

DECISIONS

COMMISSION DECISION (EU) 2018/672

of 15 December 2016

on the long-term national aid scheme for agriculture in the northern regions of Finland

(notified under document C(2016) 8419)

(Only the Finnish and Swedish texts are authentic)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to the Act of Accession to the European Union of Austria, Finland and Sweden, and in particular Article 142 thereof,

Whereas:

- (1) By Decision 95/196/EC ⁽¹⁾ the Commission had approved the long-term national aid scheme for agriculture in the northern regions of Finland ('Nordic aid scheme') as notified by Finland pursuant to Article 143 of the Act of Accession with a view to authorisation under Article 142 of the Act of Accession. Decision 95/196/EC was replaced by Commission Decision C(2009) 3067 of 30 April 2009 ⁽²⁾. That Decision was last amended by Commission Decision C(2015) 2790 of 30 April 2015.
- (2) On 12 October 2015 Finland proposed that the Commission amend Decision C(2009) 3067 in order to simplify the administration of the scheme and to take account of the changes in the common agricultural policy as well as of the economic developments in the agriculture in the northern regions of Finland. By letter of 8 June 2016 Finland modified the proposal and sent additional information on the agricultural production in its northern regions.
- (3) Given the resulting amendments to Decision C(2009) 3067 and the number of previous amendments, it is appropriate to replace that Decision by a new Decision.
- (4) The long-term national aid referred to in Article 142 of the Act of Accession is intended to ensure that agricultural activity is maintained in northern regions as determined by the Commission.
- (5) Taking account of the factors referred to in Article 142(1) and (2) of the Act of Accession, the national aid under that Article should be limited to areas situated north of the 62nd parallel or adjacent to that parallel and which are affected by comparable climatic conditions rendering agricultural activity particularly difficult. The municipality (kunta) should be chosen as the relevant administrative unit, including municipalities surrounded by others within such areas, even where they do not satisfy the same requirements.
- (6) In order to facilitate the administration of the scheme and to coordinate it with support under Regulations (EU) No 1305/2013 ⁽³⁾ and (EU) No 1307/2013 of the European Parliament and of the Council ⁽⁴⁾, as well as national aid schemes, it is appropriate to include in the areas receiving aid under this Decision the same municipalities as those belonging to the area delimited under the second subparagraph of Article 32(2) of Regulation (EU) No 1305/2013 in the Rural Development Programme Mainland Finland 2014-2020.

⁽¹⁾ Commission Decision 95/196/EC of 4 May 1995 on the long-term national aid scheme for agriculture in the northern regions of Finland (OJ L 126, 9.6.1995, p. 35).

⁽²⁾ Commission Decision C(2009) 3067 of 30 April 2009 on the long-term national aid scheme for agriculture in the northern regions of Finland.

⁽³⁾ Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005 (OJ L 347, 20.12.2013, p. 487).

⁽⁴⁾ Regulation (EU) No 1307/2013 of the European Parliament and of the Council of 17 December 2013 establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy and repealing Council Regulation (EC) No 637/2008 and Council Regulation (EC) No 73/2009 (OJ L 347, 20.12.2013, p. 608).

- (7) The reference period in relation to which the development of agricultural production and the level of overall support is to be considered, using the national statistics available as a basis, should remain the same as in Decision C(2009) 3067 and cover 1991, 1992 and 1993 as regards agricultural production.
- (8) According to Article 142 of the Act of Accession, the total amount of the aid granted should be sufficient to maintain agricultural activity in the northern regions of Finland but may not lead to overall support exceeding the level of support during a pre-accession reference period. Therefore it is necessary to take income aid under the common agricultural policy into account when determining the maximum allowable level of aid under that Article. On the basis of 2016 data, the maximum annual aid amount should be set at EUR 563,9 million, calculated as an average over a 5-year period from 1 January 2017 until 31 December 2021.
- (9) In order to simplify the Nordic aid scheme and to allow Finland flexibility in directing the aid to different production sectors, while ensuring a balanced distribution of the aid among the sectors, the maximum average annual aid amount should be divided between the aid categories animal husbandry, plant production and other Nordic aid. For cow's milk production it is appropriate to set a separate maximum average annual aid amount, which is sufficient to maintain the production in the northern regions of Finland.
- (10) The aid should be granted annually on the basis of production factors (such as livestock units and ha) within the total limits laid down by this Decision.
- (11) The aid to reindeers should be granted per animal and limited to the traditional number of reindeers in the northern regions of Finland. For the storage of wild berries and mushrooms it should be allowed to pay the aid per kg and for the aid to transport of milk and meat and services indispensable for animal husbandry according to the costs incurred, deducting any other public payments towards the same costs.
- (12) For cow's milk it should be allowed to pay the aid in kg/milk in order to maintain the incentive to efficient production.
- (13) Farm income data from Finland indicate considerable annual volatility of farm income in the northern regions, in particular since 2008. With a view to allowing prompt reactions to the volatility and to maintaining agricultural activities in the northern regions of Finland, it is appropriate to allow Finland to establish, for each calendar year, the amount of aid per sector within an aid category and per unit of production.
- (14) In this regard, Finland should differentiate the aid in its northern regions and set the annual aid amounts according to the severity of the natural handicap and other objective and transparent and justified criteria relating to the objectives set out in the third subparagraph of Article 142(3) of the Act of Accession, which are to maintain traditional primary production and processing particularly suited to the climatic conditions of the regions concerned, to improve the structures for the production, marketing and processing of agricultural products, to facilitate the disposal of the said products and to ensure that the environment is protected and countryside preserved.
- (15) In order to ensure regular payments over the calendar year, Finland should be allowed to pay the aid for a given year using advances based on initial estimates of the number of production factors and production units and pay aid for milk production in monthly instalments based on actual production.
- (16) Overcompensation to the producers should be avoided by recovering undue payments before 1 June of the following year.
- (17) As provided in Article 142(2) of the Act of Accession, the aid granted under this Decision should not lead to an increase in overall production over the traditional production level in the area covered by the Nordic aid scheme.
- (18) Therefore it is necessary to establish an annual maximum number of eligible production factors for each aid category, including a separate maximum for the number of dairy cows, at a level equal to or lower than that in the reference periods.
- (19) As regards the number of dairy cows, account should be taken of the development of production quantity per production factor since the reference periods. Therefore the maximum eligible number of dairy cows should be established based on an average production per cow in the period 2004 to 2013.

- (20) The aid for the breeding, processing and marketing of reindeer should be granted avoiding overcompensation in conjunction with the aid granted in accordance with Article 213 of Regulation (EU) No 1308/2013 of the European Parliament and of the Council ⁽¹⁾.
- (21) As regards plant production, in order to allow flexibility in the use of agricultural land between different production sectors, the maximum allowed area should be 944 300 ha, as set in Annex II to Decision C(2009)3067 as amended by Decision C(2015)2790, which may include a maximum of 481 200 ha grassland.
- (22) For greenhouse production a separate maximum allowed area should be set at 203 ha, which corresponds to the traditional area of production in the northern regions of Finland.
- (23) Where the number of production factors in a category exceeds the maximum number in a given year, the number of eligible production factors should be reduced by a corresponding number of production factors in the calendar year following the year in which the maximum was exceeded.
- (24) In accordance with Article 143(2) of the Act of Accession, Finland is to provide to the Commission information on the implementation and effects of the aid. In order to better assess the long-term effects of the aid and with a view to setting the aid levels as 5-year averages, it is appropriate to report on the socioeconomic effects of the aid every five years and provide annual reports containing the financial and other implementation information necessary to ensure that the conditions laid down in this Decision are complied with.
- (25) Finland should ensure that appropriate control measures are taken vis-à-vis aid beneficiaries. In order to ensure the effectiveness of those measures and transparency in the implementation of the scheme, those control measures should be as far as possible aligned to those carried out under the common agricultural policy.
- (26) Decision C(2009)3067 should therefore be repealed,

HAS ADOPTED THIS DECISION:

Article 1

Authorised aid

1. From 1 January 2017 to 31 December 2021 Finland is authorised to implement the long-term aid scheme for agriculture in its northern regions comprising the municipal units (kunta) listed in Annex I.
2. The total amount of aid granted shall not exceed EUR 563,9 million per calendar year, of which a maximum of EUR 216,9 million shall be intended for the production of cow's milk. Those amounts shall be considered as annual averages of the aid granted in the period of five calendar years covered by this Decision.
3. Aid categories and the production sectors for each category, the maximum average annual amounts allowed per aid category, calculated as specified in paragraph 2, as well as the maximum annual number of eligible production factors per aid category, are set out in Annex II.
4. Aid shall be granted on the basis of eligible production factors as follows:
 - (a) per livestock unit for animal husbandry;
 - (b) per hectare for crop production;
 - (c) per m² for glasshouse production;
 - (d) per m³ for storage of horticultural products; and
 - (e) as a compensation for actual costs for the transport of milk and meat and indispensable services for livestock production, deducting any other public support for the same costs.

⁽¹⁾ Regulation (EU) No 1308/2013 of the European Parliament and of the Council of 17 December 2013 establishing a common organisation of the markets in agricultural products and repealing Council Regulations (EEC) No 922/72, (EEC) No 234/79, (EC) No 1037/2001 and (EC) No 1234/2007 (OJ L 347, 20.12.2013, p. 671).

Aid for the production of cow's milk and storage aid for wild berries and wild mushrooms may be granted per kilogram of actual production.

Aid for reindeer husbandry shall not lead to overcompensation in conjunction with the aid granted under Article 213 of Regulation (EU) No 1308/2013.

The conversion rates into livestock units (LU) for the various types of livestock are set out in Annex III.

5. In accordance with paragraph 3 and within the limits set in Annex II, Finland shall differentiate the aid in its northern regions and set the aid amounts annually per production factor, cost or unit of production on the basis of objective criteria relating to the severity of the natural handicap and other factors contributing to attaining the objectives set out in the third subparagraph of Article 142(3) of the Act of Accession.

Article 2

Reference periods and certain maximum numbers of production factors

1. The reference period referred to in the second indent of the first subparagraph of Article 142(3) of the Act of Accession shall be as follows:

- (a) as regards production: 1992 for cow's milk and for cattle, 1993 for horticulture, the average for 1991, 1992 and 1993 for other products;
- (b) as regards the level of overall support: 1993.

2. The maximum number of eligible dairy cows shall be 227 200.

3. The maximum number of eligible hectares of plant production shall be 944 300 ha, of which a maximum of 481 200 ha grassland, and 203 ha for glasshouse production.

Article 3

Conditions for granting aid

1. Finland shall lay down, within the limits provided for in this Decision, the conditions for granting aid to the various categories of beneficiaries. Such conditions shall include the eligibility and selection criteria applied and ensure the equal treatment of beneficiaries.

2. Finland shall pay the aid annually to the beneficiaries, based on actual production factors or units of production referred to in Article 1(3). Advances on the aid may be paid on the basis of the initial estimates for a given year.

3. For cow's milk the aid may be paid in monthly instalments based on actual production figures.

4. An overrun of the maximum annual number of production factors eligible for aid, as set out in Annex II, shall be taken into account as a corresponding reduction in the number of production factors eligible for aid in the year following the overrun.

5. An overpayment or undue payment to a beneficiary shall be recovered by deducting the corresponding amounts from the aid paid to the beneficiary the following year or be otherwise recovered in that year, where no aid amounts are due to the beneficiary.

Article 4

Information and control measures

1. Finland shall, as part of the information provided pursuant to Article 143(2) of the Act of Accession, forward to the Commission each year before 1 June information on implementation of the aid granted under this Decision during the preceding calendar year.

The information shall concern in particular:

- (a) identification of the municipalities in which the aid was paid by means of a detailed map and where necessary by other data;
- (b) the total production, covering the reporting year, for the regions eligible for aid under this Decision, expressed in quantities for each of the products specified in Annex II;
- (c) the total number of production factors, the number of production factors eligible for aid and the number of production factors supported per production sector specified in Annex II with a breakdown by product within each sector, including the indication of any overrun of the allowed maximum annual number of production factors;
- (d) the total aid paid, the total amount of aid per aid category and the type of production, amounts paid to beneficiaries per production factor/other unit, as well as the criteria for differentiating aid amounts by sub-regions and types of farm holdings or on the basis of other considerations;
- (e) the payment system applied with details concerning any advances based on estimates, final payments as well as observed overpayments and their recovery;
- (f) amounts of aid under Article 32 of Regulation (EU) No 1305/2013, under Regulation (EU) No 1307/2013 and under Article 213 of Regulation (EU) No 1308/2013 paid in the municipalities covered by this Decision; and
- (g) references to national legislation whereby the aid is implemented.

2. Before 1 June 2022 Finland shall, in addition to the annual report covering year 2021, submit to the Commission a report covering the 5-year period from 1 January 2017 until 31 December 2021.

That report shall indicate, in particular:

- (a) the total aid paid during the 5-year period, and its distribution among aid categories, types of production and sub-regions;
- (b) the total production, the number of production factors and the income levels of farmers in the regions eligible for the aid;
- (c) the evolution of agricultural production, processing and marketing in the social and economic context of the northern regions;
- (d) the effects of the aid on the protection of the environment and the preservation of the countryside; and
- (e) proposals for the development of the aid based on the data presented in the report, the national and Union context of agricultural production as well as other relevant factors

3. Finland shall provide data in a form compatible with the statistical standards used by the Union.

4. Finland shall take all steps necessary to apply this Decision and suitable control measures vis-à-vis beneficiaries of aid.

5. Control measures shall to the extent possible be harmonised with the control systems applied under the Union support schemes.

Article 5

Application of any amendments

If the Commission decides to amend this Decision, in particular on the basis of any changes in the common market organisations or the direct support scheme or a change in the rate of any authorised national agricultural State aid, any amendment to the aid authorised by this Decision shall apply only from the year following that in which the amendment was adopted.

Article 6

Repeal

Decision C(2009) 3067 is repealed.

Article 7

Addressee

This Decision is addressed to the Republic of Finland.

Done at Brussels, 15 December 2016.

For the Commission
Phil HOGAN
Member of the Commission

ANNEX I

MUNICIPALITIES AS REFERRED TO IN ARTICLE 1(1)

Enonkoski, Hankasalmi, Heinävesi, Ilmajoki, Isokyrö, Joensuu, Joroinen, Juva, Jyväskylä, Jämsä ⁽¹⁾, Kaskinen, Kauhajoki, Kauhava, Kitee, Korsnäs, Kristiinankaupunki, Kuopio, Kuortane, Kurikka, Laihia, Lapua, Laukaa, Leppävirta, Liperi, Maalahti, Mikkeli, Mustasaari, Muurame, Mänttä-Vilppula, Närpiö, Outokumpu, Parikkala, Pieksämäki, Puumala, Rantasalmi, Rautjärvi, Ruokolahti, Ruovesi, Rääkkylä, Savitaipale, Savonlinna, Seinäjoki, Siilinjärvi, Sulkava, Suonenjoki, Taipalsaari, Teuva, Tuusniemi, Uusikaarlepyy, Vaasa, Varkaus, Vöyri, Alajärvi, Alavieska, Alavus, Evijärvi, Haapajärvi, Haapavesi, Halsua, Hirvensalmi, Honkajoki, Iisalmi, Isojoki, Joutsa, Juankoski, Kaavi, Kalajoki, Kangasniemi, Kannonkoski, Kannus, Karijoki, Karstula, Karvia, Kaustinen, Keitele, Kempele, Keuruu, Kihniö, Kinnula, Kiuruvesi, Kivijärvi, Kokkola, Konnevesi, Kontiolahti, Kruunupyy, Kyyjärvi, Kärsämäki, Lapinlahti, Lappajärvi, Lestijärvi, Liminka, Luhanka, Lumijoki, Luoto, Merijärvi, Merikarvia, Muhos, Multia, Nivala, Oulainen, Parkano, Pedersören kunta, Perho, Pertunmaa, Petäjävesi, Pielavesi, Pietarsaari, Pihtipudas, Polvijärvi, Pyhäjoki, Pyhäjärvi, Pyhäntä, Raahe, Rautalampi, Reisjärvi, Saarijärvi, Sievi, Siikainen, Siikajoki, Siikalatva, Soini, Sonkajärvi, Tervo, Tohmajärvi, Toholampi, Toivakka, Tyrnävä, Uurainen, Vesanto, Veteli, Vieremä, Viitasaari, Vimpeli, Virrat, Ylivieska, Ylöjärvi ⁽²⁾, Ähtäri, Äänekoski, Ilomantsi, Juuka, Kajaani, Lieksa, Nurmes, Paltamo, Rautavaara, Ristijärvi, Sotkamo, Vaala, Valtimo, Oulu, Utajärvi, Hailuoto, Hyrynsalmi, Ii, Kemi, Keminmaa, Kuhmo, Simo, Tervola, Tornio, Kemijärvi, Pello, Pudasjärvi, Puolanka, Ranua, Rovaniemi, Suomussalmi, Taivalkoski, Ylitornio, Kuusamo, Posio, Kittilä, Kolari, Pelkosenniemi, Salla, Savukoski, Sodankylä, Enontekiö, Inari, Muonio, Utsjoki.

⁽¹⁾ Only the area of former municipalities Jämsänkoski and Kuorevesi.

⁽²⁾ Only the area of the former municipality of Kuru.

ANNEX II

DETAILS OF THE AID AS REFERRED TO IN ARTICLE 1(3)

Aid category	Production sectors	Maximum average annual aid in the period 1 January 2017-31 December 2021 (EUR mill) ⁽¹⁾	Maximum annual number of eligible production factors
1. Animal husbandry	Cow's milk, bovines, ewes and she-goats, horses, pigs and poultry animals,	433,7 of which cow's milk 216,9	227 200 dairy cows 181 000 other LU 139 200 LU pigs and poultry ⁽¹⁾
2. Plant production	Field and greenhouse production, storage of horticultural products	110,5	944 300 ha for field production of which 481 200 ha grassland; 203 ha greenhouse production
3. Other aid	Reindeer, transport of milk and meat, indispensable services for livestock production, storage of wild berries and mushrooms	19,7	171 100 reindeers
Total aid		563,9	

⁽¹⁾ The reference quantity for decoupled aid for pigs and poultry.

ANNEX III

COEFFICIENTS FOR CONVERSION INTO LU AS REFERRED TO IN ARTICLE 1(4)

The following table is to be used when determining the average number of livestock units (LU).

Maximum number of livestock units

	LU
Bovine animals over two years and suckler cows	1,0
Suckler cow heifers from eight months to two years	0,6
Other bovine animals from six months to two years	0,6
Ewes	0,2
She-goats	0,2
Horses (over 6 months):	
— mares for breeding, including pony mares	1,0
— Finnish horses	1,0
— other horses and ponies from 1 to 3 years	0,6