



Press and Information

Court of Justice of the European Union
PRESS RELEASE No 26/16
Luxembourg, 8 March 2016

Judgment in Case C-431/14 P
Greece v Commission

The Court confirms the obligation on the Greek State to recover from Greek farmers unlawful State aid of €425 million paid as a result of adverse weather conditions

In 2009, the Greek Agricultural Insurance Organisation (ELGA) — a public body the purpose of which is to insure agricultural holdings against damage due to natural risks — paid approximately 800 000 Greek farmers compensation of €425 million in total for damage that occurred in 2008 as a result of adverse weather conditions.

Greece states that part of that sum came from contributions paid by Greek farmers to the ELGA compulsory insurance scheme, those contributions amounting to at least €145 million in 2008 and 2009. Given that the Greek agricultural sector consists predominantly of small family farms, most of the farmers concerned received, on average, approximately €500.

By decision of 7 December 2001,¹ and having regard inter alia to the rules of conduct set out in the Temporary Community Framework for State aid measures to support access to finance,² the Commission classified those measures as unlawful State aid and as incompatible with the internal market. It therefore ordered the Greek authorities to recover the incompatible aid from the beneficiaries.

Greece asked the General Court to annul that decision and to suspend the operation of that decision pending the delivery of the judgment on the substance of the case.

In 2012, the President of the General Court³ suspended the operation of the decision in so far as it required Greece to recover the incompatible aid from the beneficiaries. However, in 2014, the General Court dismissed the action on the substance.⁴

Greece then brought an appeal before the Court of Justice, seeking to have the judgment of the General Court set aside and seeking suspension of the operation of the Commission's decision pending the decision on the appeal. The Court rejected the application for suspension⁵ on the ground that the appeal did not appear, *prima facie*, to be well founded.

In today's judgment, the Court points out, first, that the collection by the State of the farmers' contributions and their entry in the State budget prior to their being paid, by the State, into ELGA's budget is sufficient to consider that the payments made by ELGA are financed by State resources. Furthermore, since the payments made by ELGA were independent of the contributions paid by the farmers, those payments constituted an **advantage that the beneficiaries could not have obtained under normal market conditions and that therefore affected competition**.

¹ Commission Decision 2012/157/EU of 7 December 2011 concerning compensation payments made by the Greek Agricultural Insurance Organisation (ELGA) in 2008 and 2009 [notified under number C (2011) 7260] (OJ 2012 L 78, p. 21).

² Temporary Community Framework for State aid measures to support access to finance in the current financial and economic crisis, as set out in the Communication from the European Commission of 17 December 2008 (OJ 2009 C 16, p. 1) and amended by the Communication from the Commission published on 31 October 2009 (OJ 2009 C 261, p. 2).

³ Order of the President of the General Court in Case [T-52/12 R](#) Greece v Commission, see Press Release No. [118/12](#).

⁴ Case: [T-52/12](#) Greece v Commission.

⁵ Order of the Vice-President of the Court on Case [C-431/14 P R](#) Greece v Commission.

The Court then rejects the argument put forward by Greece, which complains — in view of the serious crisis affecting the Greek economy in 2009 — that the General Court confirmed the Commission's assessment that the payment of the aid conferred a competitive advantage that affected trade between Member States on Greek farmers, even though market conditions were not normal in Greece at the time. The Court considers that that argument is new in character and must therefore be rejected.

Lastly, the Court also rejects Greece's argument that the General Court erred in law in holding that the Commission could not depart from the rules of conduct laid down in the Temporary Community Framework, but was required to apply those rules. The Court points out that, in adopting such rules of conduct, the Commission has itself limited its wide discretion concerning the compatibility of aid to remedy a serious disturbance in the economy of a Member State,⁶ and, therefore, in principle, cannot depart from those rules.

It is true that the Court also states that the Commission may be required to depart from such rules of conduct and assess the compatibility of the aid concerned by applying the relevant Treaty provision⁷ directly, in particular where a Member State claims that there are exceptional circumstances, which distinguish a given sector of the economy of a Member State and which are different from those envisaged in such guidelines.

However, the Court finds that, in this instance, **Greece did not claim before the General Court that there were specific exceptional circumstances in the Greek agricultural sector, which were different from those prevailing in the same sector in other Member States similarly affected by the economic crisis**, and which might therefore have required the Commission to depart from the Temporary Community Framework.

The Court therefore dismisses Greece's appeal and, accordingly, the Commission's decision is confirmed and the Greek State is required to recover the aid.

NOTE: An action for annulment seeks the annulment of acts of the institutions of the European Union that are contrary to European Union law. The Member States, the European institutions and individuals may, under certain conditions, bring an action for annulment before the Court of Justice or the General Court. If the action is well founded, the act is annulled. The institution concerned must fill any legal vacuum created by the annulment of the act.

Unofficial document for media use, not binding on the Court of Justice.

The [full text](#) of the judgment is published on the CURIA website on the day of delivery.

Press contact: Christopher Fretwell ☎ (+352) 4303 3355

⁶ Under Article 107(3)(b) TFEU.

⁷ Namely, Article 107(3)(b) TFEU.