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COMMUNICATION FROM THE COMMISSION

Second amendment to the Temporary Crisis and Transition Framework for State Aid measures to support the economy following the aggression against Ukraine by Russia

(C/2024/3113)

1. Introduction

1. On 9 March 2023, the Commission adopted its Communication on the Temporary Crisis and Transition Framework for State Aid measures to support the economy following the aggression against Ukraine by Russia (the "Temporary Crisis and Transition Framework"). ([1])

2. In the Temporary Crisis and Transition Framework, the Commission considered that the aggression against Ukraine by Russia and its direct and indirect effects, including the sanctions imposed and the counter measures taken, for example by Russia (the "current crisis"), had created significant economic uncertainties, disrupted trade flows and supply chains and led to exceptionally large and unexpected price increases, especially in natural gas and electricity, but also in numerous other input and raw materials and primary goods. Those effects taken together had caused a serious disturbance of the economy in all Member States across a wide range of economic sectors. On that basis, the Commission considered that it was appropriate to lay down the criteria for the assessment of State aid measures that Member States may take to remedy that serious disturbance with exceptional measures described in the Temporary Crisis and Transition Framework.

3. On 20 November 2023, the Commission decided that the exceptional measures set out in the Temporary Crisis and Transition Framework based on Article 107(3)(b) TFEU to remedy a serious disturbance could in principle be phased out, also taking into account the risk of distortions resulting from these exceptional measures. ([2]) In particular, the Commission decided (i) not to amend the phasing out of sections 2.2, 2.3 and 2.7 of the Temporary Crisis and Transition Framework, which expired on 31 December 2023, but (ii) to delay the phase-out of sections 2.1 and 2.4 of the Temporary Crisis and Transition Framework until 30 June 2024. The Commission recognised that the current crisis continued to pose risks and remained a source of uncertainty in specific markets. With the prolonged phase-out, the Commission enabled Member States to maintain support measures as a safeguard but also allowed more time to administratively implement the necessary measures.

4. In the European Council held on 21-22 March 2024, Member States highlighted the continued impact of the current crisis and the challenges faced by the agricultural sector. The Commission undertook further consultations with Member States, in particular in the form of a survey launched on 27 March 2024 and a meeting on 15 April 2024. Member States were also invited to provide written comments. The Commission has taken all replies received into account for its considerations.

([1]) Communication from the Commission on the Temporary Crisis and Transition Framework for State Aid measures to support the economy following the aggression against Ukraine by Russia (OJ C 101, 17.3.2023, p. 3).
([2]) Communication from the Commission on the Amendment to the Temporary Crisis and Transition Framework for State Aid measures to support the economy following the aggression against Ukraine by Russia (OJ C, 2023/1188, 21.11.2023).

5. The Commission considers that while the economic disturbance affects the economy widely across all Member States, the implementation of certain measures to effectively remedy the effects may require more time specifically in the sector for primary production of agricultural products as well as the fishery and aquaculture sectors. In these specific sectors, that are characterised by a particular high share of small undertakings, the required adjustment process to effectively overcome the current crisis requires additional time. In addition, and in particular for the primary production of agricultural products and to a certain extent also for aquaculture, the dependency on the annual growths seasons and harvesting cycles are relevant sector-specific features to be considered, including the need to acquire inputs such as fertilisers at a time of particularly high prices whilst selling the resulting products at the current depressed prices. This justifies an exceptionally longer implementation period for these sectors.

6. On this basis, the Commission considers that although the existing support measures generally enable Member States to address the remaining sources of uncertainty, there are still pockets of vulnerability and a particular need in the agricultural, fisheries and aquaculture sectors for more time to implement effective support measures.

7. Against this background, the Commission has decided to prolong the phase out of section 2.1 of the Temporary Crisis and Transition Framework until 31 December 2024 for aid granted to undertakings active in the primary production of agricultural products as well as the fishery and aquaculture sectors. Given the specific challenges they face, the Commission considers that these undertakings can be considered undertakings affected by the current crisis for the purpose of point 61(d) of the Temporary Crisis and Transition Framework without Member States having to provide any further justification.

8. The Commission considers that there is no need to review the sections of the Temporary Crisis and Transition Framework aimed at supporting the transition to a net-zero economy (i.e., its sections 2.5, 2.6 and 2.8), which are based on Article 107(3)(c) TFEU, as they will remain in place until 31 December 2025. These sections are therefore unaffected by this amendment.

2. Amendments to the temporary Crisis and Transition framework

9. Point 55 is replaced by the following:

‘(55) The Commission considers that the aggression against Ukraine by Russia and its direct and indirect effects, including the sanctions imposed and the counter measures taken, for example by Russia have created significant economic uncertainties, disrupted trade flows and supply chains, and led to exceptionally large and unexpected price increases, especially in natural gas and electricity, but also in numerous other input and raw materials and primary goods. Those effects taken together have caused a serious disturbance of the economy in all Member States. Supply chain disruptions and increased uncertainty have direct or indirect effects that affect many sectors. In addition, rising energy prices affect virtually every economic activity in all Member States. The Commission considers, accordingly, that a wide range of economic sectors in all Member States are affected by a serious economic disturbance. On that basis, the Commission considers that it is appropriate to lay down the criteria for the assessment of State aid measures that Member States may take to remedy that serious disturbance.’

10. Point 56 is replaced by the following:

‘(56) State aid is in particular justified and can be declared compatible with the internal market on the basis of Article 107(3)(b) TFEU, for a limited period, if it serves to remedy the liquidity shortage faced by undertakings that are directly or indirectly affected by the serious disturbance of the economy caused by the Russian military aggression against Ukraine and its direct and indirect effects, including the sanctions imposed and the counter measures taken, for example by Russia. In this context, the Commission takes note that while the economic disturbance affects the economy widely across all Member States, the implementation of certain measures to effectively remedy these effects may require more time specifically in the sectors for primary production of agricultural products, fisheries and aquaculture. In these specific sectors, that are characterised by a particular high share of small undertakings, the adjustment process to effectively overcome the current crisis requires additional time. In addition, and in particular for the primary production of agricultural products and to a certain extent also for aquaculture, the dependency on the annual growths seasons and harvesting cycles are relevant sector-specific features to be considered, including the need to acquire inputs at a time of particularly high prices whilst selling the resulting products at the current depressed prices. This justifies an exceptionally longer implementation period for these sectors.’

11. Point 61(c) is replaced by the following:

‘c. the aid is granted by 30 June 2024 (*) with the exception of aid granted to undertakings active in the primary production of agricultural products as well as undertakings active in the fishery and aquaculture sectors, which may be granted until 31 December 2024;

(*) If the aid is granted in the form of a tax advantage, the tax liability in relation to which that advantage is granted must have arisen no later than 30 June 2024 (or 31 December 2024 in case of aid to undertakings active in the primary production of agricultural products or undertakings active in the fishery and aquaculture sectors).’