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Acts whose titles are printed in light type are those relating to day-to-day management of agricultural matters, and are generally valid for a limited period.

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II

(Non-legislative acts)

REGULATIONS

COMMISSION IMPLEMENTING REGULATION (EU) 2018/670

of 30 April 2018

amending Implementing Regulation (EU) No 540/2011 as regards the extension of the approval periods of the active substances bromuconazole, buprofezin, haloxyfop-P and napropamide

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

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

Having regard to Regulation (EC) No 1107/2009 of the European Parliament and of the Council of 21 October 2009 concerning the placing of plant protection products on the market and repealing Council Directives 79/117/EEC and 91/414/EEC ⁽¹⁾, and in particular the first paragraph of Article 17 thereof,

Whereas:

- (1) Part A of the Annex to Commission Implementing Regulation (EU) No 540/2011 ⁽²⁾ sets out the active substances deemed to have been approved under Regulation (EC) No 1107/2009.
- (2) The approval periods of the substances haloxyfop-P and napropamide will expire on 31 December 2020.
- (3) The approval periods of the substances bromuconazole and buprofezin will expire on 31 January 2021.
- (4) Applications for the renewal of the approval of the active substances included in this Regulation were submitted in accordance with Commission Implementing Regulation (EU) No 844/2012 ⁽³⁾. However, the approval of those substances is likely to expire for reasons beyond the control of the applicant before a decision has been taken on the renewal of their approval. It is therefore necessary to extend their approval periods in accordance with Article 17 of Regulation (EC) No 1107/2009.
- (5) In view of the time and resources necessary for completing the assessment of applications for renewal of approvals of large number of active substances the approvals of which are expiring between 2019 and 2021, Commission Implementing Decision C(2016)6104 ⁽⁴⁾ established a work programme grouping together similar active substances and setting priorities on the basis of safety concerns for human and animal health or the environment as provided for in Article 18 of Regulation (EC) No 1107/2009.
- (6) As the active substances included in this Regulation do not fall in the prioritised categories of Implementing Decision C(2016)6104, their approval period should be extended by either two or three years, taking into account the current date of expiry, the fact that in accordance with Article 6(3) of Implementing Regulation (EU) No 844/2012 the supplementary dossier for an active substance is to be submitted no later than 30 months

⁽¹⁾ OJ L 309, 24.11.2009, p. 1.

⁽²⁾ Commission Implementing Regulation (EU) No 540/2011 of 25 May 2011 implementing Regulation (EC) No 1107/2009 of the European Parliament and of the Council as regards the list of approved active substances (OJ L 153, 11.6.2011, p. 1).

⁽³⁾ Commission Implementing Regulation (EU) No 844/2012 of 18 September 2012 setting out the provisions necessary for the implementation of the renewal procedure for active substances, as provided for in Regulation (EC) No 1107/2009 of the European Parliament and of the Council concerning the placing of plant protection products on the market (OJ L 252, 19.9.2012, p. 26).

⁽⁴⁾ Commission Implementing Decision of 28 September 2016 on the establishment of a work programme for the assessment of applications for the renewal of approvals of active substances expiring in 2019, 2020 and 2021 in accordance with Regulation (EC) No 1107/2009 of the European Parliament and of the Council (OJ C 357, 29.9.2016, p. 9).

before expiry of the approval, the need to ensure a balanced distribution of responsibilities and work among Member States acting as rapporteurs and co-rapporteurs and the available resources necessary for assessment and decision-making. It is therefore appropriate to extend the approval period for the active substance buprofezin by two years, and to extend the approval periods of the active substances bromuconazole, haloxyfop-P and napropamide by three years.

- (7) In view of the aim of the first paragraph of Article 17 of Regulation (EC) No 1107/2009, as regards cases where no supplementary dossier in accordance with Implementing Regulation (EU) No 844/2012 is submitted no later than 30 months before the respective expiry date laid down in the Annex to this Regulation, the Commission will set the expiry date at the same date as before this Regulation or at the earliest date thereafter.
- (8) In view of the aim of the first paragraph of Article 17 of Regulation (EC) No 1107/2009, as regards cases where the Commission will adopt a Regulation providing that the approval of an active substance referred to in the Annex to this Regulation is not renewed because the approval criteria are not satisfied, the Commission will set the expiry date at the same date as before this Regulation or at the date of the entry into force of the Regulation providing that the approval of the active substance is not renewed, whichever date is later. As regards cases where the Commission will adopt a Regulation providing for the renewal of an active substance referred to in the Annex to this Regulation, the Commission will endeavour to set, as appropriate under the circumstances, the earliest possible application date.
- (9) Implementing Regulation (EU) No 540/2011 should therefore be amended accordingly.
- (10) The measures provided for in this Regulation are in accordance with the opinion of the Standing Committee on Plants, Animals, Food and Feed,

HAS ADOPTED THIS REGULATION:

Article 1

Part A of the Annex to Implementing Regulation (EU) No 540/2011 is amended in accordance with the Annex to this Regulation

Article 2

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 30 April 2018.

For the Commission
The President
Jean-Claude JUNCKER

ANNEX

Part A of the Annex to Implementing Regulation (EU) No 540/2011 is amended as follows:

- (1) in the sixth column, expiration of approval, of row 309, Haloxyfop-P, the date is replaced by '31 December 2023';
 - (2) in the sixth column, expiration of approval, of row 310, Napropamide, the date is replaced by '31 December 2023';
 - (3) in the sixth column, expiration of approval, of row 318, Bromuconazole, the date is replaced by '31 January 2024';
 - (4) in the sixth column, expiration of approval, of row 320, Buprofezin, the date is replaced by '31 January 2023'.
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COMMISSION IMPLEMENTING REGULATION (EU) 2018/671**of 2 May 2018****making imports of electric bicycles originating in the People's Republic of China subject to registration**

THE EUROPEAN COMMISSION,

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

Having regard to Regulation (EU) 2016/1036 of the European Parliament and of the Council of 8 June 2016 on protection against dumped imports from countries not members of the European Union ⁽¹⁾ ('the basic anti-dumping Regulation'), and in particular Article 14(5) thereof,

Having regard to Regulation (EU) 2016/1037 of the European Parliament and of the Council of 8 June 2016 on protection against subsidised imports from countries not members of the European Union ⁽²⁾ ('the basic anti-subsidy Regulation'), and in particular Article 24(5) thereof,

After informing the Member States,

Whereas:

- (1) On 20 October 2017, the European Commission ('the Commission') announced, by a notice published in the *Official Journal of the European Union* ⁽³⁾ ('the AD notice of initiation'), the initiation of an anti-dumping proceeding ('the anti-dumping proceeding') with regard to imports into the Union of electric bicycles originating in the People's Republic of China ('PRC') following a complaint lodged on 8 September 2017 by the European Bicycle Manufacturers Association ('the complainant' or 'EBMA') on behalf of producers representing more than 25 % of the total Union production of electric bicycles.
- (2) On 21 December 2017, the Commission announced, by a notice published in the *Official Journal of the European Union* ⁽⁴⁾ ('the AS notice of initiation'), the initiation of an anti-subsidy proceeding ('the anti-subsidy proceeding') with regard to imports into the Union of electric bicycles originating in the PRC following a complaint lodged on 8 November 2017 by the complainant on behalf of producers representing more than 25 % of the total Union production of electric bicycles.

1. PRODUCT CONCERNED AND LIKE PRODUCT

- (3) The product subject to registration ('the product concerned') for both proceedings is cycles, with pedal assistance, with an auxiliary electric motor, originating in the PRC, currently falling within CN codes 8711 60 10 and ex 8711 60 90 (TARIC code 8711 60 90 10). These CN and TARIC codes are given for information only.

2. REQUEST

- (4) The complainant indicated in its complaints its intention to request registration. On 31 January 2018, the complainant submitted registration requests pursuant to Article 14(5) of the basic anti-dumping Regulation and Article 24(5) of the basic anti-subsidy Regulation. The complainant requested that imports of the product concerned be made subject to registration so that measures may subsequently be applied against those imports from the date of such registration, provided all conditions set out in the basic Regulations are met.

3. GROUNDS FOR REGISTRATION

- (5) According to Article 14(5) of the basic anti-dumping Regulation and Article 24(5) of the basic anti-subsidy Regulation, the Commission may direct the customs authorities to take the appropriate steps to register imports, so that measures may subsequently be applied against those imports from the date of such registration, provided all conditions set out in the basic Regulations are met. Imports may be made subject to registration following a request from the Union industry, which contains sufficient evidence to justify such action.

⁽¹⁾ OJ L 176, 30.6.2016, p. 21.

⁽²⁾ OJ L 176, 30.6.2016, p. 55.

⁽³⁾ OJ C 353, 20.10.2017, p. 19.

⁽⁴⁾ OJ C 440, 21.12.2017, p. 22.

- (6) According to the complainant, registration is justified as the product concerned is being dumped and subsidised. Significant injury to the Union industry, is being caused by an acceleration of low-priced imports which will undermine the remedial effect of potential definitive duties by allowing stockpiling ahead of the 2018 selling season.
- (7) The Commission examined the request in the light of Article 10(4) of the basic anti-dumping Regulation and Article 16(4) of the basic anti-subsidy Regulation.
- (8) With respect to the dumping part of the request, the Commission verified whether the importers were aware, or should have been aware, of the dumping as regards the extent of the dumping and the injury alleged or found. It also analysed whether there was a further substantial rise in imports which, in the light of its timing and volume and other circumstances, is likely to seriously undermine the remedial effect of the definitive anti-dumping duty to be applied.
- (9) With respect to the subsidy part of the request, the Commission verified whether there are critical circumstances where, for the subsidised product in question, injury which is difficult to repair is caused by massive imports in a relatively short period of a product benefitting from countervailable subsidies and whether it is deemed necessary to assess countervailing duties retroactively on those imports in order to preclude the recurrence of such injury.

3.1. Awareness of the importers of the dumping, the extent thereof and the alleged injury

- (10) As regards dumping, at this stage, the Commission has at its disposal sufficient evidence that imports of the product concerned from the PRC are being dumped. In particular, the complainant provided evidence on the normal value based on domestic prices and based on the choice of Switzerland according to Article 2(7) of the basic anti-dumping Regulation.
- (11) The evidence of dumping is based on a comparison of the normal value thus established with the export price (at ex-works level) of the product concerned when sold for export to the Union. As a whole, and given the extent of the alleged dumping margins ranging from 193 % to 430 %, this evidence provides sufficient support at this stage that the exporting producers practice dumping.
- (12) That information was contained in the notice of initiation for this proceeding published on 20 October 2017.
- (13) Giant, an exporting producer with a related importer, claimed that the initiation of an anti-dumping investigation was not sufficient to establish awareness of dumping.
- (14) By its publication in the *Official Journal of the European Union*, the notice of initiation is a public document accessible to all importers. Furthermore, as interested parties in the investigation, importers have access to the non-confidential version of the complaint. Therefore, the Commission considered that the importers were aware, or should have been aware, of the alleged dumping practices, the extent thereof and the alleged injury at the latest at that moment.
- (15) The same interested party claimed that an importer could not be expected to be aware of the application of Article 2(7) of the basic anti-dumping Regulation and even less able to anticipate the normal value against which Chinese export prices into the Union should be assessed.
- (16) The Commission noted that the application of Article 2(7) of the basic anti-dumping Regulation was mentioned in the complaint and also referred to it in the notice of initiation.
- (17) The complaint also provided sufficient evidence of alleged injury showing a steep decline of the market share of the Union Industry from 42,5 % in 2014 to 28,6 % in the period used for the complaint, depressed and declining levels of profitability from 3,4 % of turnover in 2014 to 2,1 % in the period used for the complaint as well as underselling calculations ranging from 153 % to 206 %.
- (18) The Commission thus concluded that the first criterion for registration was met with respect to the dumping part of the request.

3.2. Further substantial rise in imports

- (19) Eurostat data do not allow a full analysis of the evolution of imports of electric bicycles into the Union. Indeed, while the investigation period starts in October 2016, an estimated 99 % of imports of electric bicycles were classified until January 2017 under a CN code which covered other products.

- (20) In this context, the complainant provided detailed figures based on the export data of the Chinese customs from January 2014 until February 2018. Based on submissions from interested parties and a reconciliation of statistics, the Commission considered that there is a delay of two months between exports from the PRC and imports into the Union.
- (21) In its analysis, the Commission therefore considered that the Chinese customs' export data provided sufficient *prima facie* evidence of imports into the Union with a two-month delay for shipment. To determine the amount of imports during the investigation period (i.e. 1 October 2016 - 30 September 2017), the Commission thus used the Chinese export data between August 2016 and July 2017.
- (22) The volume of exports from the PRC to the Union increased by 82 % in the period from November 2017 to February 2018 when compared to the period from November 2016 to February 2017. In addition, the average monthly volume of exports from the PRC to the Union in the period from November 2017 to February 2018 was 64 % higher than the average monthly volume of imports to the Union during the investigation period. The Commission considered that these figures provided evidence of a substantial increase in imports.
- (23) Some unrelated importers and Giant claimed that the raw Chinese export data relied upon by the complainant to support its request for registration should be disclosed in the non-confidential file in order to ensure the reliability of the source and of the data supplied. Importers claim that the codes used were not mentioned and could include other products.
- (24) The complainant made available to the Commission the detailed statistics used to support its request. The disclosure of these data would breach copyrights. However, the complainant made available in the non-confidential version of the request the aggregated export figures per month and per year. The complainant also indicated that the source was the Chinese customs, mentioned the codes used and explained its methodology to exclude other products than the product concerned. As such, the source was known and public against payment. Furthermore, these data were broadly corroborated by Eurostat for the period available. No other interested party proposed alternative data or methodology. In these circumstances and given the level of disclosure of aggregated data and methodology on the non-confidential file, the Commission considers that the input data is not necessary for the party concerned to exercise their rights of defence. This argument had therefore to be rejected.
- (25) Some unrelated importers further argued that stockpiling was not possible due to long lead times between design and delivery. In this regard, the Commission considered that the lead-time from designing an electric bicycle to actual delivery did not prevent the possibility of stockpiling an already designed electric bicycle, especially considering the information contained in the complaint concerning spare capacities in the PRC. Furthermore, the available statistical evidence supported the claim that there was a substantial rise in imports. The argument was therefore rejected.
- (26) Some unrelated importers and Giant denied that the increase in Chinese exports provided evidence of a further substantial rise in imports and claimed that it reflected the seasonality of the sales of electric bicycles. The Commission considered that a year-on-year comparison was not influenced by seasonality effects and provided evidence of a rise of 82 % in the volume of imports since the initiation of the case. The argument was therefore rejected.
- (27) Giant denied that the rise of imports was substantial and claimed that it was below or in line with the overall growth in Union demand for electric bicycles. Giant quoted the publications of the Confederation of the European Bicycle Industry ("CONEBI") which estimated this growth to be 22,2 % in 2016 in comparison with 2015, and of EBMA, the complainant, which estimated the growth rate for 2017 at 23 % in comparison with 2016. Giant claimed that October 2017 was the proper starting point to assess the increase in imports. Giant calculated that based on Eurostat import data, monthly imports of electric bicycles had increased by 8,7 % between October 2017 and January 2018.
- (28) The Commission notes that Giant submitted that the shipment time between exports from the PRC and imports into the Union was 'at least one or two months'. As a result, the imports in October 2017 corresponded to the exports from the PRC made in August 2017, before the initiation of the investigation. In addition, the average monthly volume of exports from the PRC to the Union in the period from August 2017 to February 2018 was 36 % higher than the average monthly volume of imports to the Union during the investigation period. This growth rate does not take into account the very significant increase of imports which had already occurred during the investigation period and is nevertheless well above the 2016 and 2017 growth rates in the Union market demand.
- (29) Therefore, the Commission concluded that the second criterion for registration for the dumping part of the request was also met.

3.3. Undermining of the remedial effect of the duty

- (30) The Commission has at its disposal sufficient evidence that additional injury would be caused by a continued rise in imports from the PRC at further decreasing prices.
- (31) As established in recitals (19) to (29), there is sufficient evidence of a substantial rise in imports of the product concerned.
- (32) In addition, there is evidence of a decreasing trend in the import prices of the product concerned. The average price in euros of imports from the PRC into the Union was indeed 8 % lower in the period from November 2017 to February 2018 than in the period from November 2016 to February 2017 and 7 % lower when compared to the investigation period.
- (33) Additional circumstances show that the further substantial rise in imports is likely to seriously undermine the remedial effect of the duties to be applied. It is indeed reasonable to assume that the imports of the product concerned may further increase prior to the adoption of provisional measures, if any, since the latter would occur at the latest around the 20th of July which would coincide with the end of the 2018 selling season of electric bicycles.
- (34) Such further rise in imports following the initiation of the case is thus likely, in light of its timing, volume and other circumstances (such as the excess capacity in the PRC and pricing behaviour of Chinese exporting producers) to seriously undermine the remedial effect of any definitive duty, unless such duty would be applied retroactively.
- (35) The Commission therefore concluded that the third criterion for registration for the dumping part of the request was also met.

3.4. Injury, which is difficult to repair, is caused by massive imports of a subsidised product in a relatively short period

- (36) As regards subsidisation, the Commission has at its disposal sufficient evidence that imports of the product concerned from the PRC are being subsidised. The alleged subsidies consist, inter alia, of (i) direct transfer of funds and liabilities, such as grants, preferential loans, directed credits by state-owned banks as well as private banks, as well as export credits and guarantees and export insurance; (ii) government revenue forgone or not collected, such as income tax reductions and exemptions, import tariff rebates, withholding tax reductions and VAT exemptions and rebates; and (iii) government provision of input materials and land and energy for less than adequate remuneration. Such evidence was made available in the open version of the complaint and in the memorandum on sufficient evidence.
- (37) It is alleged that the above schemes are subsidies since they involve a financial contribution from the Government of the PRC or other regional governments (including public bodies) and confer a benefit to the exporting producers of the product concerned. They are alleged to be contingent upon export performance and/or the use of domestic over imported goods and/or are limited to certain sectors and/or types of enterprises and/or locations, and are therefore specific and countervailable.
- (38) Therefore, the available evidence at this stage shows that the exports of the product concerned are benefiting from countervailable subsidies.
- (39) Furthermore, the Commission has at its disposal sufficient evidence that the exporting producers' subsidy practices are causing material injury to the Union industry. In the complaint and the subsequent submissions related to the requests for registration, the evidence regarding the volume of imports shows a massive increase of imports in absolute terms and in terms of market share in the period between 2014 and the investigation period as well as in recent months. Specifically, the evidence available shows that Chinese exporting producers have more than tripled the volume of the product concerned exported to the Union, from 219 thousand units to 703 thousand units (+ 484 thousand units), which resulted in a sharp increase of market share from 19,2 % to 33 %. Furthermore, as indicated in recital (22) above, the same trend continued between November 2017 and February 2018. Overall, the evidence shows that the massive increase of imports of electric bicycles from the PRC is resulting in substantial adverse effects on the situation of the Union industry including depressed levels of profitability. The evidence concerning the injury factors set out in Article 3(5) of the basic anti-dumping Regulation and Article 8(4) of the basic anti-subsidy Regulation consists of data contained in the complaints and the subsequent submissions regarding registration.

- (40) In addition, the Commission assessed at this stage whether the injury suffered was difficult to repair. Once Chinese suppliers are integrated into the supply chains of the customers of the Union industry, the latter may be reluctant to switch suppliers in favour of Union producers. In addition, the customers of the Union Industry are unlikely to accept higher prices from the Union industry even if, hypothetically, the Commission were to impose countervailing measures without retroactive effect in the future. Such threat of permanent loss of market share or reduced income constitutes an injury which is difficult to repair.

3.5. Preclusion of recurrence of injury

- (41) Finally, given the data set out in recital (39) and the considerations laid down in recital (40), the Commission deemed it necessary to prepare the potential retroactive imposition of measures by imposing registration in order to preclude the recurrence of such injury.

4. PROCEDURE

- (42) Therefore, the Commission has concluded that there is sufficient evidence to justify making the imports of the product concerned subject to registration in accordance with Article 14(5) of the basic anti-dumping Regulation and with Article 24(5) of the basic anti-subsidy Regulation.
- (43) All interested parties are invited to make their views known in writing and to provide supporting evidence. Furthermore, the Commission may hear interested parties, provided that they make a request in writing and show that there are particular reasons why they should be heard.

5. REGISTRATION

- (44) Pursuant to Article 14(5) of the basic anti-dumping Regulation and Article 24(5) of the basic anti-subsidy Regulation imports of the product concerned should be made subject to registration for the purpose of ensuring that, should the investigations result in findings leading to the imposition of anti-dumping and/or countervailing duties, those duties can, if the necessary conditions are fulfilled, be levied retroactively on the registered imports in accordance with the applicable legal provisions.
- (45) Any future liability would emanate from the findings of the anti-dumping and the anti-subsidy investigations respectively.
- (46) The allegations in the complaint requesting the initiation of an anti-dumping investigation estimate an average dumping margin of from 193 % to 430 % and an average injury elimination level of 189 % for the product concerned. The amount of possible future liability is set at the level of the injury elimination level estimated on the basis of the complaint, namely 189 % *ad valorem* on the CIF import value of the product concerned.
- (47) At this stage of the investigation is not yet possible to estimate the amount of subsidisation. The allegations in the complaint requesting the initiation of an anti-subsidy investigation estimate the injury elimination level to represent 189 % for the product concerned. The amount of possible future liability is set at the level of the injury elimination level estimated on the basis of the anti-subsidy complaint, namely 189 % *ad valorem* on the CIF import value of the product concerned.

6. PROCESSING OF PERSONAL DATA

- (48) Any personal data collected in the context of this registration will be treated in accordance with Regulation (EC) No 45/2001 of the European Parliament and of the Council of 18 December 2000 on the protection of individuals with regard to the processing of personal data by the Community institutions and bodies and on the free movement of such data ⁽¹⁾,

HAS ADOPTED THIS REGULATION:

Article 1

1. The customs authorities are hereby directed, pursuant to Article 14(5) of Regulation (EU) 2016/1036 and Article 24(5) of Regulation (EU) 2016/1037, to take the appropriate steps to register imports into the Union of cycles, with pedal assistance, with an auxiliary electric motor, currently falling within CN codes 8711 60 10 and ex 8711 60 90 (TARIC code 8711 60 90 10) and originating in the People's Republic of China.

⁽¹⁾ OJ L 8, 12.1.2001, p. 1.

2. Registration shall expire nine months following the date of entry into force of this Regulation.
3. All interested parties are invited to make their views known in writing, to provide supporting evidence or to request to be heard within 21 days from the date of publication of this Regulation.

Article 2

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 2 May 2018.

For the Commission
The President
Jean-Claude JUNCKER

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

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