Draft Regulations laid before Parliament under paragraph 1(3) of Schedule 7 to the European Union (Withdrawal) Act 2018, for approval by resolution of each House of Parliament.

D R A F T S T A T U T O R Y I N S T R U M E N T S

2019 No. 000

EXITING THE EUROPEAN UNION

COMPETITION

The State Aid (Agriculture and Fisheries) (Amendment) (EU Exit) Regulations 2019

Made - - - - ***

Coming into force in accordance with regulation 1

The Secretary of State makes these Regulations in exercise of the powers conferred by section 8(1) of, and paragraph 21(b) of Schedule 7 to, the European Union (Withdrawal) Act 2018(**a**).

In accordance with paragraph 1(3) of Schedule 7 to that Act, a draft of this instrument has been laid before Parliament and approved by a resolution of each House of Parliament.

PART 1

Introduction

Citation and commencement

1. These Regulations may be cited as the State Aid (Agriculture and Fisheries) (Amendment) (EU Exit) Regulations 2019 and come into force on exit day.

PART 2

Amendments to Commission Regulation (EU) No 702/2014

Amendments to the agricultural block exemption regulation

2. Commission Regulation (EU) No 702/2014 declaring certain categories of aid in the agricultural and forestry sectors and in rural areas compatible with the internal market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union is amended in accordance with this Part.

(**a**) 2018 c. 16.

Article 1 (Scope)

3. In Article 1—

(a) in paragraph 1(a)(ii)—

(i) for "falling outside the scope of Article 42 of the Treaty" substitute "other than the production of and trade in agricultural products";

(ii) for "co-financed by the European Agricultural Fund for Rural Development (EAFRD)" substitute "support for rural development";

(iii) omit "national";

(iv) for "such co-financed measures" substitute "rural development";

(b) in paragraph 2, for "Member States" substitute "aid grantors";

(c) in paragraph 3(a)—

(i) for "co-financed by the EAFRD" substitute "support for rural development";

(ii) omit "national";

(iii) for "such co-financed measures" substitute "rural development";

(d) in paragraph 3(b)—

(i) for "falling outside the scope of Article 42 of the Treaty" insert "other than the production of and trade in agricultural products";

(ii) for "co-financed by the EAFRD", substitute "support for rural development";

(iii) omit "national";

(iv) for "such co-financed measure" substitute "rural development";

(e) in paragraph 4—

(i) in point (a)—

(aa) for "Commission" in the first place it occurs substitute "CMA";

(bb) for "Member State to the Commission" substitute "aid grantor to the CMA";

(ii) in point (c), omit "towards third countries or Member States";

(f) in paragraph 5—

(i) in point (a), for the words from "Commission Decision" to the end substitute "CMA decision not to approve unlawful or misused aid under Part 3, Chapters 2 and 3, of the state aid regulations";

(ii) in point (b), omit the words from "following" to the end;

(g) omit paragraph 7.

Article 2 (Definitions)

4. In Article 2—

(a) before point (1), insert—

"(A1) 'State aid regulations' means the State Aid (EU Exit) Regulations 2019(**a**);

(B1) 'CMA' means the Competition and Markets Authority;

(C1) 'support for rural development' means financial support granted under Title 3 of Regulation (EU) No 1305/2013 or Title 3, Chapter 2 of Regulation (EU) No 1303/2013;

(D1) 'constituent nation' means England, Wales, Scotland or Northern Ireland, as the case may be;

(E1) 'aid grantor' means a person who plans to grant, or who has granted, aid;";

(**a**) S.I. 2019/XXXX.

(b) in point (14)—

(i) in point (a), for the words from "the types" to "Council" substitute "public companies limited by shares or by guarantee, and private companies limited by shares or by guarantee";

(ii) in point (b), for the words from "the types" to the end substitute "partnerships, limited partnerships, and unlimited companies";

(iii) in point (c), omit "under its domestic law";

(c) for point (18) substitute—

"(18) 'plant pest' means pests of plants or of plant products, which belong to the animal or plant kingdoms, or which are viruses, mycoplasmas or other pathogens;";

(d) in point (29), omit "under the applicable national legal regime";

(e) for point (30) substitute—

"(30) 'National standard' means an applicable mandatory requirement laid down in retained EU law setting the level which individual undertakings must achieve, in particular as regards the environment, hygiene and animal welfare; however, standards or targets which do not bind individual undertakings are not deemed to be national standards;";

(f) in point (33)—

(i) for "an Union standard" in both places it occurs substitute "a national standard";

(ii) for "Union legislation", substitute "retained EU law";

(g) omit points (35) and (36);

(h) in points (38) and (39)—

(i) for "Member States of the Union" in the first place it occurs substitute "countries";

(ii) before "Union" in the second place it occurs insert "European";

(i) in point (46), omit the words from "whatever" to "national law,";

(j) in point (48)(a), for the words from "by a Member State" to "constituted" substitute "in the United Kingdom";

(k) in point (49), for "either by Union or by national legislation" substitute "by legislation";

(l) in point (53)—

(i) for "Member States" in the first place it occurs substitute "the competent authority";

(ii) for "Member States" in the second place it occurs substitute "competent authority";

(m) in points (57) and (58), for the words from "an approved" to the end, substitute "the approved regional aid map";

(n) in point (59), for the words from "by the Commission" to the end, substitute "as such in the approved regional aid map";

(o) in point (60), after "and of the Council" insert ", as it had effect immediately before exit day";

(p) for point (61) substitute—

"(61) 'non-predefined "c" areas' means the non-predefined areas designated as regions eligible for aid under Article 107(3)(c) of the Treaty in the approved regional aid map for 2014-2020;

(61A) 'approved regional aid map' means the regional aid map for the United Kingdom that was approved by the Commission for the period 2014-2020 in decision SA.38113, as amended by decision SA.46361;".

New Articles 2A and 2B

5. After Article 2, insert—

"*Article 2A*

References to Articles of the Treaty and certain other EU instruments

1. In this Regulation—

(a) a reference to Article 107(1) or 108(3) of the Treaty is a reference to that Article as it has effect in domestic law by virtue of section 4 of the European Union (Withdrawal) Act 2018 and regulation 3(1) and (2) of the state aid regulations;

(b) a reference to Article 107(2) or (3) of the Treaty is to be read in accordance with regulation 3(3)(b) of the state aid regulations;

(c) a reference to NUTS is a reference to the Nomenclature of Territorial Units for Statistics, as laid down in Regulation (EC) No 1059/2003 of the European Parliament and of the Council on the establishment of a common classification of territorial units for statistics (NUTS), as it had effect immediately before exit day.

Article 2B

Competent authority

1. Subject to paragraphs 2 to 5, for the purposes of this Regulation the competent authority is the Secretary of State.

2. In relation to Scotland, in respect of areas within devolved competence, the competent authority is the Scottish Ministers.

In this paragraph, "devolved competence" is to be read in accordance with section 54 of the Scotland Act 1998.

3. In relation to Wales, in respect of functions conferred or imposed under section 56 of the Government of Wales Act 2006, the competent authority is the Welsh Ministers.

4. In relation to Northern Ireland, in respect of functions conferred under sections 22 or 23 of the Northern Ireland Act 1998, the competent authority is the Department of Agriculture, Environment and Rural Affairs.

5. Where prior to exit day the relevant function was delegated to another person or body, the competent authority is that person or body.

6. This Article is without prejudice to any power for the competent authority to delegate functions.".

Article 3 (Conditions for exemption)

6. In Article 3, for "be compatible with the internal market within the meaning of" substitute "be deemed to be approved under".

Article 5 (Transparency of aid)

7. In Article 5(2)—

(a) in point (c)—

(i) in point (i), for "Commission notice" substitute "CMA statement of policy";

(ii) in point (ii)—

(aa) for the words from "Commission Notice" to "successor notice" substitute "CMA statement of policy on State aid in the form of guarantees, or any successor statement of policy";

(bb) for the words from "the Commission under" to "time" substitute "the CMA under the state aid regulations";

(b) in point (e), for "Commission" substitute "CMA".

Article 6 (Incentive effect)

8. In Article 6, for "Member State" in each place it occurs substitute "aid grantor".

Article 7 (Aid intensity and eligible costs)

9. In Article 7—

(a) in paragraph 1, for "the EAFRD" substitute "support for rural development";

(b) in paragraph 2, omit "under national VAT legislation".

Article 8 (Cumulation)

10. In Article 8—

(a) omit paragraph 2;

(b) in paragraph 4, for "Commission" substitute "CMA".

Article 14 (Aid for investments in tangible assets or intangible assets on agricultural holdings linked to primary agricultural production)

11. In Article 14—

(a) in paragraph 1, for "compatible with the internal market within the meaning of" substitute "deemed to be approved under";

(b) in paragraph 3—

(i) in point (b), for "Union standards in force" substitute "national standards";

(ii) in point (d), for "the national or regional rural development programmes of Member States" substitute "a rural development programme";

(c) in paragraph 4—

(i) in the fifth subparagraph, omit "at national level";

(ii) in the sixth subparagraph, for "Member States" substitute "competent authority";

(iii) in the seventh subparagraph—

(aa) for "Member States" substitute "The competent authority";

(bb) for "Union legislation, including in Article 17(2) to (6) of Directive 2009/28/EC" substitute "retained EU law";

(d) in paragraph 5—

(i) in the first sentence, for the words from "Union" to "concerned" substitute "legislation";

(ii) in the second sentence, after "environmental impact assessment under" insert "the retained EU law(**a**) which transposed";

(e) in paragraph 6(f)(i)—

(i) after "as required by" insert "the retained EU law(**b**) which transposed";

(ii) for "Commission" substitute "CMA";

(iii) after "in accordance with" insert "the retained EU law(**c**) which transposed";

(**a**) See, in particular, Environmental Impact Assessment (Forestry) (England and Wales) Regulations 1999/2228; Environmental Impact Assessment (Forestry) (Scotland) Regulations 1999/43; Environmental Impact Assessment (Forestry) Regulations (Northern Ireland) 2006/518.

(**b**) See, in particular, Part 6, Water Environment (Water Framework Directive) (England and Wales) Regulations 2017/407; section 10, Water Environment and Water Services (Scotland) Act 2003 asp 3 (Scottish Act); Part 6, Water Environment (Water Framework Directive) Regulations (Northern Ireland) 2017/81.

(**c**) See, in particular, Reduction and Prevention of Agricultural Diffuse Pollution (England) Regulations 2018/151; section 20 Water Environment and Water Services (Scotland) Act 2003 asp 3 (Scottish Act); Water Environment (Water Framework Directive) Regulations (Northern Ireland) 2017/81.

(f) in paragraph 8—

(i) for "Member States" substitute "aid grantors";

(ii) for "consistent with Article 9(1) first indent of Directive 2000/60/EC" substitute "which provides adequate incentives for users to use water resources efficiently";

(g) in paragraph 9(d), for "Union standards" substitute "national standards";

(h) in paragraph 10—

(i) for "Member States" substitute "a competent authority";

(ii) omit "internal";

(i) in paragraph 11, omit "Union";

(j) omit paragraph 12(a) and (b);

(k) in paragraph 13(e), for "Union standards in force" substitute "national standards".

Article 15 (Aid for agricultural land consolidation)

12. In Article 15, for "compatible with the internal market within the meaning of" substitute "deemed to be approved under".

Article 16 (Aid for investments concerning the relocation of farm buildings)

13. In Article 16—

(a) in paragraph 1, for "compatible with the internal market within the meaning of" substitute "deemed to be approved under";

(b) in paragraph 2—

(i) after "specified" insert "by the aid grantor";

(ii) for "Member State concerned" substitute "aid scheme".

Article 17 (Aid for investments in connection with the processing of agricultural products and the marketing of agricultural products)

14. In Article 17—

(a) in paragraph 1, for "compatible with the internal market within the meaning of" substitute "deemed to be approved under";

(b) in paragraph 4—

(i) in the first sentence, for the words from "Union legislation" to "concerned" substitute "legislation";

(ii) in the second sentence, after "environmental impact assessment under" insert "the retained EU law(**a**) which transposed";

(c) in paragraph 7, for "Union standards in force" substitute "national standards";

(d) in paragraph 8, omit "Union";

(e) omit paragraph 9(a) and (b).

Article 18 (Start-up aid for young farmers and the development of small farms)

15. In Article 18—

(a) in paragraph 1, for "compatible with the internal market within the meaning of" substitute "deemed to be approved under";

(**a**) See, in particular, Environmental Impact Assessment (Forestry) (England and Wales) Regulations 1999/2228; Environmental Impact Assessment (Forestry) (Scotland) Regulations 1999/43; Environmental Impact Assessment (Forestry) Regulations (Northern Ireland) 2006/518.

(b) in paragraph 2—

(i) in the first subparagraph, for "by Member States" substitute "in a rural development programme";

(ii) omit the second subparagraph;

(iii) in the third subparagraph—

(aa) for "Member States shall define" substitute "A rural development programme may define";

(bb) for "Article 5 of Commission Regulation (EC) No 1242/2008" substitute "Article 4 of Commission Delegated Regulation (EU) No 1198/2014";

(c) in paragraph 4, omit "of the Member State concerned";

(d) in paragraph 7, for "Member State concerned" substitute "United Kingdom".

Article 19 (Start-up aid for producer groups and organisations in the agricultural sector)

16. In Article 19—

(a) in paragraph 1, for "compatible with the internal market within the meaning of" substitute "deemed to be approved under";

(b) in paragraph 2, omit "of the Member State concerned";

(c) in paragraph 3, for "Member State concerned" substitute "aid grantor";

(d) in paragraph 7, for "Member States" substitute "Aid grantors".

Article 20 (Aid for the participation of producers of agricultural products in quality schemes)

17. In Article 20—

(a) in paragraph 1—

(i) in the words before point (a), for "compatible with the internal market within the meaning of" substitute "deemed to be approved under";

(ii) in point (b) omit "Union or national";

(b) in paragraph 2—

(i) in point (b), for "Member States" substitute "competent authority";

(ii) in point (c), omit "by the Member State concerned";

(c) in paragraph 4, omit "Union".

Article 21 (Aid for knowledge transfer and information actions)

18. In Article 21(1), for "compatible with the internal market within the meaning of" substitute "deemed to be approved under".

Article 22 (Aid for advisory services)

19. In Article 22—

(a) in paragraph 1, for "compatible with the internal market within the meaning of" substitute "deemed to be approved under";

(b) in paragraph 3—

(i) omit "Union";

(ii) in point (d), for "Member States for implementing" substitute "the retained EU law(**a**) which transposed";

(iii) for point (e), substitute—

"(e) requirements of proper use of plant protection products as set out in Article 55 of 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;"

(c) in paragraph 4, for "Annex I" substitute "Annex IX".

Article 23 (Aid for farm replacement services)

20. In Article 23(1), for "compatible with the internal market within the meaning of" substitute "deemed to be approved under".

Article 24 (Aid for promotion measures in favour of agricultural products)

21. In Article 24—

(a) in paragraph 1, for "compatible with the internal market within the meaning of" substitute "deemed to be approved under";

(b) in paragraph 3(a), omit "by the Union";

(c) in paragraph 5(b)(i), for "other Member States and third countries" substitute "outside the United Kingdom".

Article 25 (Aid to compensate for damage caused by adverse climatic event which can be assimilated to a natural disaster)

22. In Article 25—

(a) in paragraph 1, for "compatible with the internal market within the meaning of" substitute "deemed to be approved under";

(b) in paragraph 2(a), omit "of the Member State";

(c) in paragraph 9, for "Member State" substitute "United Kingdom";

(d) in paragraph 10, omit "national or Union".

Article 26 (Aid for the costs of the prevention, control and eradication of animal diseases and plant pests and aid to make good the damage caused by animal diseases or plant pests)

23. In Article 26—

(a) in paragraph 1, for "compatible with the internal market within the meaning of" substitute "deemed to be approved under";

(b) in paragraph 2—

(i) in point (a), omit "Union or national";

(ii) in point (b)—

(aa) in point (i), for "Union, national or regional level" substitute "United Kingdom, constituent nation, or regional level";

(bb) in point (iii), after "implemented in accordance with" insert "the retained EU law(**b**) which transposed";

(**a**) See, in particular, Reduction and Prevention of Agricultural Diffuse Pollution (England) Regulations 2018/151; section 20 Water Environment and Water Services (Scotland) Act 2003 asp 3 (Scottish Act); Water Environment (Water Framework Directive) Regulations (Northern Ireland) 2017/81.

(**b**) See, in particular, Plant Health (England) Order 2015/610; Plant Health (Scotland) Order 2005/613; Plant Health (Wales) Order 2018/1064; Plant Health Order (Northern Ireland) 2018/184.

(c) in paragraph 3, for "Union legislation" substitute "retained EU law";

(d) in paragraph 4, omit the words from "or the animal diseases" to the end;

(e) in paragraph 13, omit "national or Union".

Article 27 (Aids to the livestock sector and aid for fallen stock)

24. In Article 27—

(a) in paragraph 1, for "compatible with the internal market within the meaning of" substitute "deemed to be approved under";

(b) in paragraph 2, for "Member State" substitute "United Kingdom".

Article 28 (Aid for the payment of insurance premiums)

25. In Article 28—

(a) in paragraph 1, for "compatible with the internal market within the meaning of" substitute "deemed to be approved under";

(b) in paragraph 2—

(i) in point (a), omit "internal";

(ii) in point (c), for "Member State concerned" substitute "United Kingdom";

(c) in paragraph 5, for "Member States" substitute "Aid grantors".

Article 29 (Aid for investments in favour of the conservation of cultural and natural heritage located on agricultural holdings)

26. In Article 29—

(a) in paragraph 1, for "compatible with the internal market within the meaning of" substitute "deemed to be approved under";

(b) omit paragraph 2;

(c) in paragraph 3, for "competent public authorities of the Member State concerned" substitute "competent authority".

Article 30 (Aid to make good damage caused by natural disasters in the agricultural sector)

27. In Article 30—

(a) in paragraph 1, for "compatible with the internal market within the meaning of" substitute "deemed to be approved under";

(b) in paragraph 2(a), omit "of the Member State";

(c) in paragraph 5, for "granting authority" substitute "aid grantor".

Article 31 (Aid for research and development in the agricultural and forestry sectors)

28. In Article 31(1), for "compatible with the internal market within the meaning of" substitute "deemed to be approved under".

Article 32 (Aid for afforestation and the creation of woodland)

29. In Article 32—

(a) in paragraph 1, for "compatible with the internal market within the meaning of" substitute "deemed to be approved under";

(b) in paragraph 2(a), for "adopted by the Commission" substitute "and subordinate legislation adopted";

(c) in paragraph 2(a)(i), for "aid co-financed by the EAFRD" substitute "support for rural development";

(d) in paragraph 2(a)(ii), omit "national";

(e) omit paragraph 3;

(f) omit paragraph 5;

(g) in paragraph 9—

(i) in the first sentence, for the words from "Union legislation" to "concerned" substitute "legislation";

(ii) in the second sentence, after "environmental impact assessment under" insert "the retained EU law(**a**) which transposed";

(h) in paragraph 15, for "by the Member States in the rural development programmes" substitute "in a rural development programme".

Article 33 (Aid for agroforestry systems)

30. In Article 33—

(a) in paragraph 1, for "compatible with the internal market within the meaning of" substitute "deemed to be approved under";

(b) in paragraph 2(a), for "adopted by the Commission" substitute "and subordinate legislation adopted";

(c) in paragraph 2(a)(i), for "aid co-financed by the EAFRD" substitute "support for rural development";

(d) in paragraph 2(a)(ii), omit "national";

(e) omit paragraph 3;

(f) in paragraph 6—

(i) in the first sentence, for the words from "Union legislation" to "concerned" substitute "legislation";

(ii) in the second sentence, after "environmental impact assessment under" insert "the retained EU law(**b**) which transposed";

(g) in paragraph 9, for "Member States" substitute "Aid grantors";

(h) in paragraph 10, for "Member States" substitute "competent authority".

Article 34 (Aid for the prevention and restoration of damage to forests from forest fire, natural disasters, adverse climatic events which can be assimilated to a natural disaster, other adverse climactic events, plant pests and catastrophic events)

31. In Article 34—

(a) in paragraph 1, for "compatible with the internal market within the meaning of" substitute "deemed to be approved under";

(b) in paragraph 2(a), for "adopted by the Commission" substitute "and subordinate legislation adopted";

(c) in paragraph 2(a)(i), for "aid co-financed by the EAFRD" substitute "support for rural development";

(d) in paragraph 2(a)(ii), omit "national";

(**a**) See, in particular, Environmental Impact Assessment (Forestry) (England and Wales) Regulations 1999/2228; Environmental Impact Assessment (Forestry) (Scotland) Regulations 1999/43; Environmental Impact Assessment (Forestry) Regulations (Northern Ireland) 2006/518.

(**b**) See, in particular, Environmental Impact Assessment (Forestry) (England and Wales) Regulations 1999/2228; Environmental Impact Assessment (Forestry) (Scotland) Regulations 1999/43; Environmental Impact Assessment (Forestry) Regulations (Northern Ireland) 2006/518.

(e) omit paragraph 3;

(f) in paragraph 4, for "Member State concerned" substitute "competent authority";

(g) in paragraph 8—

(i) in the words before point (a), for "competent authorities of the Member State concerned" substitute "competent authority";

(ii) in point (b)—

(aa) omit "in" in the first place it occurs;

(bb) after "in accordance with" insert "the retained EU law(**a**) which transposed";

(h) in paragraph 9, for "the rural development programme of the Member State concerned" substitute "a rural development programme";

(i) in paragraph 10—

(i) for "Member State" substitute "competent authority";

(ii) for "Member States" substitute "competent authority";

(j) in paragraph 12, omit "national or Union".

Article 35 (Aid for investments improving the resilience and environmental value of forest ecosystems)

32. In Article 35—

(a) in paragraph 1, for "compatible with the internal market within the meaning of" substitute "deemed to be approved under";

(b) in paragraph 2(a), for "adopted by the Commission" substitute "and subordinate legislation adopted";

(c) in paragraph 2(a)(i), for "aid co-financed by the EAFRD" substitute "support for rural development";

(d) in paragraph 2(a)(ii), omit "national";

(e) omit paragraph 3;

(f) in paragraph 5—

(i) in the first sentence, for the words from "Union legislation" to "concerned" substitute "legislation";

(ii) in the second sentence, after "environmental impact assessment under" insert "the retained EU law(**b**) which transposed".

Article 36 (Aid for disadvantages related to Natura 2000 forest areas)

33. In Article 36—

(a) in paragraph 1—

(i) after "as defined in" insert "retained EU law(**c**) which transposed";

(ii) for "compatible with the internal market within the meaning of" substitute "deemed to be approved under";

(**a**) See, in particular, Plant Health (England) Order 2015/610; Plant Health (Scotland) Order 2005/613; Plant Health (Wales) Order 2018/1064; Plant Health Order (Northern Ireland) 2018/184.

(**b**) See, in particular, Environmental Impact Assessment (Forestry) (England and Wales) Regulations 1999/2228; Environmental Impact Assessment (Forestry) (Scotland) Regulations 1999/43; Environmental Impact Assessment (Forestry) Regulations (Northern Ireland) 2006/518.

(**c**) See, in particular, Part 2, Conservation of Habitats and Species Regulations 2017/1012; Part 2, Conservation (Natural Habitats, etc.) Regulations (Northern Ireland) 1995/380; Part 2, Conservation (Natural Habitats, etc.) Regulations 1994/2716.

(b) in paragraph 2(a), for "adopted by the Commission" substitute "and subordinate legislation adopted";

(c) in paragraph 2(a)(i), for "aid co-financed by the EAFRD" substitute "support for rural development";

(d) in paragraph 2(a)(ii), omit "national";

(e) omit paragraph 3;

(f) in paragraph 4, for "the implementation of" substitute "compliance with the retained EU law(**a**) which transposed";

(g) in paragraph 5(a), after "in accordance with" insert "retained EU law(**b**) which transposed";

(h) in paragraph 5(b), for "the implementation of" substitute "compliance with retained EU law(**c**) which transposed";

(i) in paragraph 6—

(i) for "Member States" substitute "Aid grantors";

(ii) for "Regulation (EU) No 1307/2013" substitute "Regulation (EU) No 1305/2013".

Article 37 (Aid for forest-environmental and climate services and forest conservation)

34. In Article 37—

(a) in paragraph 1, for "compatible with the internal market within the meaning of" substitute "deemed to be approved under";

(b) in paragraph 2(a), for "adopted by the Commission" substitute "and subordinate legislation adopted";

(c) in paragraph 2(a)(i), for "aid co-financed by the EAFRD" substitute "support for rural development";

(d) in paragraph 2(a)(ii), omit "national";

(e) omit paragraph 3;

(f) in paragraph 5, for "Member States" substitute "the competent authority";

(g) in paragraph 7—

(i) in the first subparagraph—

(aa) in the first sentence, for "national forestry act or other relevant national or Union legislation" substitute "legislation applicable in the constituent nation in which the activity is being carried out";

(bb) in the second sentence, omit "national";

(ii) in the second subparagraph, for "Member States" substitute "aid grantors".

Article 38 (Aid for knowledge transfer and information actions in the forestry sector)

35. In Article 38(1), for "compatible with the internal market within the meaning of" substitute "deemed to be approved under".

(**a**) See, in particular, Conservation of Habitats and Species Regulations 2017/1012; Conservation (Natural Habitats, etc.) Regulations 1994/2716; Conservation (Natural Habitats, etc.) Regulations (Northern Ireland) 1995/380.

(**b**) See, in particular, Part 2, Conservation of Habitats and Species Regulations 2017/1012; Part 2, Conservation (Natural Habitats, etc.) Regulations (Northern Ireland) 1995/380; Part 2, Conservation (Natural Habitats, etc.) Regulations 1994/2716.

(**c**) See, in particular, regulation 41, Conservation of Habitats and Species Regulations 2017/1012; regulation 37, Conservation (Natural Habitats, etc.) Regulations 1994/2716; regulation 32, Conservation (Natural Habitats, etc.) Regulations (Northern Ireland) 1995/380.

Article 39 (Aid for advisory services in the forestry sector)

36. In Article 39—

(a) in paragraph 1, for "compatible with the internal market within the meaning of" substitute "deemed to be approved under";

(b) in paragraph 3, for "the implementation of" substitute "compliance with the retained EU law(**a**) which transposed".

Article 40 (Aid for investments in infrastructure related to the development, modernisation or adaptation of the forestry sector)

37. In Article 40—

(a) in paragraph 1, for "compatible with the internal market within the meaning of" substitute "deemed to be approved under";

(b) in paragraph 2(a), for "adopted by the Commission" substitute "and subordinate legislation adopted";

(c) in paragraph 2(a)(i), for "aid co-financed by the EAFRD" substitute "support for rural development";

(d) in paragraph 2(a)(ii), omit "national";

(e) omit paragraph 3;

(f) in paragraph 4—

(i) in the first sentence, for the words from "Union legislation" to "concerned" substitute "legislation";

(ii) in the second sentence, after "environmental impact assessment under" insert "the retained EU law(**b**) which transposed";

(g) omit paragraph 9(a) and (b).

Article 41 (Aid for investments in forestry technologies and in processing, mobilising and marketing of forestry products)

38. In Article 41—

(a) in paragraph 1, for "compatible with the internal market within the meaning of" substitute "deemed to be approved under";

(b) in paragraph 2(a), for "adopted by the Commission" substitute "and subordinate legislation adopted";

(c) in paragraph 2(a)(i), for "aid co-financed by the EAFRD" substitute "support for rural development";

(d) in paragraph 2(a)(ii), omit "national";

(e) omit paragraph 3;

(f) in paragraph 4—

(i) in the first sentence, for the words from "Union legislation" to "concerned" substitute "legislation";

(**a**) See, in particular, Conservation of Habitats and Species Regulations 2017/1012; Conservation (Natural Habitats, etc.) Regulations 1994/2716; Conservation (Natural Habitats, etc.) Regulations (Northern Ireland) 1995/380; Water Environment (Water Framework Directive) (England and Wales) Regulations 2003/3242; Part 1, Water Environment and Water Services (Scotland) Act 2003 asp 3 (Scottish Act); Water Environment (Water Framework Directive) Regulations (Northern Ireland) 2017/81.

(**b**) See, in particular, Environmental Impact Assessment (Forestry) (England and Wales) Regulations 1999/2228; Environmental Impact Assessment (Forestry) (Scotland) Regulations 1999/43; Environmental Impact Assessment (Forestry) Regulations (Northern Ireland) 2006/518.

(ii) in the second sentence, after "environmental impact assessment under" insert "the retained EU law(**a**) which transposed";

(g) omit paragraph 5;

(h) in paragraph 9—

(i) for "for, where such standards exist at national level" substitute ", where applicable";

(ii) for "Member States" substitute "competent authority";

(iii) for "Union legislation, including in Article 17(2) to (6) of Directive 2009/28/EC" substitute "retained EU law";

(i) in paragraph 10, for "Member States" substitute "the competent authority";

(j) omit paragraph 11(a) and (b).

Article 42 (Conservation of genetic resources in forestry)

39. In Article 42—

(a) in paragraph 1, for "compatible with the internal market within the meaning of" substitute "deemed to be approved under";

(b) in paragraph 2(a), for "adopted by the Commission" substitute "and subordinate legislation adopted";

(c) in paragraph 2(a)(i), for "aid co-financed by the EAFRD" substitute "support for rural development";

(d) in paragraph 2(a)(ii), omit "national";

(e) omit paragraph 3;

(f) in paragraph 5(b)—

(i) omit "Union";

(ii) for "Member States" substitute "United Kingdom".

Article 43 (Aid for forestry land consolidation)

40. In Article 43, for "compatible with the internal market within the meaning of" substitute "deemed to be approved under".

Section 6

41. In the heading of Section 6—

(a) for "co-financed by the EAFRD" substitute "as support for rural development";

(b) omit "national";

(c) for "such co-financed measures" substitute "rural development".

Article 44 (Aid for investments concerning the processing of agricultural products into non-agricultural products or the production of cotton)

42. In Article 44—

(a) in paragraph 1, for "compatible with the internal market within the meaning of" substitute "deemed to be approved under";

(b) in paragraph 2(a), for "adopted by the Commission" substitute "and subordinate legislation adopted";

(**a**) See, in particular, Environmental Impact Assessment (Forestry) (England and Wales) Regulations 1999/2228; Environmental Impact Assessment (Forestry) (Scotland) Regulations 1999/43; Environmental Impact Assessment (Forestry) Regulations (Northern Ireland) 2006/518.

(c) in paragraph 2(a)(i) for "aid co-financed by the EAFRD" substitute "support for rural development";

(d) in paragraph 2(a)(ii), omit "national";

(e) omit paragraph 3;

(f) in paragraph 5—

(i) in the first sentence, for the words from "Union legislation" to "concerned" substitute "legislation";

(ii) in the second sentence, after "environmental impact assessment under" insert "the retained EU law(**a**) which transposed";

(g) in paragraph 9—

(i) omit point (a);

(ii) in point (c)(i), omit the words from "and in NUTS 3 regions" to the end.

Article 45 (Business start-up aid for non-agricultural activities in rural areas)

43. In Article 45—

(a) in paragraph 1, for "compatible with the internal market within the meaning of" substitute "deemed to be approved under";

(b) in paragraph 2(a), for "adopted by the Commission" substitute "and subordinate legislation adopted";

(c) in paragraph 2(a)(i), for "aid co-financed by the EAFRD" substitute "support for rural development";

(d) in paragraph 2(a)(ii), omit "national";

(e) omit paragraph 3;

(f) in paragraph 6, omit "of the Member State concerned";

(g) in paragraph 8, for "Member States" substitute "Aid grantors".

Article 46 (Aid for advisory services for SMEs in rural areas) and Article 47 (Aid for knowledge transfer and information actions in favour of SMEs in rural areas)

44. In Articles 46 and 47—

(a) in paragraph 1, for "compatible with the internal market within the meaning of" substitute "deemed to be approved under";

(b) in paragraph 2(a), for "adopted by the Commission" substitute "and subordinate legislation adopted";

(c) in paragraph 2(a)(i), for "aid co-financed by the EAFRD" substitute "support for rural development";

(d) in paragraph 2(a)(ii), omit "national".

Article 48 (Aid for new participation of active farmers in quality schemes for cotton and foodstuffs)

45. In Article 48—

(a) in paragraph 1, for "compatible with the internal market within the meaning of" substitute "deemed to be approved under";

(**a**) See, in particular, Environmental Impact Assessment (Forestry) (England and Wales) Regulations 1999/2228; Environmental Impact Assessment (Forestry) (Scotland) Regulations 1999/43; Environmental Impact Assessment (Forestry) Regulations (Northern Ireland) 2006/518.

(b) in paragraph 2(a), for "adopted by the Commission" substitute "and subordinate legislation adopted";

(c) in paragraph 2(a)(i), for "aid co-financed by the EAFRD" substitute "support for rural development";

(d) in paragraph 2(a)(ii), omit "national";

(e) omit paragraph 3;

(f) in paragraph 4—

(i) in point (b), for "Member States" substitute "competent authority";

(ii) in point (c), for "Member State concerned" substitute "competent authority".

Article 49 (Aid for information and promotion activities concerning cotton and foodstuffs covered by a quality scheme)

46. In Article 49—

(a) in paragraph 1, for "compatible with the internal market within the meaning of" substitute "deemed to be approved under";

(b) in paragraph 2(a), for "adopted by the Commission" substitute "and subordinate legislation adopted";

(c) in paragraph 2(a)(i), for "aid co-financed by the EAFRD" substitute "support for rural development";

(d) in paragraph 2(a)(ii), omit "national";

(e) omit paragraph 3;

(f) in paragraph 5, for "internal market" substitute "United Kingdom".

Article 51 (Transitional provisions)

47. In Article 51—

(a) omit paragraph 2;

(b) in paragraph 3, for "compatible with the internal market" substitute "deemed to be approved under Article 107(3) of the Treaty";

(c) omit paragraph 4.

Article 52 (Entry into force and applicability)

48.—(1) In Article 52, omit "It shall apply until 31 December 2020".

(2) After Article 52, omit the words from "This Regulation" to "Member States".

Annex 1

49. In Annex 1, in Article 3(5), omit "or Union".

PART 3

Amendments to Commission Regulation (EU) No 1408/2013

Amendments to the agricultural de minimis regulation

50. Commission Regulation (EU) No 1408/2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid in the agriculture sector is amended in accordance with this Part.

Article 1 (Scope)

51. In Article 1—

(a) in paragraph 1(b), omit "towards third countries or Member States";

(b) in paragraph 2, for "Member State" substitute "aid grantor";

(c) in paragraph 3—

(i) for "Regulation (EC) No 875/2007" substitute "Commission Regulation (EU) No 717/2014";

(ii) for "Member State" substitute "aid grantor".

Article 2 (Definitions)

52. In Article 2—

(a) in paragraph 1, for "Council Regulation (EC) No 104/2000" substitute "Regulation (EU) No 1379/2013 of the European Parliament and of the Council";

(b) after paragraph 1, insert—

"1A. 'State aid regulations' means the State Aid (EU Exit) Regulations 2019.

1B. 'CMA' means the Competition and Markets Authority.

1C. 'Aid grantor' means a person who plans to grant, or who has granted, aid.";

(c) after paragraph 2, insert—

"3. In this Regulation, a reference to Article 107(1) or 108(3) of the Treaty is a reference to that Article as it has effect in domestic law by virtue of section 4 of the European Union (Withdrawal) Act 2018 and regulation 3(1) and (2) of the state aid regulations.".

Article 3 (De minimis aid)

53. In Article 3—

(a) in paragraph 2, omit "per Member State";

(b) in paragraph 3—

(i) omit "per Member State";

(ii) omit "national";

(c) in paragraph 4, omit "under the applicable national legal regime";

(d) in paragraph 5—

(i) in the first sentence—

(aa) omit "national";

(bb) omit the words from "and regardless" to the end;

(ii) in the second sentence, for "Member State concerned" substitute "United Kingdom";

(e) in paragraphs 6 and 7, omit "national";

(f) in paragraph 8, for "national cap" substitute "cap referred to in paragraph 3".

Article 4 (Calculation of gross grant equivalent)

54. In Article 4—

(a) in paragraph 3(a), omit "under its domestic law";

(b) in paragraph 6—

(i) in point (a), omit "under its domestic law";

(ii) in point (c), for "Commission notice" substitute "CMA statement of policy";

(iii) in point (d)(i), for the words from "Commission" in the first place it occurs until the end substitute "CMA under the state aid regulations and accepted by the CMA as being in line with the CMA statement of policy on State aid in the form of guarantees, or any successor statement of policy; and".

Article 5 (Cumulation)

55. In Article 5—

(a) in paragraph 1, for "Member State" substitute "aid grantor";

(b) in paragraph 2—

(i) for "Regulation (EC) No 875/2007" in both places it occurs substitute "Commission Regulation (EU) No 717/2014";

(ii) for "Member State" substitute "aid grantor";

(c) in paragraph 3, for "Commission" in both places it occurs substitute "CMA".

Article 6 (Monitoring)

56. In Article 6—

(a) in paragraph 1—

(i) in the first sentence—

(aa) for "a Member State" substitute "an aid grantor";

(bb) omit "and publication reference in the *Official Journal of the European Union*";

(ii) in the second and fourth sentences, for "Member State" substitute "aid grantor";

(iii) in the third sentence, omit "national";

(b) in paragraph 2—

(i) for "a Member State" substitute "the United Kingdom";

(ii) for "that Member State" substitute "the United Kingdom";

(c) in paragraph 3—

(i) for "A Member State" substitute "An aid grantor";

(ii) omit "national".

Article 7 (Transitional provisions)

57. In Article 7—

(a) in paragraph 1, omit the second sentence;

(b) omit paragraph 4.

Article 8 (Entry into force and period of application)

58.—(1) In Article 8, omit "It shall apply until 31 December 2020".

(2) After Article 8, omit the words from "This Regulation" to "Member States.".

Annex

59. In the Annex—

(a) in the heading, omit "per Member State";

(b) in the table—

(i) in the heading of the first column, for "Member State" substitute "Country";

(ii) all the entries except for the entry for the United Kingdom.

PART 4

Amendments to Commission Regulation (EU) No 1388/2014

Amendments to the fisheries block exemption regulation

60. Commission Regulation (EU) No 1388/2014 declaring certain categories of aid to undertakings active in the production, processing and marketing of fishery and aquaculture products compatible with the internal market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union is amended in accordance with this Part.

Article 1 (Scope)

61. In Article 1—

(a) in paragraph 3—

(i) in point (b), omit "towards third countries or Member States";

(ii) in point (e), for "Commission decision declaring an aid illegal and incompatible with the internal market" substitute "CMA decision not to approve unlawful or misused aid under Part 3, Chapters 2 and 3, of the state aid regulations";

(iii) at point (h), for "from the European Maritime and Fisheries Fund" substitute "under Regulation (EU) No 508/2014";

(b) omit paragraph 4.

Article 3 (Definitions)

62. In Article 3—

(a) before point (1), insert—

"(A1) 'CMA' means the Competition and Markets Authority;

(A2) 'state aid regulations' means the State Aid (EU Exit) Regulations 2019;

(A3) 'aid grantor' means a person who plans to grant, or who has granted, aid;";

(b) in point (5)—

(i) in point (a), for the words from "the types" to "Council" substitute "public companies limited by shares or by guarantee, and private companies limited by shares or by guarantee";

(ii) in point (b), for the words from "the types" to the end substitute "partnerships, limited partnerships, and unlimited companies".

New Article 3A

63. After Article 3, insert—

"*Article 3A*

References to TFEU Articles and certain other EU instruments

1. In this Regulation—

(a) a reference to Article 107(1) or 108(3) of the Treaty is a reference to that Article as it has effect in domestic law by virtue of section 4 of the European Union (Withdrawal) Act 2018 and regulation 3(1) and (2) of the state aid regulations;

(b) a reference to Article 107(2) or (3) of the Treaty is to be read in accordance with regulation 3(3)(b) of the state aid regulations.".

Article 4 (Conditions for exemption)

64. In Article 4—

(a) in paragraph 1, for "compatible with the internal market within the meaning of" substitute "deemed to be approved under";

(b) in paragraph 2, for "the rules of the Common Fisheries Policy" in both places it occurs substitute "fisheries and aquaculture legislation under retained EU law".

Article 5 (Transparency of aid)

65. In Article 5(2)—

(a) in point (c)—

(i) in point (i), for "Commission notice" substitute "CMA statement of policy";

(ii) in point (ii)—

(aa) for the words from "Commission Notice" to "successor notice" substitute "CMA statement of policy on State aid in the form of guarantees, or any successor statement of policy";

(bb) for the words from "Commission under" to "time" substitute "CMA under the state aid regulations";

(b) in point (e), for "Commission" substitute "CMA".

Article 6 (Incentive effect)

66. In Article 6—

(a) in paragraphs 2 and 3(a), for "Member State" substitute "aid grantor";

(b) in paragraph 4(b), omit "by the Member States";

(c) after paragraph 4 insert—

"5. For the purposes of paragraph 4(b), Article 15 of Directive 2003/96/EC(**a**) is to be read as if—

(a) in paragraph 1—

(i) in the words before point (a), "Community" were omitted;

(ii) "Member States" included the United Kingdom;

(b) in paragraph 3—

(i) in the first subparagraph, "Member States" included the United Kingdom;

(ii) the second subparagraph were omitted.".

Article 8 (Cumulation)

67. In Article 8(1) for "Union" substitute "other".

Articles 13 to 45

68.—(1) In Articles 13 to 43—

(a) for "compatible with the internal market within the meaning of" substitute "deemed to be approved under";

(b) for "the implementing acts adopted on the basis of Article 95(5) of that Regulation" substitute "Commission Implementing Regulation (EU) No 772/2014".

(**a**) Council Directive 2003/96/EC of 27 October 2003 restructuring the Community framework for the taxation of energy products and electricity.

(2) In Article 19(a), for "the delegated acts adopted on the basis of Article 32(4) of that Regulation" substitute "Commission Delegated Regulation (EU) No 2015/531".

(3) In Article 25(a), for "the delegated acts adopted on the basis of Article 40(4) of that Regulation" substitute "Commission Delegated Regulation (EU) No 2015/531".

(4) In Article 36(a), for "Articles 46 and 53" substitute "Article 46".

(5) In Article 44—

(a) in paragraph 1, for "compatible with the internal market within the meaning of" substitute "deemed to be approved under";

(b) in paragraph 2(a), omit "of the Member State";

(c) in paragraph 5, for "granting authority" substitute "aid grantor".

(6) In Article 45—

(a) in paragraph 1—

(i) omit "by the Member States";

(ii) for "compatible with the internal market within the meaning of" substitute "deemed to be approved under";

(b) after paragraph 2 insert—

"3. For the purposes of this Article—

(a) a reference in Directive 2003/96/EC to "Member States" is to be read as including the United Kingdom;

(b) Article 15(1)(f) and Article 15(3) of Directive 2003/96/EC is to be read in accordance with the modifications in Article 6(5) of this Regulation.".

Article 46 (Transitional and final provisions)

69. In Article 46—

(a) in paragraph 2, for "compatible with the internal market" substitute "deemed to be approved under Article 107(3) of the Treaty";

(b) in paragraph 3, for "Commission" substitute "CMA".

Article 47 (Entry into force and applicability)

70.—(1) In Article 47, omit "It shall apply until 31 December 2020".

(2) After Article 47, omit the words from "This Regulation" to "Member States".

Annex 1 (SME Definition)

71. In Annex 1, in Article 3(5) omit "or Union".

PART 5

Amendments to Commission Regulation (EU) No 717/2014

Amendments to the fisheries de minimis regulation

72. Commission Regulation (EU) No 717/2014 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid in the fishery and aquaculture sector is amended in accordance with this Part.

Article 1 (Scope)

73. In Article 1—

(a) in paragraph 1—

(i) in point (b), omit "towards third countries or Member States";

(ii) in point (k), for "a Union legal act" substitute "an act under retained EU law";

(b) in paragraphs 2 and 3, for "Member State" substitute "aid grantor".

Article 2 (Definitions)

74. After Article 2(2) insert—

"3. In this Regulation—

(a) 'state aid regulations' means the State Aid (EU Exit) Regulations 2019;

(b) 'CMA' means the Competition and Markets Authority;

(c) 'aid grantor' means a person who plans to grant, or who has granted, aid;

(d) a reference to Article 107(1) or 108(3) of the Treaty is a reference to that Article as it has effect in domestic law by virtue of section 4 of the European Union (Withdrawal) Act 2018 and regulation 3(1) and (2) of the state aid regulations.".

Article 3 (De minimis aid)

75. In Article 3—

(a) in paragraph 2, omit "per Member State";

(b) in paragraph 3—

(i) omit "per Member State";

(ii) for "the national cap set out in the Annex" substitute "EUR 114 780 000";

(c) in paragraph 4, omit "under the applicable national legal regime";

(d) in paragraph 5—

(i) in the first sentence—

(aa) omit "national";

(bb) omit the words from "and regardless" to the end;

(ii) in the second sentence, for "Member State concerned" substitute "United Kingdom";

(e) in paragraphs 6, 7 and 8 omit "national" each place it occurs.

Article 4 (Calculation of gross grant equivalent)

76. In Article 4—

(a) in paragraph 3(a), omit "under its domestic law";

(b) in paragraph 6—

(i) in point (a), omit "under its domestic law";

(ii) in point (c), for "Commission notice" substitute "CMA statement of policy";

(iii) in point (d)(i), for the words from "Commission under" to the end substitute "CMA under the state aid regulations and accepted by the CMA as being in line with the CMA statement of policy on State aid in the form of guarantees, or any successor statement of policy".

Article 5 (Cumulation)

77. In Article 5—

(a) in paragraphs 1 and 2, for "Member State" substitute "aid grantor";

(b) in paragraph 3, for "Commission" in both places it occurs substitute "CMA".

Article 6 (Monitoring)

78. In Article 6—

(a) in paragraph 1—

(i) for "a Member State" in the first place it occurs substitute "an aid grantor";

(ii) omit "and publication reference in the Official Journal of the European Union";

(iii) for "Member State" in each place it occurs substitute "aid grantor";

(iv) omit "national";

(b) in paragraph 2—

(i) for "a Member State" substitute "the United Kingdom";

(ii) for "that Member State" substitute "the United Kingdom";

(c) in paragraph 3—

(i) for "A Member State" substitute "An aid grantor";

(ii) omit "national".

Article 7 (Transitional provisions)

79. In Article 7—

(a) in paragraph 1, omit the second sentence;

(b) omit paragraph 4.

Article 8 (Entry into force and period of application)

80.—(1) In Article 8, omit "It shall apply until 31 December 2020.".

(2) After Article 8, omit the words from "This Regulation" to "Member States".

Annex

81. Omit the Annex.

PART 6

Other amendments to state aid provisions

Amendment to Regulation (EU) No 1303/2013 of the European Parliament and of the Council

82. After Article 2(13) of Regulation (EU) No 1303/2013 of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund insert—

"(13A) in this Regulation, a reference to Article 107(1) of the TFEU is a reference to that Article as it has effect in domestic law by virtue of section 4 of the European Union

(Withdrawal) Act 2018 and regulation 3(1) and (2) of the State Aid (EU Exit) Regulations 2019(**a**);".

Amendments to Regulation (EU) No 1305/2013 of the European Parliament and of the Council

83. In Article 81 of Regulation (EU) No 1305/2013 of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD)—

(a) for "Articles 107, 108, and 109" in both places it occurs substitute "Articles 107(1), (2) and (3) and Article 108(3)";

(b) omit "by Member States" in both places it occurs;

(c) in paragraph 2—

(i) omit "national";

(ii) for "within the scope of Article 42 TFEU" substitute "for the production of and trade in agricultural products".

(d) after paragraph 2 insert—

"3. In this Article—

(a) a reference to Article 107(1) or 108(3) of the TFEU is a reference to that Article as it has effect in domestic law by virtue of section 4 of the European Union (Withdrawal) Act 2018 and regulation 3(1) and (2) of the state aid regulations;

(b) a reference to Article 107(2) or (3) of the TFEU is to be read in accordance with regulation 3(3)(b) of the state aid regulations;

(c) "the state aid regulations" means the State Aid (EU Exit) Regulations 2019(**b**).".

Amendments to Regulation (EU) No 1307/2013 of the European Parliament and of the Council

84. In Article 13 of Regulation (EU) No 1307/2013 of the European Parliament and of the Council establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy—

(a) the existing text becomes paragraph 1;

(b) in that paragraph—

(i) for "Articles 107, 108, and 109" substitute "Articles 107(1), (2) and (3) and Article 108(3)";

(ii) omit "by Member States";

(c) after that paragraph insert—

"2. In this Article—

(a) a reference to Article 107(1) or 108(3) of the TFEU is a reference to that Article as it has effect in domestic law by virtue of section 4 of the European Union (Withdrawal) Act 2018 and regulation 3(1) and (2) of the state aid regulations;

(b) a reference to Article 107(2) or (3) of the TFEU is to be read in accordance with regulation 3(3)(b) of the state aid regulations;

(c) "the state aid regulations" means the State Aid (EU Exit) Regulations 2019.".

(**a**) S.I. 2019/XXXX.
(**b**) S.I. 2019/XXXX.

Amendment to Commission Implementing Regulation (EU) No 808/2014

85. In Annex 1 to Commission Implementing Regulation (EU) No 808/2014 laying down rules for the application of Regulation (EU) No 1305/2013 of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD), in point 13, after the second paragraph insert—

> "In the second paragraph, the reference to Article 108(3) of the Treaty is a reference to that Article as it has effect in domestic law by virtue of section 4 of the European Union (Withdrawal) Act 2018 and regulation 3(1) and (2) of the State Aid (EU Exit) Regulations 2019.".

Name
Minister of State
Date Department for the Environment, Food and Rural Affairs

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations are made in exercise of the powers conferred by the European Union (Withdrawal) Act 2018 (c. 16) in order to address failures of retained EU law to operate effectively and other deficiencies (in particular under section 8(2)(a), (b), (c) and (g)) arising from the withdrawal of the United Kingdom from the European Union.

These Regulations make amendments to legislation in the field of agricultural and fisheries exemptions to the State aid rules under Articles 107 and 108 of the Treaty on the Functioning of the European Union. They correct direct deficiencies in EU legislation which exempts certain categories of subsidies from the general prohibitions and notification requirements for State aid. Part 2 amends the Agricultural Block Exemption Regulation, Part 3 amends the Agricultural De Minimis Regulation, Part 4 amends the Fisheries Block Exemption Regulation and Part 5 amends the Fisheries De Minimis Regulation. Part 6 corrects deficiencies in provisions relating to the application of the State aid regime to payments made under Regulation (EU) No 1303/2013 of the European Parliament and of the Council, Regulation (EU) No 1305/2013 of the European Parliament and of the Council, Regulation (EU) No 1307/2013 of the European Parliament and of the Council, and Commission Implementing Regulation (EU) No 808/2014 respectively.

An impact assessment has not been produced for this instrument as no, or no significant, impact on the private or voluntary sector is foreseen.

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