

GRANTING STATE AID IN THE AGRICULTURE SECTOR

Peter BAJZÍK, Peter Nováček

Abstract

The economic aid granted in the agricultural environment is the subsystem of State Aid, that represents the economic instrument for the strengthening of competitiveness of agriculture and for creating new jobs in the agricultural sector. State Aid promoting the economic development of the agricultural and forestry sectors and of rural areas is embedded in the broader Common Agricultural Policy. State Aid or subsidies is a legal term for money given from the state budget in direct or indirect form. However, despite a general prohibition of granting State Aid by national authorities in EU member states, State Aid may be necessary to address market failures in order to ensure a well-functioning EU internal market. State Aid can only be justified if it is in line with the principles of the internal market and with the principles of Common Agricultural Policy. This paper aims to provide an overview of the conditions and criteria for granting State Aid in the agriculture sector from the Government. The analysis also includes the conditions for the provision of State Aid during the COVID-19 pandemic. The paper concludes with an analysis of the measures of the Slovak Republic supporting the competitiveness of economic entities operating in the agricultural sector.

Key words:

agriculture aid, transparency, legal act, conditions, common agricultural policy

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INTRODUCTION

The current process of globalization does not only influence industrial production, but it also concerns the agricultural production. The economic policies include agriculture as well. Slovakia was considered as an agricultural country in the past. Slovak agriculture was, during ten years of economic reform that took place from 1990 until 1999, exposed to the pressure of market forces towards its higher efficiency, performance and on one hand adaptation to the market circumstances. On the other hand, its development was limited by the restrictive economic policy and the strategy of macroeconomic stabilization that were hampering its restructuralization, providing it with modern technologies as well as its transition to the progressive organizational forms. The gross agricultural production was reduced in the period of the years 1990–1997 by 29,1% (expressed in the constant prices of the year 1995). This decline was caused to a larger extent by the gross plant production (reduction by 33, 2%) than by the gross animal production (reduction by 25,9%). Two phases

can be distinguished during this development. The steep decline in the first years of transformation reached its lowest point in the year 1993. After this year, moderate, but fluctuating, growth started. (Government of the SR, 10.10.2001) The rural decline and the decline of agricultural cooperatives also impacted the unemployment. The rural population thus became dependent on the state social system and big disparities in the regions, including the rural depopulation, started to occur. The agricultural production also ceased to be interesting from the profitability point of view and competitiveness and, in particular, comparative advantage was lost. The capital equipment of Slovak farmers lagged behind and from the long-term point of view they did not have the chance to compete with the agriculture sector in other states. The insufficient investment activity was also reflected in the low added value. The disparities between the salaries in other economic areas also belong to the reasons of why there is no interest of working in the agricultural sector. As a result of the preparation of the Slovak Republic for its

accession to the European Union, the strategy of agricultural policy has begun to converge with the tasks and objectives of the agricultural policy of the EU. The European Union has sought to help farmers produce sufficient food for Europe, to increase the share of investment in agricultural production and to increase efficiency. The strategic interest of the European Union is the safety and self-sufficiency of food. The common agriculture policy's objectives also fall within the scope of the objectives set out in the Communication from the Commission of 3 March 2010 "Europe 2020 - A strategy for smart, sustainable and inclusive growth" and its flagship initiative for a resource-efficient Europe, which set targets in areas such as competitiveness, climate, energy and biodiversity (Guidelines for State Aid OJ C 204, 1.7.2014). Under the instruments of the European Union, Slovak farmers can receive

THEORETICAL BACKGROUND

State Aid issues are addressed by several authors, however, appropriate examples related to the clarification of the concept of State Aid can also be found in the relevant case law of the European courts. Crafts, N. (2017) is of the opinion that: "State Aid is defined by the EU as an intervention by the state which gives the recipient an advantage on a selective basis that has distorted or may distort competition, and which is likely to affect trade between member states. Such measures, which are prohibited, can take a variety of forms including grants, subsidies, loans, guarantees, and tax credits."

Prominent experts in the field of EU law define that „state aid as an advantage in any form whatsoever conferred on a selective basis to undertakings by national public authorities.” (Craig, de Burca, 2011) According to Evans, A.(1997) „state aid is a certain advantage of one or several business entities and is a burden on the State“(Evans, 1997). The Slovak expert Zemanovičová, D. is of the opinion that “State Aid represents the advantage in any of its forms provided by the state on the selective basis to business entities. The State Aid has also the

subsidies in the form of direct payments, which helps improve the position of farmers in the chain of food production in a more equitable and environmentally friendly manner. The direct subsidies are paid from the Slovak state budget and subsequently they are reimbursed from the EU budget. The current legislation enables the farmers to benefit from the concept of State Aid, which helps them to improve their position among other competitors in the market. State Aid in the agriculture sector is granted to enterprises operating in agricultural primary production, food, forestry and fisheries in accordance with the EU legislation and the Law on State Aid (Law no. 358/2015 Coll.). Currently, during the COVID-19 pandemic, the criteria for granting State Aid have been softened, in particular support for the maintenance of operations and employment in order to bridge the unfavorable period caused by the COVID-19 pandemic.

potential influence on the competition and on the trade between the Member States”. (Zemanovičová, 2014) Stachová, P. states in her thesis „state aid in times of economic and financial crisis”: „In broader context the State Aid is understood as the form of aid that distorts the competition policy and disturbs healthy competitive environment“ (Stachová, 2009). Ferri and Piernas López (2019) point to the fact that „traditionally, EU state aid law has been attached to the goals of maintaining free competition and preventing the distortionary effects of Member States’ economic intervention, while social considerations have been considered immaterial to State Aid control. However, in more recent years, EU State Aid law has acquired a clearer ‘social dimension’, indirectly streamlining national subsidies towards social goals.” Mor wrote: „State Aid is generally prohibited in the European Single Market because it can distort competition between firms, discourage investment and cost consumers. EU State Aid rules aim to create a level playing field so that, for example, British firms can compete fairly with German ones.” (Mor, 2017).

Based on the above opinions and determine the systemic features of the concept of State Aid:

a) State Aid is provided from the state budget of the EU Member States.

b) Is the aim to create the conditions for the proper functioning of the internal market.

c) State Aid is has the social dimension, as it also supports the maintenance of jobs.

GOAL AND METHODOLOGY

State aid to support the economic development of the agricultural and forestry sectors and of rural areas is embedded in the broader common agricultural policy (Recital 5 OJ C 204, 1.7.2014) In addition to industrial production, both agricultural production and breeding animals are important from the point of view of the policies of the European Union. Since agriculture is being modernized and the importance of industry as well as recently also services is growing within the economy, agriculture is important as the source of jobs. Agriculture is at the heart of peoples' lives. Much of what we consume and use every day comes from a farm, from our milk, bread, meat, vegetables and wine to our clothing and cut flowers. The Common Agricultural Policy of the EU (CAP) represents one of the fundamental, and at the same time the most complicated and costly programmes. The complex programme of the support of agriculture was introduced already by the Treaty of Rome. The goals of the CAP were set in this Treaty based upon the balance between the interests of producers and consumers (Kadlečíková at al.2001). In the year 2013 business activity was performed by 10,8 million agricultural businesses in the EU Member States. The farming and the agri-foods industries today represent 46 million jobs and 6% of European GDP. They play a vital role in our economy and society. However, too few young people view farming as an attractive profession. Today, only 6% of farmers are under 35 years of age. The European Union, within the framework of CAP, supports

definitions of the authors, it is possible to Member States and adopts measures to regulate the State Aid provided in this sector. The biggest receivers of the State Aid (2016) in the sector of agriculture are in particular France (15,6 %), Germany (12,8 %), Spain (10,8 %) and Italy (9,8 %). Slovakia received 0,9 % from the overall subsidies of EU 28. As a result of these aids the largest agricultural producers are (2015): France (18,1 %), Germany (14,3 %), Italy (12,3 %) and Spain (10,3 %). Slovakia participated in the EU 28 production in the year 2015 with 0,9 % in the overall value of 2 56,7 million EUR. (Green report, 2016) The biggest number of persons worked in the agriculture sector in Germany (930 000 persons), France (635 000 persons) and in Poland (535 000 persons) (Ministry of Agriculture and Rural Development of SR, 2018), (Green report, 2018).

The main objective of this study is to analyze granting State Aid in the area of agriculture and its effects on the economy of the Slovak Republic. At the same time, we also analyze the conditions and criteria of state aid and point out the positive impacts of this aid on the agriculture sector. The paper also includes criteria for the provision of state aid during the COVID 19 pandemic.

In the interest of reaching the goal of the paper the standard scientific methods were applied. The theoretical and empirical research was mostly based on primary sources and official websites like the Anti-monopoly office of the Slovak Republic, the Ministry of Finance of the Slovak Republic, the Ministry of Agriculture and Rural Development of the Slovak Republic, several textbooks, journals, and the related EU legal acts as well as Slovak legislation. The descriptive techniques were used in analyzing the data collected from sources such as the Anti-monopoly Office of the Slovak Republic, the Ministry of Finance of the Slovak Republic, the Ministry of Agriculture and Rural Development of the Slovak Republic and the EUROSTAT website. These techniques included the use of tables with the calculations of granted State Aid. We start with a discussion of problems and

objectives of the study, including the definition of the State Aid in European law and the Slovak law. Subsequently the thesis analyses the concrete forms of aid in the sector of

agriculture, it points out the productivity of labour in the regions of Slovakia, as well as the volumes of granted aid in the sector of agriculture.

RESULTS AND ANALYSIS

The notion of state aid relates with the legal order of the EU and with the membership of the Slovak Republic in the European Union. It was during the process of preparation of the Slovak Republic for its European Union membership that the notion of state aid started to be mentioned regularly. In legal terms it was anchored in the Europe Agreement of 4 October 1993 establishing an association between the European Communities and their member States and the Slovak Republic (Coll. No.158/1997). The first state aid Law was adopted already in 1999. Its adoption was one of the priorities of the pre-accession preparation of the Slovak Republic for its membership of the EU. As of January 1st, 2016, the new legal regulation in the Law No. 358/2015 Coll. on Adjustment of Certain Relations in State Aid and *de Minimis Aid* and on Amendments and Supplements to Certain Acts applies. This Law precisely regulates the conditions for providing legal aid, its purpose, forms and it regulates the rights and obligations of providers and beneficiaries of state aid as well as the tasks of the state administration in this process. The Law relates to the protection of competition in the field of State Aid. The Slovak legal regulation does not define exactly the notion of state aid, and therefore the provision of article 107 of the Treaty on the Functioning of the European Union (TFEU) applies. The EU rules applicable to the state aid are also contained in the articles 108 and 109 of the TFEU and in the individual regulations of the Council of the EU and in the Regulations of the European Commission. As a preliminary point, it should be recalled that, according to Article 107(1) TFEU, save as otherwise provided in the Treaties, any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favoring certain undertakings or the production of certain goods

is, in so far as it affects trade between Member States, incompatible with the internal market. Classification of a national measure as ‘state aid’, within the meaning of Article 107(1) TFEU, requires all the following conditions to be fulfilled. First, there must be an intervention by the State or through State resources. Second, the intervention must be liable to affect trade between the Member States. Third, it must confer a selective advantage on the recipient. Fourth, it must distort or threaten to distort competition. (European Commission, 2014). Based on the applicable legal regulation *state aid may not* serve as the subsidy for the project that would occur to the business anyway and may also not serve to compensate the normal business risk of the economic activity. Without the aid it should not be possible to realize the project, or the project would be realized in smaller scale or extent or in other way that would significantly limit its anticipated gains. Aid is considered to be proportional only if the same result could not be achieved with less aid. (European Commission, 2014/28). Criteria demonstrating the fulfillment of specific horizontal objectives have been introduced among criteria for assessing the compatibility of state aid with the internal market. The solutions for market failures are being stressed. The economic approach aims to find out why the market does not reach the optimum result without public intervention and at the same time it tries to assess in a better way, whether intervention in the form of state aid is justified and, in the given case, the most appropriate solution. It is also important to assess, to what extent the competition can be distorted and to assess the degree of this distortion in relation to the expected benefit of the measure. (Zemanovičová, 2014) In the broader context state aid represents a financial burden for the state budget. The effectiveness of state aid provided in Slovakia can be measured by the achievement of planned value of indicators

after the completion of the realization of the projects. The legislation of the European Union stipulates the general legal exemptions (article 107 paragraph 2 TFEU), when the presumption of compatibility applies. From the general ban of state aid that which is exempted is :

- of social nature and is provided to individual consumers without any discrimination based on the origin of product/service,
- provided with the aim of compensation of damages caused by natural disasters or by other extraordinary events,
- provided to economies of certain regions of Federal Republic of Germany in order to compensate the economic disadvantages caused by the division of the country (Karas, Králik, 2012)

Secondly, on the basis of Articles 107(3)(c) TFEU, the Commission may consider compatible with the internal market state aid to promote the economic development of the agricultural and forestry sectors and of rural areas, provided that it does not adversely affect trading conditions.

In this connection case law of the European courts helps to clarify the procedures and facts relating to state aid. The jurisprudence of the courts also has a significant influence over the comprehensive interpretation of the conditions for state aid.

According to the decision of the General Court in case Frucona Košice a.s. v European Commission *the concept of aid embraces not only positive benefits, such as subsidies, but also measures which, in various forms, mitigate the charges which are normally included in the budget of an undertaking and which, therefore, without being subsidies in the strict sense of the word, are similar in character and have the same effect* (T- 103/14, paragraph 92). State Aid in the sector of agriculture represents the subsystem of State Aid. In principle it is State Aid applied in the sector of agriculture where special legal rules apply. State Aid to promote the economic development of the agricultural and forestry sectors and of rural areas is embedded in the broader common agricultural policy. Within the CAP, the Union provides financial support to

the agricultural and forestry sectors and to rural areas. As the economic effects of state aid do not change depending on whether it is (even partly) financed by the Union, or whether it is financed by a Member State alone, the Commission considers that there should in principle be consistency and coherence between its policy in respect of the control of state aid and the support which is granted under the Union's own common agricultural policy (paragraph 5 Guidelines for State Aid in the agricultural sector). State Aid in the sector of agriculture is provided for: ensuring the participation of farmers in competitions, trade fairs and exhibitions, establishment and keeping the herd books and registers, payment of insurance, protecting forests owned by the State, drawing the forest economic plans, recovering the potential of forest economy, as well as for investments, reducing unemployment through employment of disadvantaged and significantly disadvantaged employees in the agricultural production, etc. The rules of the European Union define the special guidelines, notifications, frameworks, and codes for State Aid in the agricultural sector, that are published by the European Commission on the basis of Article 109 TFEU to implement articles 107 and 108 TFEU (OJ EU C 83 30.03.2010).

The process of the transformation of Slovak agriculture was not only accompanied by economic reforms, but also by the big change of legal order of the whole State. The creation of a stable economic basis through the legal order presupposes the creation of well-functioning mechanisms. The fundamental legal framework for providing State Aid in addition to the legal regulation of the European Union represents the Law No. 358/2015 Coll. on Adjustment of Certain Relations in state aid and *de minimis aid* and on Amendments and Supplements to Certain Acts. This law regulates the basic rights and obligations of the provider of State Aid as well as the basic rights and obligations of the recipients of state aid and also of *de minimis aid*. The state aid can be provided in areas with extraordinarily low living standards or with extraordinarily high unemployment in the regions with the GDP

around 75% or lower per capita of the average of the European Union. According to the map of regional State Aid for the period from 1st July 2014 to 31st December 2020, that was approved by the European Commission by its decision of 22nd January 2014 state aid can be also provided on the basis of aid schemes. A draft aid scheme is elaborated by the provider. The aid scheme can only be changed by amendment to the scheme elaborated by the provider. The provider can authorize another legal entity in the aid scheme to perform some tasks connected with the provision of State Aid on his or her behalf. For example, a state aid scheme for the support of investments aimed at processing and placing on the market the agricultural products, can enable the provision of state aid in the form of a non-repayable financial contribution from the European Agricultural Fund for Rural Development (EAFRD). and from the state budget, to financing of investment projects aimed at support of investments for processing/placing on the market the agricultural products. The EU rules enable to provide the *de minimis aid* This form of aid is available to entities which within any period of three fiscal years has not exceeded the amount of 15 000 EURO for one enterprise active in the agriculture sector, 200.000 EURO in the sector of processing and marketing of agricultural products and forestry or 30.000 EURO in the sector of fisheries. The decree of the Ministry of Agriculture and Rural Development of the Slovak Republic of 10th December 2014 No. 660/2014-100 on

Providing Support in the Sector of Agriculture, Food, Forestry and Fisheries stipulates that *de minimis aid* can be provided for the following purposes: activities in the primary production in the sector of agriculture, investments for the protection of cultural and natural heritage in the agricultural businesses, activities aimed at the rural development, employment of disadvantaged employees and significantly disadvantaged employees, etc. In providing state aid in Slovakia the secondary EU legal acts are applicable that prevail over the national legislation.

Significant in this context are also European Union Guidelines for State Aid in the agricultural and forestry sectors and in rural areas from 2014 to 2020 (OJ C 204, 1.7.2014). In these Guidelines, the Commission sets out the conditions and criteria under which aid for the agricultural and forestry sectors and for rural areas will be considered to be compatible with the internal market and establishes the criteria for identifying the areas that fulfill the conditions of Article 107(3) TFEU. Furthermore, due to the specificities of the agricultural sector, Article 42 of the Treaty provides that the rules on competition apply to production of and trade in agricultural products only to the extent determined by the European Parliament and the Council.

There are several operators in the agricultural sector. Their operation is evidenced by the ownership of agricultural land or the lease of agricultural land. Table 1 gives an overview of the state of agricultural holdings, which are economic activities in 2018.

Table 1 Overview of the state of agricultural holdings

Agricultural land in hectares	2018	2017
Up to 50	358	267
50 to 100	249	228
100 to 500	403	404
Over 500	39	45

Source: Ministry of Agriculture and Rural Development of the Slovak Republic: 20-12-2019 Report on agriculture and foods in SR 2018. [online 20.12.2019]

The data in Table 1 shows that the number of continuously farming holdings on more than 50 hectares has increased. Interestingly, the number of farms of more than

500 ha has been reduced. This means that small and medium-sized farmers are able to withstand competitive pressure and remain in a market with liberalization standards.

With regard to the aim of the paper, we present in Table 2 data on granted State Aid in the period between years 2011 and 2019. We analyzed the data by secondary analysis from the Reports on the provision of State Aid. The

table also contains the data about state aid granted not only from state aid funds, but also from European Union resources (structural funds).

Table 2 Overview of granted State Aid 2011-2019

Period	Total State Aid	Resources EU	State budget	Number of recipients
2019	87,59 mil. EUR	31,56 mil. EUR	56,03 mil. EUR	5156
2018	49,96 mil. EUR	34,72 mil. EUR	15,24 mil. EUR	3 544
2017	50,94 mil. EUR	20,94 mil. EUR	30, 00 mil. EUR	2373
2016	62,76 mil. EUR	51,51 mil. EUR	11,25 mil. EUR	1885
2015	36,92 mil. EUR	29,06 mil. EUR	7,86 mil. EUR	3063
2014	89, 36 mil. EUR	70, 57 mil. EUR	18,79 mil. EUR	3968
2013	25,75 mil. EUR	8,06 mil. EUR	17, 69 mil. EUR	5060
2012	28,58 mil. EUR	15,89 mil. EUR	12,69 mil. EUR	4373
2011	40,74 mil. EUR	20, 42 mil. EUR	20,32 mil. EUR	560

Source: Reports on granting State Aid in Slovakia 2011-2019. Own processing.

The above data shows that the number of recipients of State Aid is clearly increasing and in the recent period the volume of state aid provided to economic operators operating in the agriculture sector has also been increasing.

The above table shows that the beneficiaries of state aid are the disadvantaged regions of the Slovak Republic, namely the Žilina and Prešov regions. These regions also have a high unemployment rate and regional GDP is relatively low compared to other regions.

In terms of the objectives and priorities of the European Union, state aid was provided in the following areas:

1. Management of insurable and non-insurable risks in primary agricultural production
2. Environmental tax relief
3. Co-financing of RDP projects
4. Improving the genetic quality of farmed animals
5. Recovery of livestock farms
6. Presentation of food products and products of agricultural primary production through exhibitions
7. Sustainable forest management
8. Diversifying rural activities towards non-agricultural activities and increasing rural employment. (Report on granted state aid, 2020).

Provision of *de minimis aid*

Under the State Aid system, state aid may also be granted as *de minimis aid*. The general rules on the granting of *de minimis aid* are laid down in 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 agricultural sector (OJ L 352, 24.12.2013). According to that EU secondary act, the total amount of *de minimis aid* granted by a Member State to a single undertaking shall not exceed EUR 15 000 over a period of three fiscal years (Art. 3 (2)). An operator may receive *de minimis aid* of EUR 200 000 in the processing, marketing of agricultural products and forestry sector and EUR 30 000 in the fisheries sector. The criteria for *de minimis aid* are:

- activities in primary agricultural production
- repair of damage caused by adverse weather events and natural disasters according to a special regulation in the agricultural sector
- research and development in agriculture and forestry

- forestry activities
- employment of disadvantaged employees and severely disadvantaged employees.

The Monitoring report on provided state and *de minimis aid* in the field of agriculture and rural development in 2018, which is

prepared regularly by the Ministry of Agriculture SR contains data on provided state aid and *de minimis aid*. From these data, we compiled a table and compared the volumes of state aid already provided in 2018 and 2019.

Table 3 Overview of granted *de minimis aid* 2018-2019 by region

Region	2018	Number of recipients	2019	Number of recipients
Banská Bystrica	915 461,78 EUR	312 recipients	4 110 713, 20 EUR	735 recipients
Bratislava	280 468, 26 EUR	63 recipients	6 525 491,30 EUR	227 recipients
Košice	352 433,02 EUR	193 recipients	3 524 022,54 EUR	559 recipients
Nitra	346 107,78 EUR	173 recipients	7 022 852, 03 EUR	613 recipients
Trenčín	517,169, 59 EUR	166 recipients	2891 313,31 EUR	339 recipients
Trnava	247 529,05 EUR	139 recipients	15 809 031,59 EUR	543 recipients
Prešov	780 988,10 EUR	452 recipients	4 447 362,52 EUR	882 recipients
Žilina	937 429, 64 EUR	260 recipients	3 701 734, 45 EUR	571 recipients

Source: Monitorovacia správa o poskytnutej štátnej a minimálnej pomoci v rezorte pôdohospodárstva a rozvoja vidieka v roku 2018 <https://www.mpsr.sk/prijemcovia-statnej-pomoci/163> Monitorovacia správa o poskytnutej štátnej a minimálnej pomoci v rezorte pôdohospodárstva a rozvoja vidieka v roku 2019 <https://www.mpsr.sk/monitorovacia-sprava-o-poskytnutej-statnej-a-minimalnej-pomoci-v-rezorte-podohospodarstva-a-rozvoja-vidieka-v-roku-2019/163---15811/>

Based on the obtained data, it can be concluded that the largest number of recipients of State Aid and *de minimis aid* amount was in the Prešov Region, while the largest volume of aid was provided in the Nitra Region. The provision of state aid and *de minimis aid* was aimed at achieving sustainable growth and mitigating the effects of adverse market effects on agricultural holdings.

Provision of State Aid at the time of COVID-19

At present, the European Commission has approved a scheme for preserving employment and supporting self-employed by the coronavirus outbreak and the emergency measures taken by the State. EU member states are to use EU money remaining from their rural development programs to pay out a one-off lump-sum in compensation to farmers and small rural businesses particularly affected by the COVID-19 crisis. Enterprises operating in the agricultural and rural development sector may draw funds for:

- a) temporary assistance to support the maintenance of employment and support for the self-employed
- b) rent subsidy
- c) to support the fulfillment of the basic level of liquidity needs by state resources.

The amount of state aid for food businesses and forestry enterprises is EUR 800,000; for primary agricultural enterprises 100,000 EUR; and for fisheries enterprises 120,000 EUR. Based on the state aid scheme for the recruitment of disadvantaged workers in the form of wage subsidies, economic entities applied to the Ministry of Agriculture and Regional Development of the Slovak Republic for financial subsidies for wage costs for employees. Under the rules set out in scheme SA.57096 (2020 / X) (registered by the European Commission), an applicant of a state subsidy could receive aid amounting to a maximum of 50% of eligible wage costs and a maximum of monthly support of EUR 650 per new job created. (European Commission, 2020)

The Agricultural Paying Agency is a budgetary organization involved in financial relations with the budget of the Ministry of

Agriculture and Rural Development of the Slovak Republic, which provides state aid, pursuant to the Act no. 280/2017 Coll. on the provision of support and subsidies in agriculture and rural development. In 2020, due to the scheme 57096 referring to the Aid for the recruitment of disadvantaged workers, it granted the state aid to 20 applicants in the form of wage subsidies amounting to EUR 115 456.23 (Annual Report, 2020).

Between 25 May 2020 and 3 July 2020, the Agricultural Paying Agency disbursed financial resources amounting to EUR 118 848.69 State Aid to 21 applicants as a support measure for the recruitment of disadvantaged workers in the form of wage subsidies. (Communication, 2020)

4. CONCLUSION

The effectiveness of the measurability of state aid provided to eligible entities can be measured on the basis of exports. However, the increase in agro-imports caused a negative balance - 1,648.1 EUR million. In terms of

territorial structure, the first place belongs to the member states of the European Union, in terms of commodity structure, imported products include mainly meat, soft drinks, chocolate (Report on agriculture and foods, 2018). State Aid for rural development and agriculture is on the rise, but the expectations of state aid providers are not always met, as the state aid provided should also have a positive effect on regional GDP growth. We pointed out the fact that the European Commission is loyal to all Member States and softened the regular provision of state aid in the field of agriculture as well. On the basis of the state aid scheme for the recruitment of disadvantaged workers in the form of wage subsidies, the total state aid provided in 2020 was more than 118,848.69 EUR. In conclusion, it can be stated that the activities of the European Union help the development of agriculture in Slovakia, which seeks to meet the objectives of agricultural policy, while it cannot be clearly stated that expectations were met after the exhaustion of state aid.

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Contact

Mgr. Peter Bajzík, PhD.
Centrum pre rozvoj manažmentu a aplikovaný výskum
Fakulta managementu
Univerzita Komenského v Bratislave
Odbojárov 10 P.O.BOX 95
820 05 Bratislava 25
bajzik5@uniba.sk

Mgr. Peter Nováček
Fakulta managementu
Univerzita Komenského v Bratislave
Odbojárov 10 P.O.BOX 95820 05 Bratislava 25
Slovak Republic
novacek10@uniba.sk