



Council of the  
European Union

**Brussels, 22 May 2024**  
**(OR. en)**

**10168/24**

**AGRISTR 41**  
**AGRI 425**  
**AGRIORG 80**

**NOTE**

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From: General Secretariat of the Council  
To: Delegations

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Subject: Introducing the eligibility of expenses related to the purchase of breeding animals within the CAP Strategic Plans  
*- Information from the Romanian delegation*

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Delegations will find in the Annex a note from the Romanian delegation on the above-mentioned subject, to be dealt with under "Any other business" at the Council (Agriculture and Fisheries) on 27 May 2024.

## **Introducing the eligibility of expenses related to the purchase of breeding animals within the CAP strategic plans**

The conflict in Ukraine and the general **instability generated in the region, lead to significant fluctuations in the grain market**, as the global access to cheap grain from Ukraine negatively affecting EU crop farmers. Thus, in order to assimilate the surplus of domestically produced grains, it is essential **to promote the development of related sectors, such as the livestock sector. The use of grain for animal feeding can add value to the agricultural products and can boost domestic consumption, while reducing the carbon footprint.**

The development of animal husbandry is essential in order to capitalize on locally produced grains and to increase self-sufficiency in the production of meat, milk and other animal products.

Purchasing breeding animals can be an effective way to improve genetics and productivity, thereby strengthening the domestic breeding base and helping to increase the competitiveness of the agricultural sector.

**Bearing in mind that there is a decline in livestock, already important quantities of meat and dairy products are imported, which increases vulnerability to fluctuations in international markets and associated risks.** The development of local animal husbandry can consolidate our food security, while also providing growth opportunities of the domestic economy, generated by the agricultural sector.

Given the geopolitical tensions and uncertainty in the neighboring region, **it is essential to strengthen our domestic production in order to increase farmers' competitiveness and ensure the food security of our citizens.** Therefore, **the purchase of breeding animals is essential for balancing the downward trend of livestock** an aspect that directly affects the plant sector whose profitability is low due to the lack of capitalization in animal breeding, but also due to the new CAP conditionalities. Therefore, the interdependence between the vegetal and the animal husbandry sectors, in the current atypical geopolitical context, requires the correlation of the capacities of these two sectors, meaning that the eligibility of expenses for the purchase of animals within the EAFRD must be allowed.

It is important to emphasize **that the livestock sector is a particularly complex sector that requires large investments, both in infrastructure, equipment to ensure biosecurity, specific sanitary and veterinary rules, specialized human resources, as well as for the purchase of animals itself**, these directly impacting basic investments, while the financial weight of the investments is also significant. In addition, to ensure the growth and health of animals, constant resources are needed for feeding, veterinary care and managing the environment. We also have to mention that breeding animals are recorded as fixed assets in farm accounting, given their use in several production cycles.

Thus, we propose the amendment of *Regulation (EU) 2021/2115 of the European Parliament and of the Council of 2 December 2021 establishing rules on support for strategic plans to be drawn up by Member States under the common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulations (EU) No 1305/2013 and (EU) No 1307/2013* **by adding a new subpoint “(v)”, to paragraph 3(d) of Article 73 “Investments”, concerning the eligibility of expenses related to the purchase of breeding animals, generated by the general instability in the region leading to the distortion of the EU's internal competition.**