

GUIDELINES FOR TEMPORARY STATE AID TO ANIMAL FARMERS V3.0





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Temporary State aid to Animal Farmers

1. Introduction

Agricultural production in Malta is characterised by a constant production throughout the year which peaks during the spring. The different agriculture activities done by the different producers across all sectors feed into various supply chains built on a variety of business models including direct selling, production intended for processing, open markets and mass catering establishments where the vast majority is dictated by demand from local consumption. Local supply is predominantly geared on delivering fresh produce and local operators' access to processing for the extension of the shelf life of primary produce is limited.

Livestock sectors are dependent on a mix of domestically grown fodder crops as well as feed made from imported cereals, with costs for animal nutrition being among the three highest in the EU on account of this insularity. These sectors are thus vulnerable to exogenous shocks including market disturbance and adverse climate events. The agriculture sector is being effected very negatively in terms both more frequent heatwaves and prolonged droughts, and more cogently the protracted impacted of the Coronavirus disturbance.

Tourism, a sector which is a significant contributor to the Maltese economy, has been hit heavily by the pandemic leaving all the industry closed for business. Catering and hospitality business have stopped operating and as a result the farmers that supplied this industry have been severely hit.

These factors have negatively impacted the sector on several fronts. The closure of out-of-home catering, the prohibition of public gatherings and the immediate halt of the tourism industry influenced the demand and as a result the value of production has been affected due to oversupply. At the same time, the restriction on freedom of movement of goods and individuals, which also effected the changes in labour patterns of both permanent and seasonal labourers have put a strain to the agricultural industry in having to adjust to this new reality. An adjustment that has had an impact on financial resources, time and effort of the farmers.

In the light of these events, the government intends to issue direct aid to partially support the income of animal farmers in the context of sudden unforeseen market shock directly attributed to COVID-19.



2. Legal Basis

- Chapter 146 of the Laws of Malta - Agricultural and Fishing Industries (Financial Assistance) Act.
- Article 107(3)(b) TFEU
- Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak¹, hereinafter referred to as the Temporary Framework.

3. Duration of the Scheme

The scheme will be applicable until 30th June 2022.

Applications must be submitted by not later than 31st May 2022.

¹ Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak adopted by the European Commission on 19 March 2020 [OJ C 91I, 20.3.2020], as amended by the Communication from the Commission – Amendment to the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak [OJ C 112I, 4.4.2020], by the Communication from the Commission – Amendment to the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak (OJ C 164/03, 13.5.2020), by the Communication from the Commission – Third Amendment to the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak [OJ C 218/03, 2.7.2020], by the Communication from the Commission – 4th Amendment to the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak and amendment to the Annex to the Communication from the Commission to the Member States on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to short-term export-credit insurance [OJ C 340 I/1, 13.10.2020], by the Communication from the Commission – Fifth Amendment to the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak and amendment to the Annex to the Communication from the Commission to the Member States on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to short-term export-credit insurance [OJ C 34/6, 1.2.2021], and by the Communication from the Commission – Sixth Amendment to the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak and amendment to the Annex to the Communication from the Commission to the Member States on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to short-term export-credit insurance [OJ C 473/1, 24.11.2021], and as may be subsequently amended.



t: +356 2292 6148

e: arpa.mafa@gov.mt w: www.arpa.gov.mt

Agriculture and Rural Payments Agency
Luqa Road, Qormi QRM9075 – Malta





4. Eligibility/Entry Conditions

The scheme is intended for farmers with livestock production registered in Malta.

The scheme applies to micro and small enterprises active in NACE Code 01.4 – Animal production.

In order to be eligible, animal farmers will have to fall within one of the following categories:

- *Farmers registered with dairy farms with the Veterinary Regulation Directorate (VRD) who benefited from the CAP VCS milk scheme in claim year 2021.*
- *Farmers registered with beef farms with the Veterinary Regulation Directorate (VRD) who benefited from the CAP VCS beef scheme in claim year 2021.*
- *Farmers registered with active pig farms with the Veterinary Regulation Directorate (VRD) with at least 2 sows (as reported in the latest sows' census).*
- *Farmers registered with sheep farms with the Veterinary Regulation Directorate (VRD) who benefited from the CAP VCS sheep scheme in claim year 2021.*
- *Farmers registered with goat farms with the Veterinary Regulation Directorate (VRD) with at least 20 female heads.*
- *Farmers registered with layer hen farms with the Veterinary Regulation Directorate (VRD).*
- *Farmers registered with broiler farms with the Veterinary Regulation Directorate (VRD).*
- *Beekeepers registered with colonies with the Veterinary Regulation Directorate (VRD) with at least 5 colonies.*
- *Farmers registered with rabbit farms with the Veterinary Regulation Directorate (VRD) with at least 50 female does.*

Applications must be submitted by not later than 31st May 2022

Applicants have submitted a valid Bank Payment Form to ARPA

4.1. What happens if a beneficiary cannot fulfil commitments due to a *force majeure* incident?

Force majeure is generally considered to imply an abnormal or unforeseeable circumstance beyond a project holder's control, the consequences of which could not be avoided by reasonable action. A written application for *force majeure* has to be submitted to the ARPA within 15 working days from the date on which the beneficiary, or the responsible person entitled by said beneficiary, is in a position to do so. After consultation, the ARPA will decide whether to accept or reject the application.





Should the ARPA accept the force majeure request, there will be no major consequences. But if the force majeure application is rejected by the ARPA, the latter may seek to recover or withdraw all funds related to this scheme.

5. Applicable State aid Rules

- Aid under this scheme may also be granted to micro and small enterprises (within the meaning of Annex I of the Agricultural Block Exemption Regulation) that were already in difficulty² on 31 December 2019, provided that such enterprises are not subject to collective insolvency procedure under national law and that they have not received rescue aid³ or restructuring aid⁴.
- Aid under this scheme may be cumulated with de minimis aid and/or with aid under the Agricultural Block Exemption Regulation, provided that the provisions and cumulation rules of those Regulations are respected.
- Aid granted under this scheme may be cumulated with aid granted under the different sections of the Temporary Framework in line with the provisions in the specific sections of the Temporary Framework.
- In line with Article 108(3) TFEU, no aid will be granted or paid out before notification and approval by the European Commission.
- If the beneficiary receives several direct grants or aid in different forms under this aid scheme or under another existing scheme approved by the Commission under section 3.1 of the Temporary Framework, the overall maximum cap per undertaking as set out in points 22(a) and 23(a) of the Temporary Framework must be respected. Applicants must declare that they will not exceed the ceilings being set out in Section 3.1 of the Temporary Framework.
- The aid is not fixed on the basis of the price or quantity of products put on the market.
- Where the undertaking is active in several sectors to which different maximum aid amounts apply in accordance with points 22(a) and 23(a) of the Temporary Framework, it will be ensured that the relevant ceiling per undertaking will be respected for each of those activities.

² As defined in Article 2(14) of the Agricultural Block Exemption Regulation (Commission Regulation (EU) No 702/2014 of 25 June 2014 declaring certain categories of aid in the agricultural and forestry sectors and in rural areas compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 193 of 1.7.2014, p.1).

³ Alternatively, if they have received rescue aid, they have reimbursed the loan or terminated the guarantee at the moment of granting the aid under the Temporary Framework.

⁴ Alternatively, if they have received restructuring aid, they are no longer subject to a restructuring plan at the moment of granting of the aid under the Temporary Framework.



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6. How is the payment and eligible area of support calculated?

This aid is a direct grant based on the approved ceilings divided by the amount of eligible approved units per sector; eligible units per sector are as follows:

- Dairy - € X per eligible head in 2021 (based on the Voluntary Coupled Support under Regulation (EU) No 1307/2013) scheme CY 2021), farmers who in 2022 increased production and notified APRA appropriately may eventually be awarded a top up payment covering any positive differences in the amount of eligible heads based on the determination of eligible heads for VCS M1 scheme in Claim year 2022
- Beef - € X per eligible head slaughtered in 2021 (based on the Voluntary Coupled Support (EU) No 1307/2013)
- Sheep - € X per eligible head in 2021 (based on the Voluntary Coupled Support (EU) No 1307/2013)
- Pigs - € X per eligible sow/gilt (in accordance with the latest census carried out by VRD)
- Goats - € X per female goat registered in NLD as at 31/12/2021
- Broilers - € X payment per head according to latest actual production run per farm in Q4 2021
- Layers - € X payment per head as at 31/12/2021
- Beekeepers - € X per bee box registered in NLD as at 31/12/2021
- Rabbits - € X per female doe registered with the VRD as at 31/12/2021
- The overall maximum aid amount per undertaking shall not exceed €290,000 per undertaking (gross, i.e. before any deduction of tax or other charge).

7. Suspending/Withdrawing the support

- The paying agency may suspend or withdraw in full the support where a non-compliance is detected. The suspension or withdrawal shall be lifted by the paying agency as soon as the beneficiary proves to the satisfaction of the agency that the situation has been remedied.
- Suspension of the support will be applied in cases where commitments and/or other obligations are not fulfilled, and the beneficiary is expected to be able to correct the non-compliance. If the beneficiary cannot remedy the situation during a period provided for by ARPA, support shall be withdrawn.





- The paying agency will suspend the award and/or payment of any aid under this scheme to any undertaking that has benefited from earlier unlawful aid declared incompatible by a Commission Decision, until that undertaking has reimbursed or paid into a blocked account the total amount of unlawful and incompatible aid and the corresponding recovery interest.

