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Subject: State Aid SA.111988 (2024/N) – Slovakia
TCTF: Amendments of the scheme SA.109076, as amended by SA.110524

Excellency,

1. PROCEDURE

- (1) By electronic notification of 18 January 2024, Slovakia notified amendments (the ‘notified amendments’) to the existing aid scheme (the ‘existing aid scheme’) approved in case SA.109076 (2023/N) – Slovakia. TCTF: *Reduction of social contributions due by employers in agriculture and food sectors* ⁽¹⁾ (the ‘initial Decision’), 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’)⁽²⁾. Slovakia submitted additional information on 6 February 2024.
- (2) Slovakia exceptionally agrees to waive its rights deriving from Article 342 of the Treaty on the Functioning of the European Union (‘TFEU’), in conjunction with

⁽¹⁾ Commission Decision C(2023) 6272 final of 14 September 2023 in case SA.109076 (OJ C 347, 29.9.2023, p. 1). The scheme had already been amended by Commission Decision C(2023) 9010 final of 15 December 2023 in case SA.110524 (OJ C 1645, 18.12.2023, p. 1).

⁽²⁾ 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), as amended by Commission Communication C(2023)8045 (OJ C1188, 21.11.2023, ELI: <http://data.europa.eu/eli/C/2023/1188/oj>).

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

2. DESCRIPTION OF THE NOTIFIED AMENDMENTS

- (3) The objective of the existing aid scheme is 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 aggression against Ukraine and its direct and indirect effects, including the sanctions imposed and the counter-measures taken, for example by Russia (“the current crisis”).
- (4) Slovakia proposes to amend the existing aid scheme as follows:
- (a) to add the eligible period for the reduction of social contribution from 1 March 2024 to 30 June 2024; ⁽⁴⁾
 - (b) to set the amount of reduction applicable for the period from 1 March 2024 to 30 June 2024 within the eligible period to EUR 750 per month per employee; ⁽⁵⁾
 - (c) to increase the budget of the scheme from EUR 70 million to EUR 84 million.
- (5) In addition, Slovakia wishes to extend the scope of the scheme by adding beneficiaries active in the following sectors, identified by their NACE Code: 01.13 (Growing of vegetables and melons, roots and tubers), 01.21 (Growing of grapes), 01.24 (Growing of pome fruits and stone fruits), 01.25 (Growing of other tree and bush fruits and nuts), 01.50 (Mixed farming), and 03.22 (Freshwater aquaculture). Slovakia considers that the current crisis equally affected these sectors as those already benefiting from the scheme for the same reasons as identified in recital (3) of the initial Decision. Slovakia also considers that these sectors continue to be affected by high input prices, in particular, by electricity prices that in 2023 remained above the already significantly increased levels of last year (2022), except for two months. For example, prices in December 2023 were still 27 % higher than last year in the same period. Electricity prices in quarter 4 of 2023 were 122% higher than those in quarter 4 of 2021, before the Ukraine crisis. Cereal seed prices for 2022 increased on average by more than 20 % compared to 2021, and in 2023 the prices continued to grow by a further approximately 10 % (for example, winter barley seed prices grew by 27 % when quarter 4 of 2021 and of 2023 is compared). The prices of legume seeds and potato seed have developed very similarly (for example, early potato seeds were 47 % more expensive in quarter 4 of 2023 than in quarter 4 of 2021). Considering compound feed for animals, despite a slight decrease at the end of 2023, the price levels are higher than at the end of 2021, ranging from 16 % to 39 %, depending on the type of feed. Finally, the price of some frequently used fertilisers, even if it decreased in 2023 compared to 2022, remains significantly higher in quarter 4 of

⁽³⁾ Regulation No 1 determining the languages to be used by the European Economic Community (OJ 17, 6.10.1958, p. 385).

⁽⁴⁾ See recital (19) of the initial Decision. The period for the grant had already been extended until 30 June 2024 by the decision in case SA.110524 (see recital (4)(a) of that decision).

⁽⁵⁾ See recital (20) of the initial Decision. Additionally, as set out in the initial Decision, if the social contribution to be paid is lower than the reduction, the beneficiary will be exempted from payment. Specific rules continue to apply notably in the case of seasonal employees.

2023 compared to quarter 4 of 2021, before the Ukraine crisis (from + 36 to + 100% depending on the type of fertiliser).

- (6) The legal basis for those amendments is an Act ⁽⁶⁾, which supplements Act No. 461/2003 Coll. on social insurance, as amended.
- (7) Apart from the notified amendments, Slovakia confirms that no further amendments are proposed to the existing aid schemes and that all other conditions of these schemes, as required by the Temporary Crisis and Transition Framework, remain unaltered.
- (8) The Slovak authorities indicate that the national legal bases for the existing aid schemes are the legal bases listed in recital (8) of the initial Decision and the new legal basis referred to in recital (6), which will reflect the notified amendments.
- (9) Aid may be granted under the existing aid schemes, as amended, as from the notification of the Commission's decision approving the notified amendments.

3. ASSESSMENT

3.1. Lawfulness of the measure

- (10) By notifying the amendments before putting them into effect, the Slovak authorities have respected their obligations under Article 108(3) TFEU (recital (9)).

3.2. Existence of State aid

- (11) 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 be liable to affect trade between Member States.
- (12) The existing aid scheme constitutes State aid within the meaning of Article 107(1) TFEU for the reasons set out in the initial Decision ⁽⁷⁾. The notified amendments do not affect that conclusion. The Commission therefore refers to the respective assessment of the initial decision and concludes that the existing aid scheme, as amended, constitutes State aid within the meaning of Article 107(1) TFEU.

3.3. Compatibility

- (13) The existing aid scheme is compatible with the internal market pursuant to Article 107(3), point (b), TFEU, since it meets the conditions of sections 1 and 2.1 of the Temporary Crisis and Transition Framework for the reasons set out in the initial Decision ⁽⁸⁾. The Commission therefore refers to the respective assessment of the initial Decision. In addition, in light of the factors invoked by the Slovak authorities in recital (5) of the present decision, the Commission is satisfied that

⁽⁶⁾ As of 15 February 2024, the new act has not been allocated a reference number yet.

⁽⁷⁾ Recitals (33) to (38) of the initial Decision for the existing aid scheme.

⁽⁸⁾ Recitals (39) to (53) of the initial decision for the existing aid scheme.

the current crisis also affects directly the beneficiaries proposed to be added to the existing scheme.

(14) The notified amendments do not affect the conclusion that the existing aid scheme is compatible with the internal market pursuant to Article 107(3), point (b) TFEU. In particular:

- The aid is granted under the measure on the basis of a scheme with an estimated budget as indicated in recital (4)(c). The measure therefore complies with point 61(b) of the Temporary Crisis and Transition Framework;
- The aid will be granted only to undertakings affected by the current crisis (recital (5)). The measure therefore complies with point 61(d) of the Temporary Crisis and Transition Framework.

(15) Apart from the notified amendments, Slovakia confirms that no further amendments are proposed to the existing aid scheme and that all other conditions of the scheme, as required by the Temporary Crisis and Transition Framework, remain unaltered (recital (7)).

(16) The Commission therefore considers that the notified amendments are 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 they meet all the relevant conditions of the Temporary Crisis and Transition Framework. The Commission therefore considers that the notified amendments do not alter the Commission's conclusion on the compatibility of the existing aid scheme in the initial Decision.

4. CONCLUSION

The Commission has accordingly decided not to raise objections to the scheme, as amended, 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: <https://competition-cases.ec.europa.eu/search?caseInstrument=SA>.

Yours faithfully,

For the Commission

Margrethe VESTAGER
Executive Vice-President