

# State aid: Food Processing, Marketing and Co-operation

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## **Legal basis**

This scheme has been notified to the European Commission under Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the common market in application of Articles 107 and 108 of the Treaty as published in the Official Journal of the European Union on 26 June 2014 (the "Regulation").

The scheme number will be provided here when available. The national legal basis for the Scheme is the European Communities Act 1972 – Section two.

## **Types of aid under this scheme**

The information below is a summary of the types of aid which may be granted under the Scheme. Awards are granted subject to assessment against the detailed conditions of the Regulation.

Neither on-farm activities necessary for preparing a product for the first sale, nor the first sale by a primary producer to resellers or processors or any activity preparing a product for a first sale are covered by the Regulation.

Investment aid to SMEs (provided in accordance with the conditions set out in Article 17).

The eligible costs shall be either or both of:

- (a) the costs of investment in tangible and intangible assets;
- (b) the estimated wage costs of employment directly created by the investment project, calculated over a period of two years

In order to be considered an eligible cost for the purposes of this Article, an investment shall consist of the following:

- (a) an investment in tangible and/or intangible assets relating to the setting-up of a new establishment, the extension of an existing establishment, diversification of the output of an establishment into new additional products or a fundamental change in the overall production process of an existing establishment; or
- (b) the acquisition of the assets belonging to an establishment, where the following conditions are fulfilled:
  - the establishment has closed or would have closed had it not been purchased;
  - the assets are purchased from third parties unrelated to the buyer;
  - the transaction takes place under market conditions.

Employment directly created by the investment project: shall be created within three years of completion of the investment shall result in a net increase in the number of employees compared with the average over the previous 12 months shall be maintained for at least three years from the date the post was first filled.

The aid intensity shall not exceed: 20 per cent for small enterprises; and 10 per cent for medium sized enterprises.

**Aid for consultancy in favour of SMEs** (provided in accordance with the conditions set out in Article 18)

Eligible costs shall be the costs of consultancy services provided by external consultants.

The aid intensity shall not exceed 50 per cent of eligible costs. The services concerned shall not be a continuous or periodic activity nor relate to a company's usual operating costs (e.g. routine tax consultancy, legal services or advertising).

**Aid for research and development projects** (provided in accordance with Article 25)

The aided part of the research and development project shall completely fall within either of the following categories:

- (a) experimental development;
- (b) feasibility studies

The eligible costs of experimental development projects shall be the following:

- (a) personnel costs: researchers, technicians and other supporting staff to the extent employed on the project;
- (b) costs of instruments and equipment to the extent and for the period used for the project. Where such instruments and equipment are not used for their full life for the project, only the depreciation costs corresponding to the life of the project, as calculated on the basis of generally accepted accounting principles are considered as eligible
- (c) Costs for of buildings and land, to the extent and for the duration period used for the project. With regard to buildings, only the depreciation costs corresponding to the life of the project, as calculated on the basis of generally accepted accounting principles are considered as eligible. For land, costs of commercial transfer or actually incurred capital costs are eligible
- (d) costs of contractual research, knowledge and patents bought or licensed from outside sources at arm's length conditions, as well as costs of consultancy and equivalent services used exclusively for the project
- (e) additional overheads and other operating expenses, including costs of materials, supplies and similar products incurred directly as a result of the project

The eligible costs for feasibility studies shall be the costs of the study.

The aid intensity for each beneficiary shall not exceed:

- (a) 25 per cent of the eligible costs for experimental development
- (b) 50 per cent of the eligible costs for feasibility studies

The aid intensity for experimental development may be increased up to a maximum aid intensity of 80 per cent of the eligible costs as follows:

- (a) by 10 percentage points for medium-sized enterprises and by 20 percentage points for small enterprises
- (b) by 15 percentage points if one of the following conditions is fulfilled:

i) the project involves effective collaboration:

- between undertakings among which at least one is a SME, or is carried out in at least two Member States, or in a Member State and in a Contracting Party of the EEA Agreement, and no single undertaking bears more than 70 per cent of the eligible costs, or

- between an undertaking and one or more research and knowledge-dissemination organisations, where the latter bear at least 10 per cent of the eligible costs and have the right to publish their own research results;

ii) the results of the project are widely disseminated through conferences, publication, open access repositories, or free or open source software.

The aid intensities for feasibility studies may be increased by 10 percentage points for medium-sized enterprises and by 20 percentage points for small enterprises. Innovation aid for SMEs (provided in accordance with Article 28).

The eligible costs shall be the following:

- (a) costs for obtaining, validating and defending patents and other intangible assets
- (b) costs for secondment of highly qualified personnel from a research and knowledge-dissemination organization or a large enterprise, working on research, development and innovation activities in a newly created function within the beneficiary and not replacing other personnel
- (c) costs for innovation advisory and support services

The aid intensity shall not exceed 50 per cent of the eligible costs. In the particular case of aid for innovation advisory and support services the aid intensity can be increased up to 100 per cent of the

eligible costs provided that the total amount of aid for innovation advisory and support services does not exceed €200 000 per undertaking within any three year period.

**Aid for process and organisational innovation** (provided in accordance with Article 29)

Aid to large undertakings shall only be compatible if they effectively collaborate with SMEs in the aided activity and the collaborating SMEs incur at least 30 per cent of the total eligible costs.

The eligible costs shall be the following:

- (a) personnel costs
- (b) costs of instruments, equipment, buildings and land to the extent and for the period used for the project
- (c) costs of contractual research, knowledge and patents bought or licensed from outside sources at arm's length conditions
- (d) additional overheads and other operating costs, including costs of materials, supplies and similar products, incurred directly as a result of the project

The aid intensity shall not exceed 15 per cent of the eligible costs for large undertakings and 50 per cent of the eligible costs for SMEs.