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**NOTE**

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From: General Secretariat of the Council

To: Delegations

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Subject: Further prolongation of the Temporary Framework for State aid measures to support agriculture until 31 December 2022 with the proportionate increase of the aid ceiling

*- Information from the Croatian and Hungarian delegations, supported by the Bulgarian, Cyprus, Estonian, Greek, Italian, Latvian, Lithuanian, Luxembourg, Polish, Romanian and Spanish delegations*

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Delegations will find in the Annex a joint proposal of the Croatian and Hungarian delegations, supported by the Bulgarian, Cyprus, Estonian, Greek, Italian, Latvian, Lithuanian, Luxembourg, Polish, Romanian and Spanish delegations, on the further prolongation of the Temporary Framework for State aid measures to support agriculture until 31 December 2022 with the proportionate increase of the aid ceiling. The joint proposal will be presented by the Croatian and Hungarian delegations under "Any other business" at the meeting of the "Agriculture and Fisheries" Council on 11-12 October 2021.

**Joint proposal of Croatia and Hungary, supported by Bulgaria, Cyprus, Estonia, Greece, Italy, Latvia, Lithuania, Luxemburg, Poland, Romania and Spain on the further prolongation of the Temporary Framework for State aid measures to support agriculture until 31 December 2022 with the proportionate increase of the aid ceiling**

The agricultural sector has been facing serious challenges due to the COVID 19 pandemic for more than a year now. The above-mentioned Member States highly appreciate the measures taken by the European Commission to relieve European agriculture of the negative effects of the pandemic. These measures proved to be successful in conjunction with the efforts made by the agri-food sector in order to continue to be able to accomplish its primary function, providing European citizens with high quality and safe food in appropriate quantities and in a sustainable manner.

The Temporary Framework for State Aid (hereinafter: Temporary Framework) was among the measures which contributed to the survival of many agricultural sectors. Since its entry into force, 17 Member States took the opportunity and supported different agriculture, horticulture, fisheries and aquaculture sectors in 2020 and 2021 with a total amount of more than 3 billion euros. This support was indispensable for the survival of many sectors, including pig, poultry, milk and fruit and vegetables sectors. According to the current rules, the scope of the Temporary Framework is about to expire by the end of the year.

The latest developments show that the pandemic is far from over and a fourth wave has already started all across Europe, which will have an impact on all economic activities. In conjunction with the pandemic, in particular the livestock sectors throughout the EU are also facing considerable challenges aggravated by the extremely high and still rising feed costs. These costs represent a significant part of the total expenses in the livestock sector.

In order to meet the challenges posed by sustainable development goals the agricultural sector of the EU is being reformed and modernised in an unprecedented manner. Due to a number of risk factors, many of the investments are still pending. In the interest of facilitating these developments and safeguarding the workplaces, as well as maintaining the potential for future production it is indispensable to continue providing additional support through state aid.

The listed Member States welcome the Commission's most recent proposal for the sixth amendment to the Temporary Framework, but are of the opinion that the suggested 6 months extension would not be sufficient. Furthermore, they see the need for the proportionate increase of the aid ceiling, as was done during the last modification of the Temporary Framework. The exceptional nature of the COVID-19 outbreak and its consequences on the supply chain hit most heavily the same sectors and actors that are currently under immense pressure due to the previously explained unfavourable developments with rising feed costs.

**Therefore, the above-mentioned Member States request from the European Commission the prolongation of the Temporary Framework until 31 December 2022, with the proportionate increase of the aid ceilings referred to in Section 3.1. - In line with the last amendment to the Temporary Framework of 28 January 2021.**

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