



NEWS UPDATE AGRIFOOD

COVID-19 EMERGENCY PACKAGE FOR SPECIFIC AGRICULTURAL SECTORS

On 15 April, the Dutch government [announced](#) the introduction of a new aid scheme with a EUR 650 million budget to specifically support the ornamental horticulture sector and sections of food horticulture during the coronavirus outbreak. Companies that are particularly hard hit by the crisis, such as growers of flowers and live plants and producers of growing potatoes for the fast food industry, will be able to apply for compensation for their losses.

PARTICULAR LOSSES

The Dutch agricultural sector is suffering significant financial hardship due to the coronavirus outbreak. Many companies in the sector have been confronted with a sudden drop in demand due to lockdowns, travel and border restrictions of their export markets, and the collapse of their largest domestic market: the hospitality industry. For some businesses, this drop in demand has resulted in a particularly significant loss of turnover, as they are unable to cut their production costs (you cannot simply halt cultivation and harvesting), their products have a short shelf life or cannot easily be used for other purposes, and the crisis is taking place in their busiest season. Accordingly, the Dutch Minister of Agriculture, Nature and Food Quality, Carola Schouten, [reported](#) to parliament that the existing state emergency measures (as summarised [here](#)) do not suffice for companies active in these particular sectors.

THE EMERGENCY PACKAGE: WHAT WE CURRENTLY KNOW

With the additional emergency package, companies active in the ornamental horticulture sector and specific sections of food horticulture can apply for government compensation of up to 70% of the decrease in their turnover in March, April and May 2020. The benchmark for calculating the loss of

turnover is the average turnover in the same period in the three preceding years. A total of EUR 600 million has been made available for this measure.

Another EUR 50 million has made available to compensate the losses of potato growers. The compensation will be calculated in relation to the quantity of potatoes they still have in storage and will apply to potatoes that can no longer be processed into chips (fries) for this season. The total compensation will amount to 40% of the average market value of the potatoes in the period from September 2019 to February 2020.

WHAT CAN BE EXPECTED?

Further details of the aid measures and how companies can apply are still to be announced. In particular, we expect more detailed information about:

- the eligibility conditions for compensation: more detailed conditions may apply such as a minimum loss of turnover; a minimum annual revenue or a minimum number of employees;
- the application process: the government indicated that applications will have to be submitted to the Netherlands Enterprise Agency (*Rijksdienst voor Ondernemend Nederland*), but further instructions on how companies can apply for the scheme will follow;
- the maximum amount of compensation: to enable all affected companies to benefit from the scheme, the amount of compensation per undertaking will be capped for both measures. These amounts have not yet been communicated; and
- the date from which the measures will take effect and the deadline for applications.

PROCEDURAL REQUIREMENTS

Depending on how the measures are shaped, the emergency package may also constitute State aid. If so, it will be subject to approval by the European Commission, which could delay companies receiving benefits from the scheme. If the total amount of compensation offered to each undertaking is less than the de minimis threshold of EUR 20,000, prior approval will not be necessary. Otherwise, the government will have to notify the Commission and await its approval decision. Nevertheless, if the maximum compensation does not exceed EUR 120,000 per undertaking, the Commission will be able to rapidly approve the scheme under its Temporary Framework. In view of the urgency of the aid, it can be expected that the emergency package will be operational as soon as possible after – if necessary – such approval.

The additional Emergency Package will apply alongside the existing coronavirus support measures introduced by the Dutch government. Please refer to our comprehensive overview of all coronavirus aid measures relevant to the agricultural sector.



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