buildings

1. Aid for investments concerning the relocation of farm buildings shall be compatible with the internal market within the meaning of Article 107(3)(c) of the Treaty and shall be exempt from the notification requirement of Article 108(3) of the Treaty where it fulfils the conditions laid down in paragraphs 2 to 7 of this Article.
2. The investment concerning the relocation of farm building shall be in conformity with Union legislation and with national laws of the Member State concerned.

3. The relocation of a farm building shall pursue an objective of public interest.
The public interest invoked to justify the granting of aid under this Article shall be specified in the relevant provisions of the Member State concerned.
4. Where the relocation of a farm building simply consists of the dismantling, removal and re-erection of existing facilities the aid intensity may reach 100% of real costs incurred.
5. Where the relocation of a farm building results in a modernisation of facilities or in an increase in production capacity the aid intensities for investments referred to in Article 14 (15) and (16) shall apply;
6. The eligible costs shall be, in the case of the modernisation, the increase in value of the old and the new facilities concerned and in the case of increase in production capacity the expenses relating to such increase;
7. Notwithstanding these rules, the maximum aid intensity may reach 100% of the eligible costs where the relocation concerns activities close to rural settlements, with a view to improving the quality of life or increasing the environmental performance of the settlement and concerns small-scale infrastructures,.

Article 17

Aid for investments in connection with the processing and marketing of agricultural products

1. Aid for tangible or intangible investments in connection with the processing and marketing of agricultural products shall be compatible with the internal market within the meaning of Article 107(3)(c) of the Treaty and shall be exempt from the notification requirement of Article 108(3) of the TFEU where it fulfils the conditions laid down in paragraphs 2 to 11 of this Article.
2. The investment shall concern the processing or marketing of agricultural products.
3. The investment shall be in conformity with Union legislation and with the national laws of the Member State concerned.
4. Only investments which do not require an environmental impact assessment pursuant to Union legislation or national laws shall be eligible for aid under this Article.
5. Paragraph 4 shall not apply to investments carried out in the framework of a regional or national rural development programme, approved by the Commission, for which an environmental impact assessment has been carried out in accordance with Article 46 (1) of Regulation No [RD/2013}.
6. The eligible costs shall be limited to:
 - (a) the construction, acquisition, including leasing, or improvement of immovable property, with land, other than land for construction purposes, only being eligible to an extent not exceeding 10% of total eligible costs of the operation concerned;
 - (b) the purchase of second hand equipment and the purchase or lease purchase of machinery and equipment up to the market value of the asset;
 - (c) general costs linked to expenditure referred to in points (a) and (b), such as architect, engineer and consultation fees, fees relating to advice on environmental and economic sustainability, including feasibility studies;

feasibility studies shall remain eligible expenditure even where, based on their results, no expenditure under in points (a) and (b) is made;

- (d) the following intangible investments costs: acquisition or development of computer software and acquisitions of patents, licenses, copyrights, trademarks;
7. Other costs connected with leasing contracts, such as lessor's margin, interest refinancing costs, overheads and insurance charges shall not be eligible costs.
 8. The aid shall not be limited to specific agricultural products and must therefore be open to all sectors of agriculture, unless a Member State excludes certain agricultural products because of overcapacity or a lack of market outlets.
Aid shall not be granted in respect of investments to comply with EU standards in force
 9. Aid shall not be granted in contravention of any prohibition or restriction laid down in Council Regulations establishing common organisations of the market, even where such prohibitions and restrictions only refer to Union support.
 10. The aid intensity shall not exceed:
 - (a) 75% of the amount of the eligible costs in outermost regions;
 - (b) [75]% of the amount of the eligible costs in the smaller Aegean islands;
 - (c) 50% of the amount of the eligible costs in less developed regions [and in all regions whose GDP per capita for the 2007-2013 period was less than 75% of the average of the EU-25 for the reference period but whose GDP per capita is above 75% of the GDP average of the EU-27];
 - (d) 40% of the amount of the eligible costs in other regions.
 11. The rates referred to in paragraph 10 may be increased by 20%, provided that the maximum combined support does not exceed 90% for:
 - (a) collective investments and integrated projects;
 - (b) operations supported in the framework of the EIP.

Article 18

Start-up aid for young farmers and the development of small farms

1. Start-up aid for young farmers and the development of small farms shall be compatible with the internal market within the meaning of Article 107(3)(c) of the Treaty and shall be exempt from the notification requirement of Article 108(3) of the Treaty where it fulfils the conditions laid down in paragraphs 2 to 5 of this Article.
2. The aid shall be granted to young farmers and to small farms.
The lower threshold for access to start-up aid for young farmers shall be significantly higher than the upper threshold for access to support for the development of small farms.
Aid shall be limited to beneficiaries coming under the definition of micro-and small enterprises.

3. The aid shall be conditional on the submission of a business plan to the competent authority of the Member State concerned, the implementation of which shall start within nine months from the date of the adoption of the decision granting the aid.

For young farmers the business plan shall provide that the beneficiary has to comply with the definition of active farmer within 18 months from the date of setting up.

4. Aid shall be granted in the form of a flat rate payment, payable in at least two instalments over a period of a maximum of five years.

For young farmers, the payment of the last instalment shall be conditional upon the correct implementation of the business plan.

5. The aid amount shall be limited to EUR 70 000 per young farmer and to EUR 15 000 per small farm.

Article 19

Start-up aid for producer groups and organisations

1. Start-up aid for producer groups and organisations shall be compatible with the internal market within the meaning of Article 107(3)(c) of the Treaty and shall be exempt from the notification requirement of Article 108(3) of the Treaty where it fulfils the conditions laid down in paragraphs 2 to 9 of this Article.
2. Only producer groups or organisations that have been officially recognised by the competent authority of the Member State concerned on the basis of a submission of a business plan shall be eligible for aid.
3. The aid shall be granted subject to the obligation of the Member State to verify that the objectives of the business plan have been reached within a period of five years from the date of recognition of the producer group or organisation.
4. The agreements, decisions and concerned practices concluded in the framework of the producer group or organisation shall comply with the relevant provisions of competition law, in particular with Articles 101 and 102 of the Treaty, as they apply by virtue of Articles 143 to 145 of the Regulation of the European Parliament and the Council (EU) No sCMO/2013²⁹.
5. The aid shall not be granted to:
 - (a) production organisations such as companies or co-operatives, the objective of which is the management of one or more agricultural holdings and which are therefore in effect single producers;
 - (b) other agricultural associations, which undertake tasks at the level of agricultural production, such as mutual support and farm relief and farm management services, in the members' holdings without being involved in the joint adaptation of supply to the market;
 - (c) producer groups, organisations or associations the objectives of which are incompatible with Regulation of the European Parliament and the Council (EU) No sCMO/2013.

²⁹ OJ xxx

6. The eligible costs may include the costs of the rental of suitable premises, the acquisition of office equipment, including computer hardware and software, administrative staff costs, overheads and legal and administrative fees.
Where premises are purchased, the eligible costs for premises shall be limited to rental costs at market rates.
7. The aid shall be paid as a flat rate aid for the first five years following the date on which the producer group or organisation was recognized on the basis of its business plan.
Member States shall pay the last instalment only after having verified the correct implementation of the business plan.
8. The aid intensity shall be limited to 100% of the eligible costs.
9. The amount of aid per year shall be limited to EUR 100 000.

Article 20

Aid for new participation of producers of agricultural products in quality schemes

1. Aid for new participation of producers of agricultural products and groups thereof in quality schemes shall be compatible with the internal market within the meaning of Article 107(3)(c) of the Treaty and shall be exempt from the notification requirement of Article 108(3) of the Treaty where it fulfils the conditions laid down in paragraphs 2 to 6 of this Article.
2. Aid shall be granted for new participation in one of the following types of quality schemes:
 - (a) quality schemes established under the following Regulations and provisions:
 - (i) Part II, Title II, Chapter I, Section 2 of Regulation [sCMO/2013]; as concerned wine;
 - (ii) Regulation (EU) 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs;
 - (iii) Council Regulation (EC) No 834/2007 of 28 June 2007 on organic production and labelling of organic products and repealing Regulation (EEC) No 2092/91;
 - (iv) Regulation (EC) No 110/2008 of the European Parliament and of the Council of 15 January 2008 on the definition, description, presentation, labelling and the protection of geographical indications of spirit drinks and repealing Council Regulation (EEC) No 1576/89 ;
 - (v) Proposal for Regulation (EC) on the definition, description, presentation, labelling and the protection of geographical indications of aromatised wine products;
 - (b) quality schemes, including farm certification schemes, for agricultural products recognised by the Member States as complying with the following criteria:
 - (i) the specificity of the final product produced under such schemes is derived from clear obligations to guarantee:

- specific product characteristics, or
 - specific farming or production methods, or
 - a quality of the final product that goes significantly beyond the commercial commodity standards as regards public, animal or plant health, animal welfare or environmental protection;
- (ii) the scheme is open to all producers;
- (iii) the scheme involves binding final product specifications and compliance with those specifications is verified by public authorities or by an independent inspection body;
- (iv) the scheme is transparent and assures complete traceability of agricultural products.
- (c) voluntary agricultural product certification schemes recognised by the Member State concerned as meeting the requirements laid down in Commission Communication -Union best practice guidelines for the operation of voluntary certification schemes relating to agricultural products and foodstuffs³⁰.
3. Only active farmers shall be eligible for aid under this Article.
4. The aid shall be granted in the form of an annual incentive payment, the level of which shall be determined according to the level of the fixed costs arising from participation in quality schemes.
5. The aid shall be granted for a period of a maximum of five years.
6. The aid shall be limited to EUR 3 000 per beneficiary per year.

Article 21

Aid for knowledge transfer and information actions

1. Aid for knowledge transfer and information actions shall be compatible with the internal market within the meaning of Article 107(3)(c) of the Treaty and shall be exempt from the notification requirement of Article 108(3) of the Treaty where it fulfils the conditions laid down in paragraphs 2 to 10 of this Article.
2. Aid shall cover vocational training and skills acquisition actions, including training courses, workshops and coaching, demonstration activities and information actions.
3. Aid may also cover short-term farm management exchange and farm visits.
4. The provision of activities referred to in paragraphs 2 and 3 may be undertaken by producer groups or other organisations, regardless of their size.
5. Aid may be granted in respect of the following eligible costs:
- (a) the costs of organising the vocational training, skills acquisition actions, demonstration activities or information actions;
 - (b) the relevant investment costs in case of demonstration projects;
 - (c) the costs for travel, accommodation and per diem expenses of the participants;

³⁰ OJ C 341, 16.12.2010, p. 5.

- (d) the cost of the provision of replacement services during the absence of the farmer;
6. Bodies providing knowledge transfer and information services shall have the appropriate capacities in the form of staff qualifications and regular training to carry out those tasks.
 7. Aid referred to in paragraph (a) and (b) shall not involve direct payments to the undertakings active in primary production, processing and marketing of agricultural products. The recipient of the aid shall be the provider of training or other knowledge transfer and information action.

The provider of training or other knowledge transfer and information actions shall be chosen through calls for proposals. The selection procedure shall be governed by public procurement law of the Member State concerned and shall be open to public and private bodies. It shall be objective and shall exclude candidates with conflicts of interest.

8. The aid shall not cover the costs for courses of instruction or training, which form part of normal education programs or systems at secondary or higher levels.
9. The aid shall be accessible to all those eligible undertakings active in primary production, processing and marketing of agricultural products in the area concerned, based on objectively defined conditions.

Where the provision of the activities as referred to in paragraph 2 and 3 is undertaken by producer groups or other organisations, membership of such groups or organisations shall not be a condition for access to the activities.

Any contribution of non-members towards the administrative costs of the producer group or organisation concerned shall be limited to the costs of providing the activities.

10. The aid intensity shall be limited to 100% of the eligible costs.

Article 22

Aid for advisory services

1. Aid for advisory services shall be compatible with the internal market within the meaning of Article 107(3)(c) of the Treaty and shall be exempt from the notification requirement of Article 108(3) of the Treaty where it fulfils the conditions laid down in paragraphs 2 to 8 of this Article.
2. The aid shall be designed to help undertakings active in primary production, processing and marketing of agricultural products and young farmers benefit from the use of advisory services for the improvement of the economic and environmental performance as well as the climate friendliness and resilience of their holding and/or investment.
3. The bodies selected to provide the advisory service shall have the appropriate resources in the form of regularly trained and qualified staff and advisory experience and reliability with respect to the fields they advise in.

The advisory service providers shall be chosen through calls for proposals. The selection procedure shall be governed by public procurement law of the Member

State concerned and shall be open to public and private bodies. It shall be objective and shall exclude candidates with conflicts of interest.

4. The advice shall be linked to at least one Union priority for rural development and shall cover as a minimum one of the following elements:
 - (a) obligations deriving from the statutory management requirements or standards for good agricultural and environmental conditions of land laid down in Chapter I of Title VI of Regulation (EU) No HR/2012³¹;
 - (b) where applicable, the agricultural practices beneficial for the climate and the environment laid down in Chapter 2 of Title III of Regulation (EU) No [DP/2013]³² and the maintenance of the agricultural area referred to in Article 4(1)(c) of that Regulation;
 - (c) measures aiming at modernisation, competitiveness building, sectoral integration, innovation, market orientation as well as the promotion of entrepreneurship;;
 - (d) requirements defined by Member States for implementing Article 11 (3) of Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy³³
 - (e) requirements defined by Member States for implementing Article 55 of Regulation (EC) No 1107/2009 of the European Parliament and of the Council of 21 October 2009 concerning the placing of plant protection products on the market and repealing Council Directives 79/117/EEC and 91/414/EEC³⁴, and in particular the compliance with the general principles of integrated pest management as referred to in Article 14 of Directive 2009/128/EC of the European Parliament and of the Council of 21 October 2009 establishing a framework for Community action to achieve the sustainable use of pesticides³⁵;
 - (f) where relevant, occupational safety standards or safety standards linked to the farm;
 - (g) specific advice for farmers setting up for the first time.
5. Advice may also cover other relevant issues and in particular the information related to climate change mitigation and adaptation, biodiversity and protection of water as laid down in Annex I to Regulation (EU) No [HR]/2013 or issues linked to the economic and environmental performance of the agricultural holding including competitiveness aspects. This may include advice for the development of short supply chains, organic farming and health aspects of animal husbandry. .
6. The aid shall not involve direct payments to the undertakings active in primary production, processing and marketing of agricultural products. The advisory service provider shall be the recipient of the aid.

³¹ OJ

³² OJ xxx

³³ OJ L 327, 22.12.2000, p.1

³⁴ OJ L 309, 24.11.2009, p. 1–50

³⁵ OJ L 309, 24.11.2009, p. 71–86

7. The aid shall be accessible to all those eligible undertakings active in primary production, processing and marketing of agricultural products in the area concerned, based on objectively defined conditions.

Where the provision of advisory services is undertaken by producer groups or other organisations, membership of such groups or organisations shall not be a condition for access to the service.

Any contribution of non-members towards the administrative costs of the group or organisation concerned shall be limited to the costs of providing the advisory service.

8. The amount of aid shall be limited to EUR 1 500 per advice.

Article 23

Aid for farm replacement services

1. Aid for farm replacement services shall be compatible with the internal market within the meaning of Article 107(3)(c) of the Treaty and shall be exempt from the notification requirement of Article 108(3) of the Treaty where it fulfils the conditions laid down in paragraphs 2 to 4 of this Article.
2. Aid shall be granted in respect of the real costs incurred for the replacement of a farmer, the farmer's partner or a farm worker, during illness and holidays.
3. The provider of the farm replacement service shall be the recipient of the aid.

The provider of the farm replacement service shall be chosen through calls for proposals. The selection procedure shall be governed by public procurement law and shall be open to public and private bodies. It shall be objective and shall exclude candidates with conflicts of interest.
4. The aid intensity shall be limited to 100% of the eligible costs.

Article 24

Aid for promotional measures in favour of agricultural products

1. Aid for promotional measures in favour of agricultural products shall be compatible with the internal market within the meaning of Article 107(3)(c) of the Treaty and shall be exempt from the notification requirement of Article 108(3) of the Treaty where it fulfils the conditions laid down in paragraphs 2 to 8 of this Article.
2. The aid shall cover the costs for:
 - (a) the organisation of competitions, trade fairs or exhibitions;
 - (b) publications aimed at raising awareness among the wider public.
3. The publications referred to in paragraph (b) shall not refer to any undertaking, brand name or particular origin.

However this restriction shall not apply to reference to an origin included in a protected designation recognised by the Union, provided this reference corresponds exactly to that protected by the Union.
4. Aid for promotional measures shall be accessible to all eligible undertakings active in primary production, processing and marketing of agricultural products in the area concerned, based on objectively defined conditions.

Where the activity is proposed by producer groups or other organisations, participation shall not be subject to membership of these groups or organisations and any contribution in terms of administration fees for the group or organisation shall be limited to the cost of providing the promotional measures.

5. The eligible costs for the organisation of competitions, trade fairs or exhibitions may include:
 - (a) participation fees;
 - (b) travel costs;
 - (c) costs of publications and websites announcing the event;
 - (d) the rent of exhibition premises;
 - (e) symbolic prizes up to a value of EUR [...] per prize and winner of competition;
6. The eligible cost may also include:
 - (a) costs of publications and websites aimed at presenting factual information about beneficiaries from a given region or producing a given agricultural product, provided the information is neutral and that all beneficiaries concerned have equal opportunities to be represented in the publication;
 - (b) costs for the dissemination of scientific knowledge and factual information on quality systems open to agricultural products from other countries, on generic agricultural products and on the nutritional benefits of generic agricultural products and suggested uses for them.
7. The aid shall be granted:
 - (a) in kind or
 - (b) on the basis of reimbursement of real costs incurred.

Where the aid is granted in kind the aid recipient shall be the provider of the promotional measures and shall be chosen through calls for proposals. The selection procedure shall be governed by the public procurement law of the Member State concerned and shall be open to public and private bodies. It shall be objective and shall exclude candidates with conflicts of interest

The aid for prize award referred to in paragraph 5(e) above shall be paid out to the provider of the promotional measure only if the prize has been actually awarded and upon presentation of a proof of the award.

8. The aid intensity shall be limited to 100 % of the eligible costs.

Article 25

Aid to compensate for losses caused by adverse climatic event which can be assimilated to a natural disaster

1. Aid to compensate undertakings active in primary production of agricultural products for losses of plants or animals or farm buildings caused by adverse climatic events which can be assimilated to natural disasters shall be compatible with the internal market within the meaning of Article 107(3)(c) of the Treaty and shall be exempt

from the notification requirement of Article 108(3) of the Treaty where it fulfils the conditions laid down in paragraphs 2 to 12 of this Article.

2. The occurrence of an adverse climatic event which can be assimilated to natural disaster shall be formally recognised as such by the competent authority of the Member State concerned.

Member States may, where appropriate, establish in advance criteria on the basis of which such formal recognition shall be deemed to be granted.

3. Aid shall be paid directly to the concerned undertakings active in primary production of agricultural products or to a producer group of which those undertaking a member.

Where the aid is paid to a producer group, the amount of aid shall not exceed the amount of aid to which the undertaking is eligible.

4. Aid schemes shall be established within three years following the date of the occurrence of the adverse climatic event that can be assimilated to natural disaster. The aid shall be paid out within four years following the date of the occurrence of the adverse climatic event that can be assimilated to natural disaster.

5. Aid for losses caused by drought shall be paid only by Member States which have fully implemented Article 9 of Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy³⁶ in respect of agriculture, on water pricing and on the recovery of costs for water services.

6. The eligible costs shall consist in the reduction of income from the sale of the agricultural product resulting from the occurrence of an adverse climatic event that can be assimilated to natural disaster.

That reduction in income shall be calculated by subtracting:

- (a) the result of multiplying the quantity of the agricultural products produced in the year of the adverse climatic event that can be assimilated to natural disaster by the average selling price obtained during that year

from

- (b) the result of multiplying the average annual quantity of agricultural products produced in the preceding three-year period or a three year average based on the preceding five-year period, excluding the highest and lowest entry by the average selling price obtained.

The amount eligible for aid may be increased by other costs incurred by the beneficiary because of non-harvesting due to the adverse climatic event that can be assimilated to natural disaster.

7. The maximum amount of loss eligible for aid shall be reduced by:
 - (a) any amount received under insurance schemes and
 - (b) costs not incurred because of the adverse climatic event that can be assimilated to natural disaster.
8. The calculation of loss shall be made at the level of the individual beneficiary.

³⁶ OJ L 327, 22.12.2000, p.1

Direct income support received under the European Globalisation Adjustment Fund shall be taken into consideration when estimating the income levels of the beneficiary.

9. Compensation for damages to farm buildings and farm equipment caused by the adverse climatic event that can be assimilated to natural disaster shall be calculated on the basis of the actual value of the farm buildings and farm equipment, as assessed by an independent expert.
10. When granting aid under this Article, Member States shall avoid overcompensation as a result of the combination of this aid with other national or Union support or private insurance.
11. Any aid granted under this Article shall be reduced by 50 % unless it is given to beneficiaries who have taken out insurance covering at least 50 % of their average annual production or production-related income and the statistically most frequent climatic risks in the Member State or region concerned.
12. The aid intensity shall be limited to 80% of the eligible costs.
The aid intensity may be increased to 90% in areas facing natural constraints.

Article 26

Aid for combating animal and plant diseases or pests

1. Aid to compensate undertakings active in primary production of agricultural products for the costs of the prevention and eradication of animal or plant diseases or pest infestations and aid to compensate such undertakings for losses caused by animal or plant diseases or pest infestations shall be compatible with the internal market within the meaning of Article 107(3)(c) of the Treaty and shall be exempt from the notification requirement of Article 108(3) of the Treaty where it fulfils the conditions laid down in paragraphs 2 to 1717 of this Article.
2. Payments shall only be made in relation to diseases or pests for which Union or national rules exist, whether laid down by law, regulation or administrative action.
Payments shall be made as part of a public programme at Union, national or regional level for the prevention, control or eradication of the disease or pest concerned or as part of emergency measures imposed by public order. The public programme or the public order shall contain a description of the prevention, control or eradication measures concerned.
The Union pest infestation shall be clearly identified in the programme or public order, which shall contain a description of the prevention, control or eradication measures concerned.
3. The aid shall not relate to a disease in respect of which Union legislation provides for specific charges for control measures.
4. The aid shall not relate to measures in respect of which Union legislation provides that the cost of such measures is to be borne by the beneficiary, unless the cost of such measures is entirely offset by compulsory charges on the beneficiaries.
5. No individual aid shall be granted where it is established that the disease or the pest was caused by the actions of the beneficiary.

6. As regards animal diseases, the aid shall only be granted in respect of diseases referred to in the list of animal diseases established by the World Organisation for Animal Health or in Annex I to Council Decision 2009/470/EC of 25 May 2009 on expenditure in the veterinary field³⁷.
7. Aid schemes shall be introduced within three years following the date of the occurrence of the expense or loss. Aid shall be paid out within four years following the date of the occurrence of expense or loss.
8. In the case of prevention measures, the aid shall cover the following eligible costs:
 - (a) health checks;
 - (b) analyses;
 - (c) tests and other screening measures;
 - (d) purchase and administration of vaccines, medicines and plant protection products;
 - (e) preventive slaughtering of livestock or destruction of crops.
9. In the case of eradication measures, the aid shall cover the following eligible costs:
 - (a) purchase and administration of vaccines, medicines, treatments and plant protection products;
 - (b) slaughter and destruction of animals and destruction of crops, including those that die or are destroyed as a result of vaccinations or other measures ordered by the competent authorities.
10. The aid may also cover the costs for measures to eradicate or contain a plant disease or pest implemented in accordance with Council Directive 2000/29/EC of 8 May 2000 on protective measures against the introduction into the Community of organisms harmful to plant and plant products and against their spread within the Community³⁸.
11. Aid in relation to the eligible costs specified in paragraph 8 and 9 shall be granted in kind.

Aid in relation to eligible costs specified in paragraph (a) may also be granted on the basis of reimbursement of the real costs incurred.
12. Where the aid is granted in kind the aid recipient shall be the provider of the prevention and eradication measures.

The provider of the prevention and eradication measures shall be chosen through calls for proposals. The selection procedure shall be governed by the public procurement law of the Member State concerned and shall be open to public and private bodies. It shall be objective and shall exclude candidates with conflicts of interest.
13. In the case of aid to compensate for losses caused by animal or plant diseases or pest infestations, compensation shall be calculated only in relation to:
 - (a) the market value of animals killed or plants destroyed:

³⁷ OJ, L 155, 18.6.2009, p. 30.

³⁸ OJ L 169, 10.7.2000, p. 1

- (i) by the disease or pest infestation;
 - (ii) in the interest of public order as part of a compulsory public prevention or eradication programme.
- (b) loss of income due to quarantine obligations and difficulties in restocking or replanting.

Direct income support received under the European Globalisation Adjustment Fund shall also be taken into consideration when estimating the income levels of farmers.

14. The aid shall be limited to losses caused by diseases and pests for which the public authorities:
- (a) have formally recognised an outbreak, in the case of an animal disease, or
 - (b) have formally acknowledged their presence, in the case of pests of plants.
15. The maximum amount of costs or loss eligible for aid under this Article shall be reduced by:
- (a) any amount received under insurance schemes; and
 - (b) costs not incurred because of the disease or pest, which would otherwise have been incurred.
16. When granting aid under this Article, Member States shall avoid overcompensation as a result of the combination of this aid with other national or Union support instruments or private insurance schemes.
17. The aid intensity shall be limited to 100 % of the eligible costs.

Article 27

Aid to the livestock sector

1. The following aid to undertakings active in the livestock sector shall be compatible with the internal market within the meaning of Article 107(3)(c) of the Treaty and shall be exempt from the notification requirement of Article 108(3) of the Treaty:
- (a) aid at a rate of up to 100 % to cover the administrative costs of the establishment and maintenance of herd books;
 - (b) aid at a rate of up to 70 % of the costs of tests performed by or on behalf of third parties, to determine the genetic quality or yield of livestock, with the exception of controls undertaken by the owner of the livestock and routine controls of milk quality.
 - (c) aid at a rate of up to 100 % of costs of removal of fallen stock, and 75 % of the costs of destruction of such carcasses, or aid up to an equivalent aid intensity towards the costs of premiums paid by farmers for insurance covering the costs of removal and destruction of fallen stock;
 - (d) aid at a rate of up to 100 % for costs of the removal and destruction of carcasses where the aid is financed through fees or through compulsory contributions destined for the financing of the destruction of such carcasses, provided that such fees or contributions are limited to and directly imposed on the meat sector;

- (e) aid at a rate of 100 % for the costs of the removal and destruction of fallen stock where there is an obligation to perform TSE tests on the fallen stock concerned;
 - (f) aid at a rate of up to 100 % for the costs of TSE tests;
 - (g) aid at rate of EUR [40] per testing for compulsory BSE testing of bovine animals slaughtered for human consumption. That amount refers to the total costs of testing, comprising test-kit, taking, transporting, testing, storing and destruction of the sample and includes all direct and indirect payments, including any Union payments.
2. The aid referred to in paragraph 1(c) to (f) shall be conditional on the existence of a consistent programme monitoring and ensuring safe disposal of all fallen stock in the Member State.
- The aid referred to in paragraph 1(g) shall be subject to the condition that the obligation to test is based on Union legislation or national laws.
3. The aid shall not involve direct payment of money to the undertakings active in the livestock sector.
- The aid recipients in the case of the aids referred to in paragraph 1 (c) to (e) shall be economic operators that are active downstream from the undertakings active in the livestock sector, and that provide services linked to the removal and destruction of fallen stock.
- The provider of services linked to the removal and destruction of fallen stock shall be chosen through calls for proposals. The selection procedure shall be governed by public procurement law and shall be open to public and private bodies. It shall be objective and shall exclude candidates with conflicts of interest.

Article 28

Aid for the payment of insurance premiums

1. Aid granted to undertakings active in primary production of agricultural products for the payment of insurance premiums shall be compatible with the internal market within the meaning of Article 107(3)(c) of the Treaty and shall be exempt from the notification requirement of Article 108(3) of the Treaty where it fulfils the conditions laid down in paragraphs 2 to 7 of this Article.
2. The insurance shall be intended to cover losses caused by natural disasters, adverse climatic events which can be assimilated to natural disasters, other adverse climatic events, animal or plant diseases or pest infestation.
- The insurance may also cover the costs of measures adopted pursuant to Article [38 (1)] of Regulation No [RD/2013] in accordance with Directive 2000/29/EC..
3. The aid shall not constitute a barrier to the operation of the internal market for insurance services.
- The aid shall not be limited to insurance provided by a single insurance company or group of companies, or be made subject to the condition that the insurance contract be taken out with a company established in the Member State concerned.

4. The insurance shall compensate only the cost of making good the losses referred to in paragraph 2 and shall not require or specify the type or quantity of future production.
5. Member States may limit the amount of the insurance premium that is eligible for aid by applying appropriate ceilings.
6. Member States shall avoid overcompensation as a result of the combination of this aid with other national or Union support or private insurance schemes.
Direct income support received under the European Globalisation Adjustment Fund shall also be taken into consideration when estimating the income levels of farmers.
7. The aid intensity shall be limited to [65] % of the cost of the insurance premium.

Article 29

Aid for research and development in the agricultural sector

1. Aid for research and development in the agriculture sector shall be compatible with the internal market within the meaning of Article 107(3) of the Treaty and shall be exempt from the notification requirement of Article 108(3) of the Treaty where it fulfils the conditions laid down in paragraphs 2 to 7 of this Article.
2. The aided project shall be of interest to all undertakings active in the particular agricultural sector or sub-sector concerned.
3. Prior to the commencement of the aided project the following information shall be published on the internet:
 - (a) that the aided project is carried out;
 - (b) the goals of the aided project;
 - (c) an approximate date of the publication of the results expected from the aided project
 - (d) the place of publication the results expected from the aided project on the internet
 - (e) reference that the results are available to all undertakings active in the particular agricultural sector or sub-sector concerned at no cost.
4. The results of the aided project shall be:
 - (a) made available on internet, for a period of at least 5 years;
 - (b) be published no later than any information which may be given to members of any particular organisation.
5. Aid shall be granted directly to the research organisation and shall not involve the direct granting of non-research related aid to a undertaking producing, processing or marketing agricultural products, nor provide price support to producers of such products.
6. The eligible costs shall include:
 - (a) personnel costs;
 - (b) costs of instruments, equipment, buildings and land to the extent and for the period used for the aided project;

- (c) cost of contractual research, knowledge and patents bought or licensed from outside sources at arm's length;
 - (d) costs of consultancy and equivalent services used exclusively for the aided project;
 - (e) additional overheads and other operating costs, including costs of materials, supplies and similar products, incurred directly as a result of the aided project.
7. The aid intensity shall not exceed 100 % of the eligible costs.

SECTION 2

AID IN FAVOUR OF MAKING GOOD THE DAMAGE CAUSED BY NATURAL DISASTER IN THE AGRICULTURAL SECTOR

Article 30

1. Aid to make good the damage caused by natural disasters shall be compatible with the internal market within the meaning of Article 107(2)(b) of the Treaty and shall be exempt from the notification requirement of Article 108(3) of the Treaty where it fulfils the conditions laid down in paragraphs 2 to 6 of this Article.
2. Aid granted under this Article shall be subject to the following conditions:
 - (a) the formal recognition by the competent authorities of a Member State of one of the risk events referred to in Article 2(18) as a natural disaster;
 - (b) the submission to the Commission by the competent authorities of a Member State of information on the occurrence of such natural disaster within [fifteen] days from the start of measure;
 - (c) the existence of a direct link between the damage caused by the natural disaster and the damages suffered by the undertaking active in primary production, processing and marketing of agricultural products
3. Aid shall be paid directly to the undertaking concerned or to a producer group of which the undertaking is a member.

Where the aid is paid to a producer group, the amount of aid shall not exceed the amount of aid to which the undertaking is eligible.
4. Aid schemes shall be established within three years following the date of occurrence of the natural disaster, and the aid shall be paid out within four years following the date of the occurrence of the natural disaster.
5. [The aid shall cover compensation for material damage, calculated at the level of the individual beneficiary on the basis of the actual value of the buildings and equipment and compensation for loss of income resulting from the destruction of the means of the production, processing and marketing of agricultural products. The material damage and the loss of income shall be assessed by an independent expert.]
6. The compensation shall not exceed what is needed to bring the beneficiary to the situation as from before the disaster. The aid and any other payments received, including payments under insurance policies for the damage receiving aid, shall not exceed 100% of eligible costs.

SECTION 3
**AID FOR INVESTMENTS IN FAVOUR OF CONSERVATION OF CULTURAL AND
NATURAL HERITAGE LOCATED ON THE AGRICULTURAL HOLDING**

Article 31

1. Aid for investments aimed at the conservation of natural landscapes and buildings located on the agricultural holding which are cultural and natural heritage shall be compatible with the internal market within the meaning of Article 107(3)(c) of the Treaty and shall be exempt from the notification requirement of Article 108(3) of the Treaty where it fulfils the conditions laid down in paragraphs 2 to 10 of this Article.
2. The investment shall be in conformity with Union legislation and with the national laws of the Member State concerned.
3. The aid shall be granted for tangible heritage which is formally recognized as cultural or natural heritage by the competent public authorities of a Member State.
4. The following costs intended for the conservation of cultural and natural heritage shall be eligible:
 - (i) investment costs in tangible assets;
 - (ii) capital work undertaken by farmer himself, or his workers.
5. In case of investments aimed at the conservation of non-productive heritage features located on agricultural holdings, the aid intensity shall be limited to 100% of the real costs incurred.
6. In case of investments aimed at the conservation of heritage features of productive assets on agricultural holding and provided that the investment does not entail any increase in the production capacity, the aid intensity shall be limited to 60% of the real costs incurred or 70% in less developed regions and 80% in areas facing natural constraints.
7. Where there is an increase in production capacity, the aid intensities for the investments referred to in Article 15 (15) and (16) shall apply.
8. Additional aid may be granted at a rate of up to 100 % of the eligible costs to cover the extra costs incurred by using traditional materials necessary to maintain the heritage features of building on agricultural holding.
9. Notwithstanding these rules, the maximum aid intensity may reach 100% of the eligible costs where the investment concerns small-scale infrastructures.
10. Aid for capital works undertaken by the farmer or his workers shall be limited to EUR 10 000 per year.

SECTION 4

AID IN FAVOUR OF FORESTRY, CO-FINANCED BY THE EAFRD OR GRANTED AS ADDITIONAL NATIONAL FINANCING TO SUCH CO-FINANCED MEASURES

Article 32

Aid for afforestation and creation of woodland

1. Aid for afforestation and the creation of woodland granted to public and private land holders and their associations shall be compatible with the internal market within the meaning of Article 107(3)(c) of the Treaty and shall be exempt from the notification requirement of Article 108(3) of the Treaty where it fulfils the conditions laid down in paragraphs 2 to 8 of this Article.
2. The aid shall be granted pursuant to, and in conformity with Regulation No [RD/2013] or as additional national financing in the framework of a rural development programme and the aid concerned shall be identical to the underlying rural development measure.
3. The legal basis for the aid shall specify that the aid shall not be put in place before the approval of the relevant rural development programme by the Commission.
4. In the case of afforestation of state-owned land, aid shall only be granted if the body managing such land is a private body or a municipality.
5. Aid for woodland establishment on agricultural and non-agricultural land shall cover:
 - (a) the costs of the plantation material, including the purchase of propagation material, storing and treatments of seedlings with necessary prevention and protection materials;
 - (b) the plantation costs and the costs directly linked to plantation, such as preparation of afforestation plan, soil examination, soil preparation and protection;
 - (c) the costs for necessary treatment connected to the establishment and planting; including watering, cutting, and in exceptional and well justified cases using fertilizers to support the successful establishment.

Aid in the form of an annual premium per hectare shall cover the costs for the agricultural income foregone and for maintenance, including early and late cleansings, for a maximum period of twelve years.

Aid for afforestation of land owned by public authorities or for fast growing trees shall cover only the costs of establishment.

6. No aid shall be granted for the planting of trees for short rotation coppicing, Christmas trees or fast growing trees for energy production.

Species planted shall be adapted to the environmental and climatic conditions of the area and comply with minimum environmental requirements.
7. In areas where afforestation is made difficult by severe pedo-climatic conditions aid may be provided for planting perennial woody species such as shrubs or bushes suitable to the local conditions.
8. The aid intensity shall be limited to 100 % of the eligible costs.

Article 33
Aid for agroforestry systems

1. Aid for agroforestry systems granted to private land holders, municipalities and their associations shall be compatible with the internal market within the meaning of Article 107(3)(c) of the Treaty and shall be exempt from the notification requirement of Article 108(3) of the Treaty where it fulfils the conditions laid down in paragraphs 2 to 6 of this Article.
2. The aid shall be granted pursuant to, and in conformity with Regulation No [RD/2013] or as additional national financing in the framework of a rural development programme and the aid concerned shall be identical to the underlying rural development measure.
3. The legal basis for the aid shall specify that the aid shall not be put in place before the approval of the relevant rural development programme by the Commission.
4. Aid for establishment of the agroforestry system shall cover:
 - (a) the costs of the plantation material and plantation, including storing and treatments of seedlings with necessary prevention and protection materials;
 - (b) other costs directly linked to the creation of agroforestry system such as preparation of the establishment plan, soil examination, soil preparation and protection, preparing of existing forest or other wooded land, including thinning, pruning, to be converted to agroforestry system;
 - (c) in the case of silvopastoral (grazing) system, the costs of watering and protective facilities proportionate with the size of the investment.
 - (d) the costs of the necessary treatment connected to the establishment and planting including watering, cutting back and in exceptional and well justified cases using fertilizers to help the successful establishment.

Aid in a form of an annual premium per hectare shall cover the costs of maintenance, such as weeding, pruning, mowing, watering or maintaining protection equipment (fences or individual protection tools/tubes), for a maximum period of five years.
5. Member States shall determine the maximum number of trees to be planted per hectare, taking account of:
 - (a) local pedo-climatic and environmental conditions;
 - (b) forestry species; and
 - (c) the need to ensure sustainable agricultural use of the land.
6. The maximum aid intensity shall be limited to 80% of the costs for the establishment of agroforestry systems and 100% of the annual maintenance premium.

Article 34
Aid for prevention and restoration of damage to forests from fire, natural disasters, adverse climatic events, diseases, pest and catastrophic events

1. Aid for prevention and restoration of damage to forests from fire, natural disasters, adverse climatic events, diseases, pests and catastrophic events granted to private and public forest holders, and other private law and public bodies and their associations shall be compatible with the internal market within the meaning of

Article 107(3)(c) of the Treaty and shall be exempt from the notification requirement of Article 108(3) of the Treaty where it fulfils the conditions laid down in paragraphs 2 to 12 of this Article.

2. The aid shall be granted pursuant to, and in conformity with Regulation No [RD/2013] or as additional national financing in the framework of a rural development programme and the aid concerned shall be identical to the underlying rural development measure.
3. The legal basis for the aid shall specify that the aid shall not be put in place before the approval of the relevant rural development programme by the Commission.
4. Only forest areas which are classified as medium to high forest fire risk according to the forest protection plan established by the Member State concerned shall be eligible for aid relating to forest fire prevention.
5. Aid shall cover the following eligible costs:
 - (a) the establishment of protective infrastructure such as forest paths, tracks, water supply points or landing zones for helicopters or fixed wing planes (excluding landing facilities for commercial activities);
 - (b) In the case of firebreaks aid may also cover maintenance costs.
 - (c) No aid shall be granted for agricultural related activities in areas covered by agri-environment commitments.
 - (d) local, small scale prevention activities against fire, or other natural hazards, including the use of grazing animals;;
 - (e) establishing and improving forest fire, pest and diseases monitoring facilities and communication equipment;
 - (f) restoring forest potential damaged from fires, natural disasters, adverse climatic events, pests, diseases, catastrophic events and climate change related events.
6. In the case of the restoration of forest potential pursuant to paragraph 5 (f) the aid shall be subject to the formal recognition by the competent authorities of the Member State concerned that
 - (a) fire, natural disaster, adverse climatic event, pest, disease, catastrophic event or climate change related event has occurred and
 - (b) the event referred to in paragraph 6(a), or measures adopted in accordance with Directive 2000/29/EC to eradicate or contain a plant disease or pest, has caused the destruction of at least 20% of the relevant forest potential on the basis of:
 - (i) the average existing forest potential in the three year period immediately preceding the occurrence of the event referred to in paragraph 6(a), or
 - (ii) the average of the five-year period immediately preceding the occurrence of the event referred to in paragraph 6(a), excluding the highest and the lowest entry.
7. In the case of preventive actions concerning pests and diseases, the risk of occurrence shall be supported by scientific evidence and acknowledged by scientific public organisation.

The list of species of organisms harmful to plants which may cause a disease or pest shall be provided in the rural development programme.

8. Eligible costs shall be consistent with the forest protection plan established by the Member States.

For beneficiary above a certain size, to be determined by the Member States, the aid shall be conditional on the presentation of the relevant information from a forest management plan or equivalent instrument in line with sustainable forest management as defined by the Second Ministerial Conference on the Protection of Forests in Europe, 16-17 June 1993, Helsinki/Finland in the Resolution H1 - General Guidelines for the Sustainable Management of Forests in Europe detailing the preventive objectives.

9. Other costs related to the particularities of the forestry sector may also be eligible.
10. No aid shall be granted for loss of income resulting from fire, natural disasters, adverse climatic events,, diseases, pest and catastrophic events.
11. Member States shall avoid that overcompensation as a result of the combination of this aid and other national or Union support instruments or private insurance schemes.
12. The aid intensity shall be limited to 100 % of the eligible costs.

Article 35

Aid for investments improving the resilience and environmental value of forest ecosystems

1. Aid for investments improving the resilience and environmental value of forest ecosystems granted to natural persons, private and public forest holders, private law and public bodies and their associations shall be compatible with the internal market within the meaning of Article 107(3)(c) of the Treaty and shall be exempt from the notification requirement of Article 108(3) of the Treaty where it fulfils the conditions laid down in paragraphs 2 to 8 of this Article.
2. The aid shall be granted pursuant to, and in conformity with Regulation No [RD/2013] or as additional national financing in the framework of a rural development programme and the aid concerned shall be identical to the underlying rural development measure.
3. The legal basis for the aid shall specify that the aid shall not be put in place before the approval of the relevant rural development programme by the Commission.
4. Investments shall be aimed at the achievement of commitments undertaken for environmental aims or providing ecosystem services or commitment which enhance the public amenity value of forests and wooded land in the area concerned or improve climate change mitigation potential of ecosystems, without excluding economic benefits in the long term.
5. Only investments which do not require an environmental impact assessment pursuant to Union legislation or national laws shall be eligible for aid under this Article.
6. Eligible costs shall cover:
 - (a) the construction, acquisition, including leasing, or improvement of immovable property;

- (b) the purchase or lease purchase of new machinery and equipment up to the market value of the asset;
 - (c) the purchase of second hand equipment;
 - (d) general costs linked to expenditure referred to in points (a) and (b), such as architect, engineer and consultation fees, fees relating to advice on environmental and economic sustainability, including feasibility studies; feasibility studies shall remain eligible expenditure even where, based on their results, no expenditure under in points (a) and (b) is made;
 - (e) the following intangible investments costs: acquisition or development of computer software and acquisitions of patents, licenses, copyrights, trademarks;
 - (f) the costs of establishing forest management plans and their equivalent.
7. Other costs connected with leasing contracts, such as lessor's margin, interest refinancing costs, overheads and insurance charges shall not be eligible costs.
8. The aid intensity shall be limited to 100 % of the eligible costs.

Article 36

Natura 2000 payments in forest areas

1. Aid in connection with Natura 2000 areas granted to private forest holders and associations of private forest holders shall be compatible with the internal market within the meaning of Article 107(3)(c) of the Treaty and shall be exempt from the notification requirement of Article 108(3) of the Treaty where it fulfils the conditions laid down in paragraphs 2 to 6 of this Article.
2. The aid shall be granted pursuant to, and in conformity with Regulation No [RD/2013] or as additional national financing in the framework of a rural development programme and the aid concerned shall be identical to the underlying rural development measure.
3. The legal basis for the aid shall specify that the aid shall not be put in place before the approval of the relevant rural development programme by the Commission.
4. The aid shall be granted annually and per hectare of forest in order to compensate beneficiaries for additional costs and income foregone resulting from disadvantages in the areas concerned, related to the implementation of Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora³⁹ and Directive 2009/147/EC of the European Parliament and of the Council of 30 November 2009 on the conservation of wild birds⁴⁰.
5. The following areas shall be eligible for payments:
 - (a) Natura 2000 forest areas designated pursuant to Directives 92/43/EEC and 2009/147/EC;
 - (b) other delimited nature protection areas with environmental restrictions applicable to forests which contribute to the implementation of Article 10 of

³⁹ OJ L 206 of, 22.07.1992, p.7.

⁴⁰ OJ L 20 of 26.01.2010, p. 7.

Directive 92/43/EEC. Those areas shall not exceed 5% of the designated Natura 2000 areas covered by its territorial scope.

6. The aid shall be limited to the maximum amounts of EUR 500 per ha per year in the initial period not exceeding five years and to EUR 200 per ha per year afterwards as laid down in Annex I to Regulation No {RD/2013}.

Those amounts may be increased in exceptional cases taking into account specific circumstances to be justified in the rural development programmes.

Member States shall deduct from the aid the necessary amount in order to exclude double funding of the practices referred to in Article 29 of Regulation (EU) No DP/2013.

Article 37

Forest - environmental and climate services and forest conservation

1. Aid for forest - environmental and climate services and for forest conservation granted to public or private forest holders, private law or public bodies and their associations shall be compatible with the internal market within the meaning of Article 107(3)(c) of the Treaty and shall be exempt from the notification requirement of Article 108(3) of the Treaty where it fulfils the conditions laid down in paragraphs 2 to 9 of this Article.
2. The aid shall be granted pursuant to, and in conformity with Regulation No [RD/2013] or as additional national financing in the framework of a rural development programme and the aid concerned shall be identical to the underlying rural development measure.
3. The legal basis for the aid shall specify that the aid shall not be put in place before the approval of the relevant rural development programme by the Commission.
4. In the case of forest - environmental and climate services and forest conservation of state-owned land, aid shall only be granted if the body managing such land is a private body or a municipality
5. For forest holdings above a certain threshold to be determined by Member States, aid shall be conditional on the presentation of the relevant information from of a forest management plan or equivalent instrument in line with sustainable forest management as defined by the Second Ministerial Conference on the Protection of Forests in Europe, 16-17 June 1993, Helsinki/Finland in the Resolution H1 - General Guidelines for the Sustainable Management of Forests in Europe.
6. The aid shall be granted per hectare of forest land.
7. Aid shall cover only those commitments going beyond the mandatory requirements established by national forestry act or other relevant national or Union legislation. The mandatory national requirements shall be clearly identified.

Commitments shall be undertaken for a period between five and seven years. However, where necessary and duly justified, Member States may determine a longer period for particular types of commitments.
8. Payments shall compensate beneficiaries for all or part of the additional costs and income foregone resulting from the commitments made.

Where necessary they may cover transaction costs up to a value of 20% of the aid.

In duly justified cases for operations concerning environmental conservation, the aid for commitments to renounce commercial use of trees and forests may be granted as a flat-rate or one-off payment per unit calculated on basis of additional costs and income foregone.

9. The aid shall be limited to the maximum amount of EUR 200 per hectare per year as laid down in Annex I to Regulation No [RD/2013].

That amount may be increased in exceptional cases taking into account specific circumstances to be justified in the rural development programmes.

Article 38

Knowledge transfer and information actions in the forestry sector

1. Aid for knowledge transfer and information actions granted in favour of undertakings active in the forestry sector shall be compatible with the internal market within the meaning of Article 107(3)(c) of the Treaty and shall be exempt from the notification requirement of Article 108(3) of the Treaty where it fulfils the conditions laid down in paragraphs 2 to 10 of this Article.
2. The aid shall be granted pursuant to, and in conformity with Regulation No [RD/2013] or as additional national in the framework of a Rural Development Programme and the aid concerned shall be identical to the underlying rural development measure.
3. The legal basis for the aid shall specify that the aid shall not be put in place before the approval of the relevant rural development programme by the Commission.
4. The aid shall cover vocational training and skills acquisition actions, including training courses, workshops and coaching, demonstration activities and information actions.
5. Aid may also cover short-term forest management exchange and forest visits.
6. Aid may be granted in respect of the following eligible costs:
 - (a) the costs of organising and delivering the knowledge transfer or information action;
 - (b) the relevant investment costs in the case of demonstration projects;
 - (c) the costs for travel, accommodation and per diem expenses of the participants;
7. Bodies providing knowledge transfer and information action shall have the appropriate capacities in the form of staff qualifications and regular training to carry out this task.
8. The training or other knowledge transfer and information action provider shall be the recipient of the aid as referred to in paragraph 6 (a) and 6 (b).

The providers of knowledge transfer and information actions shall be chosen through calls for proposals. The selection procedure shall be governed by the public procurement law of the Member State concerned and shall be open to both public and private bodies. It shall be objective and shall exclude candidates with conflicts of interest.
9. The aid shall not include courses of instruction or training, which form part of normal education programs or systems at secondary or higher levels.

10. The aid intensity shall be limited to 100% of the eligible costs.

Article 39

Aid for advisory services in the forest sector

1. Aid for advisory services granted in favour of forest holders and other land managers shall be compatible with the internal market within the meaning of Article 107(3)(c) of the Treaty and shall be exempt from the notification requirement of Article 108(3) of the Treaty where it fulfils the conditions laid down in paragraphs 2 to 11 of this Article.
2. The aid shall be granted pursuant to, and in conformity with Regulation No [RD/2013] or as additional national financing in the framework of a rural development programme and the aid concerned shall be identical to the underlying rural development measure.
3. The legal basis for the aid shall specify that the aid shall not be put in place before the approval of the relevant rural development programme by the Commission.
4. Aid shall be granted to help undertakings active in the forest sector benefit from the use of advisory services for the improvement of the economic and environmental performance and climate friendliness and resilience of their holdings, enterprise or investment;
5. Aid may be granted to promote the setting up of forestry advisory services.
6. Advice to beneficiary shall cover as a minimum the relevant obligations under Directives 92/43/EEC, 2000/60/EC and 2009/147/EC.
The advice may also cover issues linked to the economic and environmental performance of the forest holding.
7. The recipient of aid provided for in paragraph 4 shall be the provider of advice.
The recipient of aid provided for in paragraph 5 shall be public or private body selected to set up the forestry advisory service.
8. The bodies selected to provide advice shall have the appropriate resources in the form of regularly trained and qualified staff and advisory experience and reliability with respect to the fields they advise in.
The providers of advisory services shall be chosen through calls for proposals. The selection procedure shall be governed by the public procurement law of the Member State concerned and shall be open to both public and private bodies. It shall be objective and shall exclude candidates with conflicts of interest.
9. When providing advice, the provider of advisory services shall respect the non-disclosure obligations referred to in Article 13(2) of Regulation (EU) No HR/2013.
10. Where justified and appropriate, advice may be partly provided in group, while taking into account the situations of the individual beneficiary of advisory services.
11. Aid provided for in paragraph 4 shall be limited to EUR 1 500 per advice.
Aid provided for in paragraph 5 shall be degressive over a maximum period of five years from setting up the forestry advisory service.

Article 40

Aid for investments in infrastructure related to the development, modernisation or adaptation of forestry

1. Aid for investments in infrastructure related to the development, modernisation or adaptation of forestry granted to undertakings active in the forest sector shall be compatible with the internal market within the meaning of Article 107(3)(c) of the Treaty and shall be exempt from the notification requirement of Article 108(3) of the Treaty where it fulfils the conditions laid down in paragraphs 2 to 9 of this Article.
2. The aid shall be granted pursuant to, and in conformity with Regulation No [RD/2013] or as additional national financing in the framework of a rural development programme and the aid concerned shall be identical to the underlying rural development measure.
3. The legal basis for the aid shall specify that the aid shall not be put in place before the approval of the relevant rural development programme by the Commission.
4. Only investments which do not require an environmental impact assessment pursuant to Union legislation or national laws shall be eligible for aid under this Article.
5. The aid shall cover tangible and intangible investments which concern infrastructure related to the development and adaptation of forests, including access to forest land, land consolidation and improvement, energy supply and water management.
6. Eligible costs shall be limited to:
 - (a) the construction, acquisition, including leasing, or improvement of immovable property;
 - (b) the purchase or lease purchase of new machinery and equipment up to the market value of the asset;
 - (c) the purchase of second hand equipment;
 - (d) general costs linked to expenditure referred to in points (a) and (b), such as architect, engineer and consultation fees, fees relating to advice on environmental and economic sustainability, including feasibility studies; feasibility studies shall remain eligible expenditure even where, based on their results, no expenditure under in points (a) and (b) is made;
 - (e) the following intangible investments costs: acquisition or development of computer software and acquisitions of patents, licenses, copyrights, trademarks;
 - (f) the costs of establishing forest management plans and their equivalent.
7. Other costs connected with leasing contracts, such as lessor's margin, interest refinancing costs, overheads and insurance charges shall not be eligible costs.
8. The maximum aid intensity for infrastructure investments aimed exclusively at improving the environmental value of forests shall be limited to 100% of the eligible costs.
9. In case of investments, which improve the short- or long term economic potential of forests, the aid intensity shall be limited to:
 - (a) 75% of the amount of the eligible costs for investment in outermost regions;

- (b) [75%] of the amount of the eligible costs for investment in the smaller Aegean islands;
- (c) 50% of the amount of the eligible costs for investment in less developed regions [and in all regions whose GDP per capita for the 2007 - 2013 period was less than 75% of the average of the EU-25 for the reference period but whose GDP per capita is above 75% of the GDP average of the EU-27];
- (d) 40% of the amount of the eligible costs for investment in other regions.

Article 41

Aid for investments in forestry technologies and in processing, mobilising and marketing of forestry products

1. Aid for investments in forestry technologies and in the processing, mobilising and marketing of forestry products granted to private forest holders, municipalities and their associations and to SMEs shall be compatible with the internal market within the meaning of Article 107(3)(c) of the Treaty and shall be exempt from the notification requirement of Article 108(3) of the Treaty where it fulfils the conditions laid down in paragraphs 2 to 10 of this Article.
2. The aid shall be granted pursuant to, and in conformity with Regulation No [RD/2013] or as additional national financing in the framework of a rural development programme and the aid concerned shall be identical to the underlying rural development measure.
3. The legal basis for the aid shall specify that the aid shall not be put in place before the approval of the relevant rural development programme by the Commission.
4. Only investments which do not require an environmental impact assessment pursuant to Union legislation or national laws shall be eligible for aid under this Article..
5. By way of derogation, In the territories of the Azores, Madeira, the Canary islands, the smaller Aegean islands and the French overseas departments support may also be granted to enterprises that are not SMEs.
6. Eligible costs shall be limited to:
 - (a) the construction, acquisition, including leasing, or improvement of immovable property;
 - (b) the purchase or lease purchase of new machinery and equipment up to the market value of the asset;
 - (c) the purchase of second hand equipment
 - (d) general costs linked to expenditure referred to in points (a) and (b), such as architect, engineer and consultation fees, fees relating to advice on environmental and economic sustainability, including feasibility studies; feasibility studies shall remain eligible expenditure even where, based on their results, no expenditure under in points (a) and (b) is made;
 - (e) the following intangible investments costs: acquisition or development of computer software and acquisitions of patents, licenses, copyrights, trademarks;

- (f) the costs of establishing forest management plans and their equivalent.
- 7. Other costs connected with leasing contracts, such as lessor's margin, interest refinancing costs, overheads and insurance charges shall not be eligible costs.
- 8. Investments related to the improvement of the economic value of forests shall be justified in relation to expected improvements to forests on one or more holdings and may include investments for soil and resource friendly harvesting machinery and practices.
- 9. Investments related to the use of wood as a raw material or energy source shall be limited to all working operations prior to industrial processing.
- 10. The aid intensity shall not exceed:
 - (a) 75% of the amount of the eligible costs for investment in outermost regions;
 - (b) 75% of the amount of the eligible costs for investment in the smaller Aegean islands;
 - (c) 50% of the amount of the eligible costs for investment in less developed regions [and in all regions whose GDP per capita for the 2007 - 2013 period was less than 75% of the average of the EU-25 for the reference period but whose GDP per capita is above 75% of the GDP average of the EU-27];
 - (d) 40% of the amount of the eligible costs for investment in other regions.

SECTION 5

AIDS IN FAVOUR OF SMEs IN RURAL AREAS CO-FINANCED BY THE EAFRD OR GRANTED AS ADDITIONAL NATIONAL FINANCING TO SUCH CO-FINANCED MEASURES

Article 42

Aid for investments concerning the processing of agricultural products into non-agricultural products or the production of cotton

- 1. Aid for investments concerning the processing of agricultural products into non-agricultural products or the production of cotton shall be compatible with the internal market within the meaning of Article 107(3)(c) of the Treaty and shall be exempt from the notification requirement of Article 108(3) of the Treaty where it fulfils the conditions laid down in paragraphs 2 to 11 of this Article.
- 2. The aid shall be granted pursuant to, and in conformity with Regulation No [RD/2013] or as additional national financing in the framework of a rural development programme and the aid concerned shall be identical to the underlying rural development measure.
- 3. The legal basis for the aid shall specify that the aid shall not be put in place before the approval of the relevant rural development programme by the Commission.
- 4. The aid shall cover tangible and intangible investments.
- 5. This Article shall apply to:
 - (a) the processing of agricultural products where the output of the production process is a non-agricultural product;

- (b) the production of cotton, including the activities of ginning, cleaning, packing and loosening.
6. Aid referred to in Article 5(a) shall not be limited to specific sectors of economic activity.
7. Only investments which do not require an environmental impact assessment pursuant to Union legislation or national laws shall be eligible for aid under this Article.
8. The eligible costs shall be limited to:
- (a) the construction, acquisition, including leasing, or improvement of immovable property;
 - (b) the purchase of second hand equipment and the purchase or lease purchase of new machinery and equipment up to the market value of the asset;
 - (c) general costs linked to expenditure referred to in points (a) and (b), such as architect, engineer and consultation fees, fees relating to advice on environmental and economic sustainability, including feasibility studies; feasibility studies shall remain eligible expenditure even where, based on their results, no expenditure under in points (a) and (b) is made;
 - (d) the following intangible investments costs: acquisition or development of computer software and acquisitions of patents, licenses, copyrights, trademarks;
9. Other costs connected with leasing contracts, such as lessor's margin, interest refinancing costs, overheads and insurance charges shall not be eligible costs.
10. The aid intensity shall not exceed:
- (a) in the outermost regions:
 - (i) 80 % of the amount of the eligible costs for investment in regions whose GDP per capita is below 45 % of the EU-27 average;
 - (ii) 65 % of the amount of the eligible costs for investment in regions whose GDP per capita is between 45 % and 60 % of the EU-27 average;
 - (iii) 55 % of the amount of the eligible costs for investment in regions with a GDP per capita between 60 % and 75% of the EU-27 average;
 - (iv) 45% of the amount of the eligible costs for investment in other outermost regions.
 - (b) in less developed regions:
 - (i) 60 % of the amount of the eligible costs for investment in regions whose GDP per capita is below 45 % of the EU-27 average;
 - (ii) 45 % of the amount of the eligible costs for investment in regions whose GDP per capita is between 45 % and 60 % of the EU-27 average;
 - (iii) 35 % of the amount of the eligible costs for investment in regions with a GDP per capita above 60 % of the EU-27 average.
 - (c) in 'c' areas:
 - (i) 25 % of the amount of the eligible costs for investment in sparsely populated areas and in NUTS 3 regions or parts of NUTS 3 regions that

share a land border with a country outside the European Economic Area (EEA) or the European Free Trade Association (EFTA);

- (ii) 20 % of the amount of the eligible costs for investment in non-predefined 'c' areas.

In the former 'a' areas the aid intensities may be increased by up to 5 percentage points from 1 January 2014 to 31 December 2017.

Where a 'c' area is adjacent to an 'a' area, the maximum aid intensity allowed in the NUTS 3 areas or parts of NUTS 3 areas within that 'c' area which are adjacent to the 'a' area may be increased as necessary so that the difference in aid intensity between both areas does not exceed 15 percentage points

- (d) 10% of the amount of the eligible costs for investment in all other regions

11. The maximum aid intensities laid down in point 10 (a) may be increased by up to 10 percentage points for micro and small enterprises.

Article 43

Business start-up aid for non-agricultural activities in rural areas

1. Business start-up aid for non-agricultural activities in rural areas shall be compatible with the internal market within the meaning of Article 107(3)(c) of the Treaty and shall be exempt from the notification requirement of Article 108(3) of the Treaty where it fulfils the conditions laid down in paragraphs 2 to 9 of this Article.
2. The aid shall be granted pursuant to, and in conformity with the Regulation No [RD/2013] or as additional national financing in the framework of a rural development programme and the aid concerned shall be identical to the underlying rural development measure.
3. The legal basis for the aid shall specify that the aid shall not be put in place before the approval of the relevant rural development programme by the Commission.
4. Aid shall be granted to farmers or members of the farm household diversifying into non-agricultural activities,, to micro- and small enterprises and to natural persons in rural areas.
5. Where the member of the farm household is a legal person or a group of legal persons it shall exercise an agricultural activity on the farm at the time of the submission of the application for the aid.
6. The aid shall be conditional on the submission of a business plan to the granting authority. Implementation of the business plan shall start within nine months from the date of the decision granting the aid.
7. The aid shall be granted in the form of a flat rate payment, which may be paid in at least two instalments over a maximum period of five years.

Instalments may be degressive.

The payment of the last instalment shall be conditional upon the correct implementation of the business plan.

8. Member States shall define the amount of aid taking into account the socio-economic situation of the programme area.

9. The total aid amount shall be limited to EUR 70 000.

Article 44

Aid for advisory services for SMEs in rural areas

1. Aid for advisory services for SMEs in rural areas shall be compatible with the internal market within the meaning of Article 107(3)(c) of the Treaty and shall be exempt from the notification requirement of Article 108(3) of the Treaty where it fulfils the conditions laid down in paragraphs 2 to 10 of this Article.
2. The aid shall be granted pursuant to, and in conformity with Regulation No [RD/2013] or as additional national financing in the framework of a rural development programme and the aid concerned shall be identical to the underlying rural development measure.
3. The legal basis for the aid shall specify that the aid shall not be put in place before the approval of the relevant rural development programme by the Commission.
4. Aid shall be granted to help SMEs in rural areas benefit from the use of advisory services for the improvement of the economic and environmental performance, climate friendliness and resilience of their enterprise and investment; or
5. The recipient of the aid shall be the provider of advice.
The recipient of aid shall be chosen through calls for proposals. The selection procedure shall be governed by the public procurement law of the Member State concerned and shall be open to both public and private bodies. It shall be objective and shall exclude candidates with conflicts of interest.
6. The public or private bodies selected to provide advice shall have the appropriate resources in the form of regularly trained and qualified staff and advisory experience and reliability in the fields they advise in.
7. When providing advice, the providers of advice or training shall respect the non-disclosure obligations referred to in Article 13(2) of Regulation (EU) No HR/2013.
8. The advice may cover issues linked to the economic and environmental performance of the undertaking.
9. Where appropriate, advice may be partly provided in group, while taking into account the situations of the individual user of advisory services.
10. Aid provided for in paragraph 44 shall be limited to EUR 1 500 per advice.

Article 45

Knowledge transfer and information actions in favour of SMEs in rural areas

1. Aid for knowledge transfer and information actions in favour of SMEs in rural areas shall be compatible with the internal market within the meaning of Article 107(3)(c) of the Treaty and shall be exempt from the notification requirement of Article 108(3) of the Treaty where it fulfils the conditions laid down in paragraphs 2 to 9 of this Article.
2. The aid shall be granted pursuant to, and in conformity with Regulation No [RD/2013] or as additional national and in the framework of a rural development

programme and the aid concerned shall be identical to the underlying rural development measure.

3. The legal basis for the aid shall specify that the aid shall not be put in place before the approval of the relevant rural development programme by the Commission.
4. The aid shall cover vocational training and skills acquisition actions, including training courses, workshops and coaching, demonstration activities and information actions.
5. Aid may be granted in respect of the following eligible costs:
 - (a) the costs of organising and delivering the knowledge transfer or information action;
 - (b) in case of demonstration projects, support may cover relevant investment costs;
 - (c) costs for travel, accommodation and per diem expenses of participants.
6. The aid referred to in paragraph 5 (a) and 5 (b) shall not involve direct payments to the undertakings active in rural areas.

The recipient of the aid shall be the provider of training or other knowledge transfer and information action.

The providers of knowledge transfer and information actions shall be chosen through calls for proposals. The selection procedure shall be governed by the public procurement law of the Member State concerned and shall be open to both public and private bodies. It shall be objective and shall exclude candidates with conflicts of interest.

Bodies providing knowledge transfer and information services shall have the appropriate capacities in the form of staff qualifications and regular training to carry out those task

7. The aid shall be accessible to all those eligible undertakings active in the rural area concerned, based on objectively defined conditions.
8. The aid shall not cover the costs for courses of instruction or training, which form part of normal education programs or systems at secondary or higher levels
9. The aid intensity shall be limited to:
 - (a) [60%] of the eligible costs in the case of medium-sized enterprises;
 - (b) [70%] of the eligible costs in the case of micro and small enterprises.

Article 46

Aid for new participation of farmers in quality schemes for cotton and foodstuffs

1. Aid for new participation of farmers and groups thereof in quality schemes for cotton and foodstuffs shall be compatible with the internal market within the meaning of Article 107(3)(c) of the Treaty and shall be exempt from the notification requirement of Article 108(3) of the Treaty where it fulfils the conditions laid down in paragraphs 2 to 7 of this Article.
2. The aid shall be granted pursuant to, and in conformity with Regulation No [RD/2013] or as additional national and in the framework of a rural development

programme and the aid concerned shall be identical to the underlying rural development measure.

3. The legal basis for the aid shall specify that the aid shall not be put in place before the approval of the relevant rural development programme by the Commission.
4. Aid shall be granted for new participation in one of the following types of quality schemes:
 - (a) quality schemes for cotton and foodstuffs established under Regulation (EU) 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs;
 - (b) quality schemes for cotton and foodstuffs, including certification schemes, recognised by the Member States as complying with the following criteria:
 - (i) the specificity of the final product produced under such schemes is derived from clear obligations to guarantee:
 - specific product characteristics
 - specific farming or production methods, or
 - a quality of the final product that goes significantly beyond the commercial commodity standards as regards public, animal or plant health, animal welfare or environmental protection;
 - (ii) the scheme is open to all producers;
 - (iii) the scheme involves binding final product specifications and compliance with those specifications is verified by public authorities or by an independent inspection body;
 - (iv) the scheme is transparent and assures complete traceability of agricultural products.
 - (c) voluntary foodstuff certification schemes recognised by the Member State concerned as meeting the requirements laid down in Commission Communication -Union best practice guidelines for the operation of voluntary certification schemes relating to agricultural products and foodstuffs.
5. The aid shall be granted in the form of an annual incentive payment, the level of which shall be determined according to the level of the fixed costs arising from participation in quality schemes.
6. The aid shall be granted for a period of a maximum of five years.
7. The aid shall be limited to EUR 3 000 per beneficiary per year.

Article 47

Aid for information and promotion activities concerning cotton and foodstuffs covered by a quality scheme

1. Aid for information and promotion activities concerning cotton and foodstuffs covered by a quality scheme shall be compatible with the internal market within the meaning of Article 107(3)(c) of the Treaty and shall be exempt from the notification requirement of Article 108(3) of the Treaty where it fulfils the conditions laid down in paragraphs 2 to 8 of this Article.

2. The aid shall be granted pursuant to, and in conformity with Regulation No [RD/2013] or as additional national and in the framework of a rural development programme and the aid concerned shall be identical to the underlying rural development measure.
3. The legal basis for the aid shall specify that the aid shall not be put in place before the approval of the relevant rural development programme by the Commission.
4. Aid shall be granted for information and promotion activities concerning cotton and foodstuffs which are covered by a quality scheme and for which aid is granted under Article 46.
5. The aid shall be granted to groups of producers implementing the information and promotion activities.
6. Only information and promotion activities implemented in the internal market shall be eligible.
7. Activities related to the promotion of commercial brands shall not be eligible for support.
8. The aid intensity shall be limited to ...[.70%] of the eligible costs.

CHAPTER 4

TRANSITIONAL AND FINAL PROVISIONS

Article 48 **Repeal**

Regulation (EC) No 1857/2006 shall be repealed.

Any references to the repealed Regulation shall be construed as references to this Regulation.

Article 49 *Transitional provisions*

1. This Regulation shall apply to individual aid granted before its entry into force, if the aid fulfils all the conditions laid down in this Regulation, with the exception of Article [Publication and information].
2. Any aid exempted from the notification requirement of Article 108(3) of the Treaty and granted before the entry into force of this Regulation by virtue of any regulations previously in force shall be compatible with the internal market.
3. Any aid not exempted from the notification requirement of Article 108(3) of the Treaty by virtue of this or other regulations previously in force shall be assessed by the Commission in accordance with Union guidelines for State aid in the agriculture and forestry sector and rural areas 2014-2020 and the other the relevant frameworks, guidelines, communications and notices.

4. At the end of the period of validity of this Regulation, any aid schemes exempted under this Regulation shall remain exempted during an adjustment period of six months.
5. Member States shall comply with the provisions of Article 11(2) at the latest within two years after the entry into force of this Regulation.

Article 50
Entry into force and applicability

This Regulation shall enter into force on the [*twentieth*] day following that of its publication in the Official Journal of the European Union.

It shall apply from [...] until 31 December 2020.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Commission
The President
José Manuel BARROSO

Annex I
DEFINITION OF MICRO, SMALL AND MEDIUM-SIZED ENTERPRISES

Article 1

Enterprise

An enterprise is considered to be any entity engaged in an economic activity, irrespective of its legal form. This includes, in particular, self-employed persons and family businesses engaged in craft or other activities, and partnerships or associations regularly engaged in an economic activity.

Article 2

Staff headcount and financial ceilings determining enterprise categories

1. The category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million.

2. Within the SME category, a small enterprise is defined as an enterprise which employs fewer than 50 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 10 million.

3. Within the SME category, a microenterprise is defined as an enterprise which employs fewer than 10 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 2 million.

Article 3

Types of enterprise taken into consideration in calculating staff numbers and financial amounts

1. An "autonomous enterprise" is any enterprise which is not classified as a partner enterprise within the meaning of paragraph 2 or as a linked enterprise within the meaning of paragraph 3.

2. "Partner enterprises" are all enterprises which are not classified as linked enterprises within the meaning of paragraph 3 and between which there is the following relationship: an enterprise (upstream enterprise) holds, either solely or jointly with one or more linked enterprises within the meaning of paragraph 3, 25 % or more of the capital or voting rights of another enterprise (downstream enterprise).

However, an enterprise may be ranked as autonomous, and thus as not having any partner enterprises, even if this 25 % threshold is reached or exceeded by the following investors, provided that those investors are not linked, within the meaning of paragraph 3, either individually or jointly to the enterprise in question:

- (a) public investment corporations, venture capital companies, individuals or groups of individuals with a regular venture capital investment activity who invest equity capital in unquoted businesses ("business angels"), provided the total investment of those business angels in the same enterprise is less than EUR 1250000;
- (b) universities or non-profit research centres;
- (c) institutional investors, including regional development funds;

(d) autonomous local authorities with an annual budget of less than EUR 10 million and fewer than 5000 inhabitants.

3. "Linked enterprises" are enterprises which have any of the following relationships with each other:

(a) an enterprise has a majority of the shareholders' or members' voting rights in another enterprise;

(b) an enterprise has the right to appoint or remove a majority of the members of the administrative, management or supervisory body of another enterprise;

(c) an enterprise has the right to exercise a dominant influence over another enterprise pursuant to a contract entered into with that enterprise or to a provision in its memorandum or articles of association;

(d) an enterprise, which is a shareholder in or member of another enterprise, controls alone, pursuant to an agreement with other shareholders in or members of that enterprise, a majority of shareholders' or members' voting rights in that enterprise.

There is a presumption that no dominant influence exists if the investors listed in the second subparagraph of paragraph 2 are not involving themselves directly or indirectly in the management of the enterprise in question, without prejudice to their rights as stakeholders.

Enterprises having any of the relationships described in the first subparagraph through one or more other enterprises, or any one of the investors mentioned in paragraph 2, are also considered to be linked.

Enterprises which have one or other of such relationships through a natural person or group of natural persons acting jointly are also considered linked enterprises if they engage in their activity or in part of their activity in the same relevant market or in adjacent markets.

An "adjacent market" is considered to be the market for a product or service situated directly upstream or downstream of the relevant market.

4. Except in the cases set out in paragraph 2, second subparagraph, an enterprise cannot be considered an SME if 25 % or more of the capital or voting rights are directly or indirectly controlled, jointly or individually, by one or more public bodies.

5. Enterprises may make a declaration of status as an autonomous enterprise, partner enterprise or linked enterprise, including the data regarding the ceilings set out in Article 2. The declaration may be made even if the capital is spread in such a way that it is not possible to determine exactly by whom it is held, in which case the enterprise may declare in good faith that it can legitimately presume that it is not owned as to 25 % or more by one enterprise or jointly by enterprises linked to one another. Such declarations are made without prejudice to the checks and investigations provided for by national or Community rules.

Article 4

Data used for the staff headcount and the financial amounts and reference period

1. The data to apply to the headcount of staff and the financial amounts are those relating to the latest approved accounting period and calculated on an annual basis. They are taken into account from the date of closure of the

accounts. The amount selected for the turnover is calculated excluding value added tax (VAT) and other indirect taxes.

2. Where, at the date of closure of the accounts, an enterprise finds that, on an annual basis, it has exceeded or fallen below the headcount or financial ceilings stated in Article 2, this will not result in the loss or acquisition of the status of medium-sized, small or microenterprise unless those ceilings are exceeded over two consecutive accounting periods.

3. In the case of newly established enterprises whose accounts have not yet been approved, the data to apply is to be derived from a bona fide estimate made in the course of the financial year.

Article 5

Staff headcount

The headcount corresponds to the number of annual work units (AWU), i.e. the number of persons who worked full-time within the enterprise in question or on its behalf during the entire reference year under consideration. The work of persons who have not worked the full year, the work of those who have worked part-time, regardless of duration, and the work of seasonal workers are counted as fractions of AWU. The staff consists of:

- (a) employees;
- (b) persons working for the enterprise being subordinated to it and deemed to be employees under national law;
- (c) owner-managers;
- (d) partners engaging in a regular activity in the enterprise and benefiting from financial advantages from the enterprise.

Apprentices or students engaged in vocational training with an apprenticeship or vocational training contract are not included as staff. The duration of maternity or parental leaves is not counted.

Article 6

Establishing the data of an enterprise

1. In the case of an autonomous enterprise, the data, including the number of staff, are determined exclusively on the basis of the accounts of that enterprise.

2. The data, including the headcount, of an enterprise having partner enterprises or linked enterprises are determined on the basis of the accounts and other data of the enterprise or, where they exist, the consolidated accounts of the enterprise, or the consolidated accounts in which the enterprise is included through consolidation.

To the data referred to in the first subparagraph are added the data of any partner enterprise of the enterprise in question situated immediately upstream or downstream from it. Aggregation is proportional to the percentage interest in the capital or voting rights (whichever is greater). In the case of cross-holdings, the greater percentage applies.

To the data referred to in the first and second subparagraph is added 100 % of the data of any enterprise, which is linked directly or indirectly to the enterprise in question, where the data were not already included through consolidation in the accounts.

3. For the application of paragraph 2, the data of the partner enterprises of the enterprise in question are derived from their accounts and their other data, consolidated if they exist. To these is added 100 % of the data of enterprises which are linked to these partner enterprises, unless their accounts data are already included through consolidation.

For the application of the same paragraph 2, the data of the enterprises which are linked to the enterprise in question are to be derived from their accounts and their other data, consolidated if they exist. To these is added, pro rata, the data of any possible partner enterprise of that linked enterprise, situated immediately upstream or downstream from it, unless it has already been included in the consolidated accounts with a percentage at least proportional to the percentage identified under the second subparagraph of paragraph 2.

4. Where in the consolidated accounts no staff data appear for a given enterprise, staff figures are calculated by aggregating proportionally the data from its partner enterprises and by adding the data from the enterprises to which the enterprise in question is linked.

Annex II
APPLICATION FORM FOR INCENTIVE EFFECT ⁴¹

1. Information about the aid beneficiary:

- Name, location of main seat, main sector of activity (NACE Code),
- Declaration that firm is not in difficulty as defined under the Community Guidelines on State aid for Rescue and Restructuring (OJ C 244, 1.10.2004, p.2)
- Declaration that it is not subject to an outstanding recovery order following a previous Commission Decision declaring an aid illegal and incompatible with the internal market
- Declaration specifying aid (both de minimis and State aid) already received for other projects in the last 3 years.
- Declaration specifying aid received or to be received for the same project by other granting authorities.

2. Information about the project/activity to be supported:

- Short description of the project/activity.
- Short description of expected positive effects depending on the category of aid as required by the regulation (e.g. pursued investment objectives, public interest, business development, farmers cooperation, R&D&I activities, training activities; advisory activities, ect.)
- Relevant legal basis (national, EU or both)
- Planned start-end date of the project/activity
- Location(s) of the project/activity

3. Information about the financing of the project/activity:

- Main costs and other costs linked to it
- Total eligible costs
- Aid amount needed to execute the project/activity
- Aid intensity

4. Information about the need for aid and its expected impact:

- Short explanation of the need for aid and its impact on the project/activity decision. Alternative project/activity in absence of aid shall be indicated.

⁴¹ Information referred to in point 1 is required for all aids. Information referred to in points 2-4 is not required for the aids under Art. 25, 26 and 30 of this Regulation.

Annex III
INFORMATION REGARDING STATE AID GRANTED UNDER THIS
REGULATION

(Text with EEA relevance⁴²)

PART I

to be provided through the established Commission IT application as laid down in Article 8

Aid reference	<i>(to be completed by the Commission)</i>	
Member State		
Member State reference number		
Region	Name of the Region (NUTS⁴³)	Regional aid status⁴⁴
Granting authority	Name	
	Postal address	
	Web address	
Title of the aid measure		
National legal basis (Reference to the relevant national official publication)		
Web link to the full text of the aid measure		
Type of measure	Scheme	
	<i>Ad hoc aid</i>	Name of the beneficiary and the group it belongs to
Amendment of an existing aid scheme or <i>ad hoc</i> aid		Commission aid reference
	Prolongation	
	Modification	
Duration⁴⁵	Scheme	dd/mm/yyyy to dd/mm/yyyy
Date of granting	<i>Ad hoc aid</i>	dd/mm/yyyy

⁴² **Applicable only to aid concerning forestry and non-Annex I products**

⁴³ NUTS - Nomenclature of Territorial Units for Statistics. Typically, the region is specified at level 2.

⁴⁴ Article 107(3)(a) TFEU (status 'A'), Article 107(3)(c) TFEU (status 'C'), unassisted areas i.e. areas not eligible for regional aid (status 'N').

⁴⁵ Period during which the granting authority can commit itself to grant the aid.

Economic sector(s) concerned	Please specify in accordance with NACE Rev. 2⁴⁶		
Budget	Annual amount	National currency... (full amounts)	
	Overall amount	National currency... (full amounts)	
	For guarantees⁴⁷	National currency... (full amounts)	
Aid instrument	Grant		
	Interest rate subsidy		
	Loan		
	Repayable advances		
	Guarantee (where appropriate with a reference to the Commission decision⁴⁸)		
	Tax advantage or tax exemption		
	Other (please specify)		
If co-financed by EU fund(s)	Name EU fund(s):	Amount of EU funding (as per EU fund)	National currency... (full amounts)

⁴⁶ NACE Rev. 2 - Statistical classification of Economic Activities in the European Community. Typically, the sector shall be specified at group level.

⁴⁷ For guarantees, indicate the (maximum) amount of loans guaranteed.

⁴⁸ Where appropriate, reference to the Commission decision approving the methodology to calculate the gross grant equivalent, in line with article 5.1.c) of the Regulation.

PART II

to be provided through the established Commission IT application

Please indicate under which provision of the **ABER** the aid measure is implemented.

Primary objectives ¹ (list)	Aid instruments (list)	Maximum aid intensity in % or Maximum aid amount in national currency (in full amounts) ²
Aid for tangible or intangible investments in agricultural undertakings (art.... ABER)	Grant	
	Loan	
	Guarantee	
	Tax exemption	
	
Aid for investments aiming at the conservation of cultural and natural heritage of the agricultural undertakings (art. ABER)	Grant	
	Loan	
	Guarantee	
	
	Other(please specify)	
Aid for investments concerning the relocation of farm buildings (art. ... ABER)	Grant	
	Loan	
	Guarantee	
	
	Other (please specify)	
Aid for investments in connection with the processing and marketing of agricultural	Grant	

¹ Multiple objectives are possible; in this case indicate all objectives

² The aid amount is given per objective; if necessary, in case of scheme, the budget needs to be split according to the objectives.

products (art. ABER)	Loan	
	Guarantee	
	
	Other (please specify)	
Start-up aid for young farmers and the development of small farms (art. ...ABER)	Grant	
Start-up aid for producer groups (art....ABER)	Grant	
Aid for new participation of farmers in quality schemes (art. ABER)	Grant	
	Subsidised services	
Aid for knowledge transfer and information actions (art. ABER)	Grant	
	Subsidised services	
Aid for advisory services (art. ABER)	Grant	
	Subsidised services	
Aid for farm replacement services (art.... ABER)	Subsidised services	
Aid for the promotion of agricultural products (art. ABER)	Grant	
	Subsidised services	
Aid to make good the damage caused by earthquakes, avalanches, landslides and floods (art. ... ABER)	Grant	
	Loan	
	Guarantee	
	
	Other (please specify)	
Aid to compensate farmers for losses caused by adverse weather conditions (art. ABER)	Grant	
	Loan	
	Guarantee	
	
	Other (please specify)	
Aid for combating animal and plant diseases (art. ABER)	Grant	
	Subsidised services	

Aid to the livestock sector (art. ABER)	Subsidised services	
Aid towards the payment of insurance premiums (art. ABER)	Grant	
	Tax exemption	
	
	Other (please specify)	
Aid for research and development in the agricultural sector (art. ABER)	Grant	
	
	Other (please specify)	
Aid for afforestation and creation of woodland (art. ABER)	Grant	
	
	Other (please specify)	
Aid for agroforestry systems (art. ABER)	Grant	
	
	Other (please specify)	
Aid for prevention and restoration of damage to forests from forest fire, natural disasters, adverse climatic event, diseases, pests and catastrophic events (art.ABER)	Grant	
	
	Other (please specify)	
Aid for investments improving the resilience and environmental value of forest ecosystems (art. ... ABER)	Grant	
	
	Other (please specify)	
Natura 2000 payments in forest areas (art. ABER)	Grant	
Forest- environmental and climate services and forest conservation (art. ABER)	Grant	
	
	Other (please specify)	
Knowledge transfer and information actions in the forestry sector (art. ... ABER)	Grant	
	
	Other (please specify)	

Aid for advisory services in the forest sector (art. ABER)	Grant	
	
	Other (please specify)	
Aid for investments in infrastructure related to development, modernisation or adaptation of forestry (art. ABER)	Grant	
	
	Other (please specify)	
Aid for investments in new forestry technologies and in processing, mobilising and marketing of forestry products (art. ABER)	Grant	
	
	Other (please specify)	
Aid for investments concerning the processing of agricultural products into non-agricultural products or the production of cotton (art. ABER)	Grant	
	
	Other (please specify)	
Business start-up aid for non-agricultural activities in rural areas (art. ABER)	Grant	
Aid for advisory services for SMEs in rural areas and to promote the training of advisors (art. ABER)	Grant	
	
	Other (please specify)	
Knowledge transfer and information actions in favour of SMEs in rural areas (art. ... ABER)	Grant	
	
	Other (please specify)	
Aid for new participation of farmers in quality schemes for cotton or foodstuff (art. ABER)	Grant	
	
	Other (please specify)	
Aid for information and promotion activities concerning cotton and foodstuffs covered by a quality scheme (art. ABER)	Grant	
	
	Other (please specify)	

Annex IV
FORM FOR THE PUBLICATION OF INFORMATION ON INDIVIDUAL AID AWARDS AND FOR THE TRANSMISSION OF THIS INFORMATION TO THE COMMISSION

Aid reference		
Where appropriate, the scheme under which the aid is granted		
Member State		
Granting authority	Name	
	Postal address	
	Web address	
Name of the beneficiary, VAT number and the group it belongs to		
Type of beneficiary	<i>SME</i>	
	<i>Large enterprise</i>	
Region in which the beneficiary is located	Name of the Region (NUTS³)	Regional aid status⁴
	<i>NACE Rev. 2 and short description</i>	
Economic sector(s) in which the beneficiary is active		
Aid element, expressed as full amount in national currency⁵		
Aid instrument⁶	Grant	
	Interest rate subsidy	
	Loan	
	Repayable advances	
	Guarantee (where appropriate with a reference to the Commission decision)	
	Tax advantage or tax exemption	
	Other (please specify)	
Date of granting	dd/mm/yyyy	
Objective of the		

³ NUTS - Nomenclature of Territorial Units for Statistics. Typically, the region is specified at level 2.

⁴ Article 107(3)(a) TFEU (status 'A'), Article 107(3)(c) TFEU (status 'C'), unassisted areas i.e. areas not eligible for regional aid (status 'N').

⁵ Gross grant equivalent

⁶ If the aid is granted through multiple aid instruments, the aid amount shall be provided by instrument

aid (list)	
Legal basis, including the implementing provisions	

Annex V

PROVISIONS FOR THE MEMBER STATE'S SINGLE WEBSITE

- (1) Member States shall organise their single State aid website, on which to publish the information laid down in Articles 8(2) in a way to allow easy access to the information.
- (2) Access to the website shall be provided by a search tool or a search user interface ('the search function'). By that search function, all individual information shall be searchable and in any combination thereof. The result of the search function shall also be available for download, in at least two different formats according to common standards, to allow the information for further processing (i) in a spread sheet, e.g. XLS, CSV, or (ii) through other means using web techniques, e.g. XML, HTML.
- (3) Access to the website shall be allowed for any interest party without restrictions. No prior user registration shall be required to access the website.

Annex VI
ANNUAL REPORT

The annual report will be submitted in electronic form via the Commission's electronic state aid reporting system.

The annual report will contain the information required by art. 5(1) second sub-paragraph and Annex III B of Commission Regulation (EC) No 794/2004.

In addition, the annual report will contain the following:

- Diseases concerned under art. 26;
- Meteorological information on type, timing, relative magnitude and location of the climatic event under art. 25 and art. 30