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**Subject: State Aid SA.108091 (2023/N) – France**  
**TCTF: Exceptional scheme to cover the additional costs of inputs for farms producing starch potatoes**

Excellency,

**1. PROCEDURE**

- (1) By electronic notification of 20 June 2023, France notified aid in the form of limited amounts of aid (TCTF: “*Dispositif exceptionnel de prise en charge des surcoûts des intrants des exploitations agricoles productrices de pommes de terre féculières*”, “the measure”) under 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”) <sup>(1)</sup>.
- (2) France exceptionally agrees to waive its rights deriving from Article 342 of the Treaty on the Functioning of the European Union (“TFEU”), in conjunction with

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<sup>(1)</sup> 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). This Temporary Crisis and Transition Framework replaces the Temporary Crisis Framework adopted on 28 October 2022 (OJ C 426, 9.11.2022, p. 1) (‘Temporary Crisis Framework’), which had already replaced the previous Temporary Crisis Framework adopted on 23 March 2022 (OJ C 131I, 24.3.2022, p. 1), as amended on 20 July 2022 (OJ C 280, 21.7.2022, p. 1). The Temporary Crisis Framework was withdrawn with effect from 9 March 2023.

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Article 3 of Regulation 1/1958 <sup>(2)</sup> and to have this Decision adopted and notified in English.

## 2. DESCRIPTION OF THE MEASURE

- (3) France considers that the Russian aggression against Ukraine and its direct and indirect effects, including the sanctions imposed and the counter-measures taken for example by Russia, have economic repercussions on the entire internal market (“the current crisis”). According to the French authorities, the current crisis has 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, including fertilisers, highly relevant for the agricultural sector. Those effects taken together have caused a serious disturbance of the economy in all Member States. The French authorities point out that the current crisis is having a severe impact on the agricultural sector. In general, the current crisis and its direct and indirect effects are causing major disruptions in the supply of the economy, both in terms of flows and in terms of prices. The main inputs for agricultural production, including fertilizers, pesticides, seeds and fuels, have seen their prices rise sharply. This bullish context had started at the end of March 2021, but the war in Ukraine and its economic consequences led to an explosion in the increase in the prices of these inputs in 2022 <sup>(3)</sup>. Specifically, for farms producing starch potatoes <sup>(4)</sup>, the current crisis had a strong impact on them during the 2022 season caused by the significant increase in the cost of inputs in connection with the increase in the price of energy and raw materials and related supply difficulties <sup>(5)</sup>, provoking that the sustainability of the sector is threatened.

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<sup>(2)</sup> Regulation No 1 determining the languages to be used by the European Economic Community (OJ 17, 6.10.1958, p. 385).

<sup>(3)</sup> With regard to the price increases of the main crop inputs between 2021 and 2022 that planters had to face, the IPAMPA index (“*indice des prix d'achat des moyens de production agricoles*”, index of the purchase prices of the means of agricultural production, drawn up by INSEE “*Institut national de la statistique et des études économiques*”) traces the following change in the purchase price of the main crop inputs between 2021 and 2022 (base 100 in 2015):

Expense items	Average 2021	Average 2022	Evolution 2021-2022 (%)
Fertilisers	116.1	202.9	+ 74.8%
Fuels	119.3	169.0	+ 41.7%
Seeds and seedlings	97.2	101.9	+ 4.8%
Pesticides	92.2	95.9	+ 4.1%

<sup>(4)</sup> The French starch potato production sector has around 1 500 producers, mainly concentrated in the north and east of France. Starch potatoes are potato varieties that are particularly high in starch. Potato starch, which corresponds to starches from the underground part of the plant, is extracted industrially, and is used in the agri-food sector (70% of outlets), paper/cardboard (24%) and chemicals/pharmacy/cosmetics (6%). The cultivation of starch potatoes is included in the rotation of field crop producers. It is generally a culture of diversification (Data: FranceAgriMer).

<sup>(5)</sup> The total additional production cost per hectare in 2022 linked to the current crisis for a starch potato producer has been assessed on a flat-rate basis on the basis, on the one hand, of the results of the analytical processing carried out on the accounts of starch farms as part of the RICA survey (*Réseau*

Thus, the measure aims at addressing the liquidity shortage faced by undertakings that are directly or indirectly affected by the serious disturbance of the economy.

- (4) France confirms that the aid under the measure is not conditioned on the relocation of a production activity or of another activity of the beneficiary from another country within the European Economic Area (“EEA”) to the territory of the Member State granting the aid. This is irrespective of the number of job losses actually occurred in the initial establishment of the beneficiary in the EEA.
- (5) The compatibility assessment of the measure is based on Article 107(3), point (b), TFEU, in light of Sections 1 and 2.1 of the Temporary Crisis and Transition Framework.

### **2.1. The nature and form of aid**

- (6) The measure provides aid on the basis of a scheme in the form of direct grants.

### **2.2. Legal basis**

- (7) The legal basis for the measure is the draft of the Decision of the Director General of FranceAgriMer relating to the procedures for implementing the exceptional scheme to cover the additional costs of inputs for farms producing starch potatoes affected by the increase in their input costs caused by the consequences of Russia's aggression against Ukraine <sup>(6)</sup>.

### **2.3. Administration of the measure**

- (8) The public agency FranceAgriMer <sup>(7)</sup> is responsible for administering the measure.

### **2.4. Budget and duration of the measure**

- (9) The estimated budget is EUR 5 million, financed from the State budget.
- (10) Aid may be granted under the measure as from the notification of the Commission's decision approving the measure until no later than 31 December 2023.

### **2.5. Beneficiaries**

- (11) The final beneficiaries of the measure are SMEs <sup>(8)</sup> active at the production of starch potatoes that are affected by the current crisis (the “beneficiaries”). The estimated number of beneficiaries is round 1 500.

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*d'Information Comptable Agricole* of the Ministry of Agriculture) and surveys carried out by the Hauts-de-France Chamber of Agriculture, and on the other hand the rate of increase of the IPAMPA between 2021 and 2022 for each corresponding input. The additional cost of crop input costs between 2021 and 2022 is estimated at EUR 321/ha of starch potatoes.

<sup>(6)</sup> *Projet de décision de la directrice générale de FranceAgriMer relative aux modalités de mise en œuvre du dispositif exceptionnel de prise en charge des surcoûts des intrants des exploitations agricoles productrices de pommes de terre féculières touchées par la hausse de leurs charges en intrants engendrée par les conséquences de l'agression de la Russie contre l'Ukraine.*

<sup>(7)</sup> *Établissement national des produits de l'agriculture et de la mer.*

- (12) France confirms that the aid under the measure is not granted to undertakings under sanctions adopted by the EU, including but not limited to: (i) persons, entities or bodies specifically named in the legal acts imposing those sanctions; (ii) undertakings owned or controlled by persons, entities or bodies targeted by sanctions adopted by the EU; or (iii) undertakings active in industries targeted by sanctions adopted by the EU, insofar as the aid would undermine the objectives of the relevant sanctions.
- (13) France confirms that the measure may not in any way be used to undermine the intended effects of sanctions imposed by the EU or its international partners and will be in full compliance with the anti-circumvention rules of the applicable regulations <sup>(9)</sup>. In particular, natural persons or entities subject to the sanctions will not benefit directly or indirectly from the measure.

## **2.6. Sectoral and regional scope of the measure**

- (14) The measure is open to undertakings active in the primary agricultural sector, specifically in the sector mentioned in recital (11). It applies to the metropolitan territory of France, except Corsica. France confirms that credit institutions or other financial institutions are excluded from being beneficiaries of the aid.

## **2.7. Basic elements of the measure**

- (15) The measure aims to offset part of the additional production costs incurred by starch potato producers during the 2022 campaign compared to the 2021 campaign in connection with the increase in the price of the following inputs: fertilizers and soil improvers; fuels; seedlings; and pesticides. At the same time, it aims to strengthen the potato starch production sector, by supporting the production of starch potatoes.
- (16) The amount of the aid under the measure will be equal to EUR 256 per hectare of starch potatoes production in 2022 <sup>(10)</sup>.
- (17) The minimum aid under the measure will be EUR 500. The overall nominal value of the direct grants under the measure will not exceed EUR 250 000 per undertaking per Member State, at any given point in time; all figures are gross, that is, before any deduction of tax or other charges.
- (18) The French authorities confirm that the aid is not fixed on the basis of the price or quantity of products put on the market.

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<sup>(8)</sup> As defined in Annex I to the Commission Regulation (EU) 2022/2472 of 14 December 2022 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 on the Functioning of the European Union (OJ L 327, 21.12.2022, p. 1).

<sup>(9)</sup> For example, Article 12 of Council Regulation (EU) No 833/2014 of 31 July 2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine (OJ L 229, 31.7.2014, p. 1).

<sup>(10)</sup> This amount corresponds to 80% of the additional cost of crop input costs between 2021 and 2022 mentioned in footnote 5.

## **2.8. Compliance with relevant provisions of Union law**

- (19) The French authorities confirm that the proposed measures do not by themselves, or by the conditions attached to them or by their financing method constitute a non-severable violation of Union law.

## **2.9. Cumulation**

- (20) The French authorities confirm that aid granted under the measure may be cumulated with support under *de minimis* Regulation <sup>(11)</sup> or aid under the Block Exemption Regulation <sup>(12)</sup> provided the provisions and cumulation rules of those Regulations are respected.
- (21) The French authorities confirm that aid under the measure will not be cumulated with other forms of Union financing.
- (22) The French authorities confirm that aid under the measure will not be cumulated with aid under the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak <sup>(13)</sup> (“COVID-19 Temporary Framework”).
- (23) The French authorities confirm that aid granted under the measure may be cumulated with aid granted under other measures approved by the Commission under other sections of the Temporary Crisis and Transition Framework provided the provisions in those specific sections are respected.
- (24) France confirms that for aid granted under Section 2.1 of the previous Temporary Crisis Framework and the Temporary Crisis and Transition Framework, the aid ceilings provided in the respective section of the Temporary Crisis and Transition Framework are respected at any point in time.
- (25) The French authorities confirm that if a beneficiary receives aid on several occasions or in several forms under the measure or aid under other measures approved by the Commission under Section 2.1 of the Temporary Crisis and Transition Framework, the overall maximum cap per undertaking per Member State, as set out in points 61(a) and in 62(a) of that framework, will be respected. Aid granted under the measure and other measures approved by the Commission under Section 2.1 of the previous Temporary Crisis Framework or under the Temporary Crisis and Transition Framework which has been reimbursed before granting of new aid under that section will not be taken into account in determining whether the relevant ceiling is exceeded.

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<sup>(11)</sup> Commission Regulation (EU) No 1408/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid in the agriculture sector (OJ L 352, 24.12.2013 p. 9).

<sup>(12)</sup> Commission Regulation (EU) 2022/2472.

<sup>(13)</sup> Communication from the Commission - Temporary framework for State aid measures to support the economy in the current COVID-19 outbreak (OJ C 91I, 20.3.2020, p. 1), as amended by Commission Communications C(2020) 2215 (OJ C 112I, 4.4.2020, p. 1), C(2020) 3156 (OJ C 164, 13.5.2020, p. 3), C(2020) 4509 (OJ C 218, 2.7.2020, p. 3), C(2020) 7127 (OJ C 340I, 13.10.2020, p. 1), C(2021) 564 (OJ C 34, 1.2.2021, p. 6), C(2021) 8442 (OJ C 473, 24.11.2021, p. 1) and C(2022) 7902 (OJ C 423, 7.11.2022, p. 9).

## **2.10. Monitoring and reporting**

- (26) The French authorities confirm that they will respect the monitoring and reporting obligations laid down in Section 3 of the Temporary Crisis and Transition Framework (including the obligation to publish relevant information on each individual aid above EUR 10 000 granted under the measure on the comprehensive national State aid website or Commission's IT tool within twelve months from the moment of granting <sup>(14)</sup>).

## **3. ASSESSMENT**

### **3.1. Lawfulness of the measure**

- (27) By notifying the measure before putting it into effect, the French authorities have respected their obligations under Article 108(3) TFEU (recitals (7) and (10)).

### **3.2. Existence of State aid**

- (28) For a measure to be categorised as aid within the meaning of Article 107(1) TFEU, all the conditions set out in that provision must be fulfilled. First, the measure must be imputable to the State and financed through State resources. Second, it must confer an advantage on its recipients. Third, that advantage must be selective in nature. Fourth, the measure must distort or threaten to distort competition and affect trade between Member States.
- (29) The measure is imputable to the State, since it is administered by the public agency FranceAgriMer (recital (8)) and it is based on the draft legal act mentioned in recital (7). It is financed through State resources since it is financed by public funds (recital (9)).
- (30) The measure confers an advantage on its beneficiaries in the form of direct grants (recital (6)). The measure thus confers an advantage on those beneficiaries which they would not have had under normal market conditions.
- (31) The advantage granted by the measure is selective, since it is awarded only to certain undertakings, i.e. undertakings active in the production of starch potatoes sector, excluding the financial sector (recital (14)).
- (32) The measure is liable to distort competition, since it strengthens the competitive position of its beneficiaries. It also affects trade between Member States, since those beneficiaries are active in sectors in which intra-Union trade exists.
- (33) Therefore, the Commission concludes that the measure constitutes aid within the meaning of Article 107(1) TFEU. The French authorities do not contest that conclusion.

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<sup>(14)</sup> Referring to information required in Annex III to Commission Regulation (EU) 2022/2472.

### 3.3. Compatibility

- (34) Since the measure involves aid within the meaning of Article 107(1) TFEU, it is necessary to consider whether that measure is compatible with the internal market.
- (35) Pursuant to Article 107(3), point (b), TFEU the Commission may declare compatible with the internal market aid “*to remedy a serious disturbance in the economy of a Member State*”.
- (36) By adopting the Temporary Crisis and Transition Framework, the Commission acknowledged (in Section 1) that the current crisis has 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, including in the agricultural sector.
- (37) Those effects taken together have caused a serious disturbance of the economy in all Member States, including in the economy of France. The Commission concluded that State aid is justified and can be declared compatible with the internal market on the basis of Article 107(3), point (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 current crisis.
- (38) The measure aims at providing liquidity to certain undertakings active in the primary production of agricultural products at a time when a wide range of economic sectors are affected, the normal functioning of markets is severely disturbed leading to severe disturbances of the real economy of Member States, including in the economy of France.
- (39) The measure is one of a series of measures conceived at national level by the French authorities to remedy a serious disturbance in the French economy. The importance of the measure to ensure sufficient liquidity of the beneficiaries that face cost increases of fertilisers, energy, and other production inputs is widely accepted by economic commentators and the measure is of a scale which can be reasonably anticipated to produce effects across the entire French economy. Furthermore, the measure has been designed to meet the requirements of a specific category of aid (“*Limited amounts of aid*”) described in Section 2.1 of the Temporary Crisis and Transition Framework.
- (40) The Commission accordingly considers that the measure is necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State and meets all the relevant conditions of the Temporary Crisis and Transition Framework. In particular:
- the aid takes the form of direct grants (recital (6));
  - the overall nominal value of the grants does not exceed EUR 250 000 per undertaking active in the primary production of agricultural products per Member State; all figures used are gross, that is before any deduction of tax or other charges (recital (17)). If the beneficiary receives aid on several occasions under the measure or aid under other measures approved by the Commission under Section 2.1 of the Temporary Crisis and Transition

Framework, the overall maximum cap per undertaking, per Member State, as set out in points 61(a) or 62(a) of that framework, will be respected (recital (25)). The measure therefore complies with point 62(a) of the Temporary Crisis and Transition Framework;

- aid is granted under the measure on the basis of a scheme (recital (6)) with an estimated budget, as indicated in recital (9). The measure therefore complies with point 61(b) of the Temporary Crisis and Transition Framework;
- aid will be granted under the measure no later than 31 December 2023, as indicated in recital (10). The measure therefore complies with point 61(c) of the Temporary Crisis and Transition Framework;
- aid will be granted only to undertakings affected by the current crisis (recitals (3), (11) and (15)). The measure therefore complies with point 61(d) of the Temporary Crisis and Transition Framework;
- aid granted is not fixed on the basis of the price or quantity of products put on the market (recital (18)). The measure therefore complies with point 62(b) of the Temporary Crisis and Transition Framework.

- (41) State aid measures that entail, by themselves, by the conditions attached to them or by their financing method a non-severable violation of Union law cannot be declared compatible with the internal market <sup>(15)</sup>
- (42) France confirms that the proposed measures do not by themselves, or by the conditions attached to them or by their financing method constitute a non-severable violation of Union law. In addition, the Commission has no indications of any possible breach of Union law that would prevent the notified measure from being declared compatible with the internal market (see recital (19)).
- (43) Therefore, the Commission considers that the measure does not infringe any relevant provisions of Union law.
- (44) France confirms that, in accordance with point 95 of the Temporary Crisis and Transition Framework, overall aid granted under Section 2.1 of the previous Temporary Crisis Framework and the Temporary Crisis and Transition Framework will not exceed the aid ceilings provided in the respective section of the Temporary Crisis and Transition Framework at any point in time (see recital (26)).
- (45) The French authorities confirm that, pursuant to point 51 of the Temporary Crisis and Transition Framework, the aid under the measure is not conditioned on the relocation of a production activity or of another activity of the beneficiary from another country within the EEA to the territory of the Member State granting the aid. This is irrespective of the number of job losses actually occurred in the initial establishment of the beneficiary in the EEA (recital (4)).

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<sup>(15)</sup> Judgment of 31 January 2023, *Commission v Braesch and Others*, C-284/21 P, EU:C:2023:58, paragraphs 96 *et seq.*



- (46) The French authorities confirm that, pursuant to point 52 of the Temporary Crisis and Transition Framework, the aid under the measure will not be granted to undertakings under sanctions adopted by the EU, including but not limited to: a) persons, entities or bodies specifically named in the legal acts imposing those sanctions; b) undertakings owned or controlled by persons, entities or bodies targeted by sanctions adopted by the EU; or c) undertakings active in industries targeted by sanctions adopted by the EU, insofar as the aid would undermine the objectives of the relevant sanctions (recitals (12) and (13)).
- (47) The French authorities confirm that the monitoring and reporting rules laid down in Section 3 of the Temporary Crisis and Transition Framework will be respected (recital (26)). The French authorities further confirm that the aid under the measure may only be cumulated with other aid, provided the specific provisions in the sections of the Temporary Crisis and Transition Framework and the cumulation rules of the relevant Regulations are respected (recitals (20) to (23)).
- (48) The Commission therefore considers that the measure is necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State pursuant to Article 107(3), point (b), TFEU since it meets all the relevant conditions of the Temporary Crisis and Transition Framework.

#### **4. CONCLUSION**

The Commission has accordingly decided not to raise objections to the aid on the grounds that it is compatible with the internal market pursuant to Article 107(3), point (b), of the Treaty on the Functioning of the European Union.

The decision is based on non-confidential information and is therefore published in full on the Internet site: <http://ec.europa.eu/competition/elojade/isef/index.cfm>.

Yours faithfully,

For the Commission

Margrethe VESTAGER  
Executive Vice-President