

CEPF Feedback on the public consultation on revised State Aid rules for the Agricultural and Forestry Sectors and in Rural Areas

CEPF welcomes the publication of the draft State Aid Rules for the Agricultural and Forestry Sectors. We see the revision of State Aid Rules as a great opportunity to align them better with the needs of European forest owners and the new CAP. We therefore support that the revision aims to ensure predictability, legal certainty and coherence in State Aid Rules, consistency with EU forest related policies as well as simplification and reduction of administrative burdens.

On funding period of 2014 to 2020

During the funding period of 2014-2020, difficulties with the State Aid Rules occurred mainly related to the requirements to submit the application, the lack of appropriate compensation and inadequacy between long-term nature of forestry and the seven years commitment period. In this regard, we see room for improvement on the following points:

- The complexity of the application procedures and the requirement to submit the application before the start of activity led to significant administrative cost and bureaucracy
- The State Aid rules allow compensation only for the additional costs and income forgone resulting from the commitments made. Additional incentives should be allowed
- Seven-years commitment period is too short in forestry: contracts for longer commitment periods should be possible

In addition, state aid schemes should better take into account the need to promote cooperation among forest owners and allow for supports for producer groups and organisations in the forestry sector.

On simplification of administrative burden

In general, we believe that the complexity of application procedures should not discourage applicants from applying for and implementing State Aid funded projects and therefore call for further simplification and reduction of bureaucratic hurdles. In this regard, we believe that the proposed extension of standard assumptions for certain costs to a broader scope of aid measures has the potential to reduce administrative burden. Moreover, we welcome the extension of the scope of aid measures compared to the current ABER, as this will also reduce administrative costs. Finally, we consider the introduction of a general compatibility presumption clause as a workable mechanism to ensure that Member States can tailor their rural development interventions to their specific needs.

On predictability and legal certainty

The common assessment principles should be clear, fair and predictable. In this regard, we are concerned about the reference to the “Do no significant harm” principle, or other comparable methodologies from Article 3 of Regulation (EU) 2020/852 (Taxonomy), as it is left open, how the principle or methodologies are used in the assessment. It is also questionable if such assessment is

needed as the specific criteria for different aid categories and measures already define which measures are assumed to be sustainable and eligible for financing. Moreover, to be consistent with the requirements of category 2.8., category 2.1.4. (Aid for investments improving the resilience and environmental value of forest ecosystems) should not require to have an incentive effect if the following conditions are met:

- the aid scheme establishes a right to aid in accordance with objective criteria and without further exercise of discretion by the Member State
- the aid scheme was adopted and is in force before eligible costs are incurred by the beneficiary
- the aid scheme only covers SMEs

On scope of State Aid Rules and level of remuneration

We would like to point out that a coherent approach is needed to fulfil the objectives of the European Green Deal, the Biodiversity Strategy and the EU Forest Strategy. While we support that the remuneration for certain aids for environmental measures was raised to 120% of eligible costs, we would like to point out that financial support should always be accompanied by sufficient budget and cover all aspects of forests' multifunctionality, and not be limited to environmental aspects of sustainability. More recognition is needed of the multiple socioeconomic functions of forests, such as the provision of raw materials, which leads to jobs and economic growth in rural areas. Moreover, payments for ecosystem services and all other State Aid measures should remain voluntary and be introduced by decision at Member State level.