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PUBLIC VERSION

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Subject: State Aid SA.57975 (2020/N) -Italy – Supply chain and district contracts

Excellency,

The European Commission ("the Commission") wishes to inform Italy that, having examined the information supplied by your authorities on the State aid scheme referred to above, it has decided not to raise any objections to the relevant scheme as it is compatible with the internal market pursuant to Article 107(3)(c) of the Treaty on the Functioning of the European Union ("TFEU").

The Commission has based its decision on the following considerations:

1. PROCEDURE

- (1) By letter of 8 July 2020, registered by the Commission on the following day, Italy notified, according to Article 108(3) TFEU, the above mentioned aid scheme. The Italian authorities sent supplementary information on 16 and 23 July 2020, which was registered by the Commission on the following day.

2. DESCRIPTION

2.1. Title

- (2) Supply chain and district contracts.

2.2. Objective

- (3) The aim of the notification is to amend the existing aid scheme SA.42821 (2015/N): "Supply chain and district contracts" ("the existing aid scheme"), approved by Commission decision C(2015) 9742 final of 6 January 2016 ("the initial decision") under the European Union Guidelines for State aid in the agricultural and forestry

* Handling instructions for SENSITIVE information are given at <https://europa.eu/ldb43PX>

IT – 00194 Roma

Commission européenne/Europese Commissie, 1049 Bruxelles/Brussel, BELGIQUE/BELGIË - Tel. +32 22991111

sectors and in rural areas 2014 to 2020¹ ("the Guidelines"). The modifications consist in: i) the addition of a legal basis, ii) a prorogation of the duration and iii) a budget increase.

2.3. Legal basis

- (4) The legal basis of the existing scheme (Decree of the Ministry for agriculture, food and forestry policy n. 1192 of 6 January 2016) is complemented by a second legal basis (Decree of the Ministry for agriculture, food and forestry policy n. 7775 of 22 July 2019). This second legal basis only implies a technical change that does not change the scheme in substance.

2.4. Duration

- (5) From 1st January 2021 until 31 December 2027.

2.5. Description of the aid scheme

- (6) The existing aid scheme provides support for the realization of national level programmes of an interbranch nature that are foreseen in the supply chain or district contracts stipulated among the participants to a supply chain agreement or to a district agreement and the Ministry for agriculture, food and forestry policy. The aim is to foster the re-organisation of the relations among the different entities of the supply chain or of the supply chains active in the territory of a district, to boost the creation of better market relations and to ensure, as a priority, beneficial effects on the primary agricultural production. The notified aid scheme pursues the same objective.
- (7) The Italian authorities seek to extend the duration of the existing aid scheme from 31 December 2020 (as stated in recital (6) of the initial decision) until 31 December 2027. They have committed to adapt the aid scheme to bring it in line with the State aid rules applicable after the expiry of the Guidelines.
- (8) The extension of the duration requires an adjustment of the overall budget of the existing aid scheme, that will be increased by EUR 1 200 000 000.
- (9) No other modifications to the existing aid scheme are envisaged.

3. ASSESSMENT OF THE AID

3.1. Existence of aid - Application of Article 107(1) TFEU

- (10) According to Article 107(1) TFEU, "[s]ave as otherwise provided in the Treaties, any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between Member States, be incompatible with the internal market".

¹ OJ C 204 of 1.7.2014, p. 1. Amended by the Notices published in OJ C 390, 24.11.2015, p. 4; OJ C 139, 20.4.2018, p. 3 and OJ C 403, 9.11.2018, p. 10 and by the Corrigendum published in OJ C 265, 21.7.2016, p. 5.

- (11) The existence of the aid within the meaning of Article 107(1) TFEU was established in the initial decision. The Commission refers to that assessment (recitals (68) to (71) of the initial decision), which applies also to the notified modifications.

3.2. Lawfulness of the aid – Application of Article 108(3) TFEU

- (12) The aid scheme was notified to the Commission on 8 July 2020. It has not been implemented yet. Therefore, Italy has complied with its obligation under Article 108(3) TFEU.

3.3. Compatibility of the aid

3.3.1. Application of Article 107(3)(c) TFEU

- (13) Under Article 107(3)(c) TFEU, an aid may be considered compatible with the internal market, if it is found to facilitate the development of certain economic activities or of certain economic areas, where such aid does not adversely affect trading conditions to an extent contrary to the common interest.
- (14) In the initial decision this derogation was found to be applicable.

3.3.2. Application of the Guidelines

- (15) As regards the assessment of the content of the notified aid scheme, reference is made to the initial decision which was approved under Part I, Part II, Section 1.1.1.1 “Aid for investment in tangible assets and intangible assets on agricultural holdings linked to primary agricultural production”, 1.1.1.4 “Aid for investments in connection with the processing of agricultural products and the marketing of agricultural products”, 1.1.9 “Aid for the participation of producers of agricultural products in quality schemes” e 1.3.2 “Aid for promotion measures in favour of agricultural products” and Part III of the Guidelines (recitals (76) to (146) of the initial decision).
- (16) As explained in recital (4), the first modification consists in the addition of a legal basis that brings only a technical change with no effects on the substance. The Commission considers that it does not affect the evaluation of the compatibility of the aid scheme with the internal market, as carried out in the initial decision.
- (17) As illustrated in recital (7), the second modification consists in prolonging the duration of the scheme until 31 December 2027. The Guidelines are applicable until 31 December 2020 according to point (737) thereof. In that regard, the Commission takes note of the commitment made by the Italian authorities to adapt the aid scheme to bring it in line with the State aid rules applicable after the expiry of the Guidelines (recital (7)).
- (18) Apart from the modifications referred to in recitals (16) and (17) above and the budget increase due to the extended duration of the scheme (recital (8)), the Commission notes no other alterations to the existing aid scheme (recital (9)). Consequently, given that the aid intensities are unchanged and that, as the extended duration goes beyond the expiry date of the Guidelines, the Italian authorities committed to bring the aid scheme in line with the State aid rules applicable after their expiry, no further distortive effect on competition can be expected. The Commission considers that the budget increase does not affect the evaluation of the

compatibility of the aid scheme with the internal market, as carried out in the initial decision.

- (19) Based on the above considerations, the Commission concludes that the proposed amendments to the existing aid scheme do not affect the evaluation of its compatibility with the internal market, as carried out in the initial decision.

4. CONCLUSION

The Commission has accordingly decided not to raise objections to the aid on the grounds that it is compatible with the internal market pursuant to Article 107(3)(c) TFEU.

If this letter contains confidential information which should not be disclosed to third parties, please inform the Commission within fifteen working days of the date of receipt. If the Commission does not receive a reasoned request by that deadline, you will be deemed to agree to the disclosure to third parties and to the publication of the full text of the letter in the authentic language on the Internet site: <http://ec.europa.eu/competition/elojade/isef/index.cfm>.

Your request should be sent electronically to the following address:

European Commission,
Directorate-General Competition
State Aid Greffe
B-1049 Brussels
Stateaidgreffe@ec.europa.eu

Yours faithfully,

For the Commission

Margrethe VESTAGER
Executive Vice-President