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**Subject: State Aid SA.58306 (2020/N) – Malta
COVID-19: Temporary State Aid to Land Farmers**

Excellency,

1. PROCEDURE

- (1) By electronic notification of 6 August 2020, Malta notified aid in the form of limited amounts of aid (Temporary State Aid to Land Farmers based on the Agricultural and Fishing Industries (Financial Assistance) Act, “the measure”) under the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, as amended (“the Temporary Framework”).¹
- (2) Malta exceptionally agrees to waive its rights deriving from Article 342 of the Treaty on the Functioning of the European Union (“TFEU”), in conjunction with Article 3 of Regulation 1/1958² and to have this Decision adopted and notified in English.

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

¹ Communication from the Commission - Temporary framework for State aid measures to support the economy in the current COVID-19 outbreak, OJ C 91I, 20.3.2020, p. 1, as amended by Communication from the Commission C(2020) 2215 final of 3 April 2020 on the Amendment of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, OJ C 112I, 4.4.2020, p. 1, by Communication from the Commission C(2020) 3156 final of 8 May 2020 on the Amendment of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, OJ C 164, 13.5.2020, p. 3 and by Communication from the Commission C(2020) 4509 final of 29 June 2020 on the Third Amendment of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, OJ C 218, 2.7.2020, p. 3.

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

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2. DESCRIPTION OF THE MEASURE

- (3) Malta considers that the COVID-19 outbreak has started to affect the real economy. The measure forms part of an overall package of measures and aims to ensure that sufficient liquidity remains available in the market, to counter the liquidity shortage faced by undertakings because of the outbreak, to ensure that the disruptions caused by the outbreak do not undermine the viability of the undertakings and thereby to preserve the continuity of economic activity during and after the outbreak. The purpose of the scheme is to help land farmers addressing the liquidity shortages they are facing due to the coronavirus outbreak as a result, among others, of the halting of the catering and hospitality sectors.
- (4) The compatibility assessment of the measure is based on Article 107(3)(b) TFEU, in light of sections 2 and 3.1 of the Temporary Framework.

2.1. The nature and form of aid

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

2.2. Legal basis

- (6) The national legal basis for the measure is the Agricultural and Fishing Industries (Financial Assistance) Act (CAP 146 of the Laws of Malta).

2.3. Administration of the measure

- (7) The Agriculture and Rural Payments Agency is responsible for administering the measure.

2.4. Budget and duration of the measure

- (8) The estimated budget of the measure is EUR 1 500 000 for land farmers.
- (9) Aid may be granted under the measure as from its approval by the Commission and its entry into force until no later than 18 December 2020.
- (10) The Maltese authorities confirmed that the measure is not co-financed by the European Regional Development Fund (ERDF), the European Social Fund (ESF), Cohesion Fund (CF), the European Agricultural Fund for Rural Development (EAFRD), the European Maritime and Fisheries Fund (EMFF), the European Union Solidarity Fund (EUSF) or the Coronavirus Response Investment Initiative (CRII).

2.5. Beneficiaries

- (11) The final beneficiaries of the measure are Micro and Small enterprises³ that are active farmers (as provided for in Commission Regulation (EU) No 1307/2013⁴)

³ As defined in Annex I to Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 187, 26.6.2014, p. 1.

- (b) the aid will not be channelled through credit institutions or other financial institutions;
- (c) this direct aid is not fixed on the basis of the price or quantity of products put on the market;
- (d) where an undertaking is active in several sectors to which different maximum amounts apply in accordance with points 22(a) and 23(a) of the Temporary Framework as amended, it will be ensured, by appropriate means such as separation of accounts, that the relevant ceiling is respected for each of these activities and that the overall maximum amount of EUR 800 000 is not exceeded per undertaking. Where an undertaking is active in the sectors covered by point 23 (a), the overall maximum amount of EUR 120 000 should not be exceeded per undertaking;

2.8. Cumulation

- (18) The Maltese authorities confirm that aid granted under the measure may be cumulated with aid under de minimis Regulations⁸, the ABER or the General Block Exemption Regulation⁹ provided the provisions and cumulation rules of those Regulations are respected.
- (19) The Maltese authorities confirm that aid under the notified measure may be cumulated with other forms of Union financing, provided that the maximum aid intensities indicated in the relevant Guidelines or Regulations are respected.
- (20) The Maltese authorities confirm that aid granted under the measure may be cumulated with aid granted under other measures approved by the Commission under other sections of the Temporary Framework provided the provisions in those specific sections are respected.
- (21) The Maltese authorities confirm that if the beneficiary receives aid on several occasions or in several forms under the measure or aid under other measures approved by the Commission under section 3.1 of the Temporary Framework, the overall maximum cap per undertaking, as set out in points 23(a) of that framework, will be respected.

2.9. Monitoring and reporting

- (22) The Maltese authorities confirm that they will respect the monitoring and reporting obligations laid down in section 4 of the Temporary Framework (including the obligation to publish relevant information on each individual aid above EUR 10 000 granted under the measure on the comprehensive national

⁸ Commission Regulation (EU) No 1408/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid in the agriculture sector (OJ L 352, 24.12.2013 p. 9),

⁹ Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty Text with EEA relevance, OJ L 187, 26.6.2014, p. 1.

- (32) By adopting the Temporary Framework on 19 March 2020, the Commission acknowledged (in section 2) that *“the COVID-19 outbreak affects all Member States and that the containment measures taken by Member States impact undertakings”*. The Commission concluded that *“State aid is justified and can be declared compatible with the internal market on the basis of Article 107(3)(b) TFEU, for a limited period, to remedy the liquidity shortage faced by undertakings and ensure that the disruptions caused by the COVID-19 outbreak do not undermine their viability, especially of SMEs”*.
- (33) The measure aims to support the income of farmers in the context of sudden unforeseen market disruption and increased costs at a time when the normal functioning of credit markets is severely disturbed by the COVID-19 outbreak and that outbreak is affecting the wider economy and leading to severe disturbances of the real economy of Member States.
- (34) The measure is one of a series of measures conceived at national level by the Maltese authorities to remedy a serious disturbance in their economy. The importance of the measure to support the income of farmers during the COVID-19 outbreak is of a scale, which can be reasonably anticipated to produce effects across the Maltese farmers and ensure the production and security of food supplies for the society. Furthermore, the measure has been designed to meet the requirements of a specific category of aid (*“Limited amounts of aid”*) described in section 3.1 of the Temporary Framework.
- (35) The Commission accordingly considers that the measure is necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State and meets all the conditions of the Temporary Framework. In particular:
- The aid takes the form of direct grants (recital (5)).

The overall nominal value of direct grants does not exceed EUR 100 000 per undertaking active in the primary production of agricultural products (recital (16)). The measure therefore complies with point 23(a) of the Temporary Framework;
 - Aid is granted under the measure on the basis of a scheme with an estimated budget as indicated in recital (8). The measure therefore complies with point 22(b) of the Temporary Framework;
 - Aid may be granted to micro and small enterprises that were in difficulty on 31 December 2019, if those enterprises, at the moment of granting the aid, are not subject to collective insolvency procedure under national law and they have not received rescue aid or restructuring aid (see recital (12)). The measure therefore complies with point 22(c)bis of the Temporary Framework;
 - Aid will be granted under the measure no later than 18 December 2020. (recital (9)). The measure therefore complies with point 22(d) of the Temporary Framework;
 - Aid granted to undertakings active in the primary production of agricultural products will not be fixed on the basis of the price or quantity