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NOTE

From:	General Secretariat of the Council
To:	Council
Subject:	Prolongation of the Temporary Crisis Framework for state aid measures to support the economy following the aggression against Ukraine by Russia <i>- Information from the Lithuanian delegation, supported by the Austrian, Belgian, Bulgarian, Croatian, Cyprus, Estonian, Greek, Hungarian, Italian, Latvian, Luxembourg, Maltese, Romanian, Slovak and Slovenian delegations</i>

Delegations will find in the Annex a note received from the Lithuanian delegation, supported by the Austrian, Belgian, Bulgarian, Croatian, Cyprus, Estonian, Greek, Hungarian, Italian, Latvian, Luxembourg, Maltese, Romanian, Slovak and Slovenian delegations, on the prolongation of the Temporary Crisis Framework for state aid measures to support the economy following the aggression against Ukraine by Russia. The note will be presented by the Lithuanian delegation under "Any other business" at the meeting of the "Agriculture and Fisheries" Council on 26 September 2022.

The agricultural sector has been facing serious challenges due to an economic impact of Russia's aggression against Ukraine. We appreciate the measures taken by the European Commission to relieve European economy, including agriculture sector, of the negative effects of this serious disturbance. These measures are helping the agri-food sector, in conjunction with its own efforts, to continue its primary function – ensuring sufficient production of high-quality and safe food for European citizens.

One of the instruments proposed by the European Commission was the Temporary Crisis Framework for State Aid measures to support the economy following the aggression against Ukraine by Russia (Temporary Crisis Framework) offering various options for the much-needed aid. For example, Lithuania notified state aid scheme that makes available soft loans and guarantees to economic entities, active in the agriculture, food, forestry, rural development, fisheries and aquaculture sectors and facing liquidity problems.

According to the current rules, the scope of the Temporary Crisis Framework is about to expire by the end of the year (31 December 2022).

The latest developments show that the consequences of the Russia's military aggression and the energy crisis caused by it are far from over and will continue to have negative impact on all economic activities, especially due to the continuing increase of the prices of energy resources. The prices of electricity and gas have more than tripled in the last year, causing huge losses to livestock and horticulture farms. Taking into account the fact that the energy consumption for the storage of fruit and vegetable production accounts for approx. 30-40 percent of all inputs, there is a real risk of losing significant part of production, because it is very likely that the income received for the production will no longer cover its storage costs.

We welcome the Commission's recent decision to increase the aid ceiling for agriculture sector under this Temporary Crisis Framework, nevertheless, such support still will be needed after 31 December 2022 to help agricultural entities facing particular difficulties.

Therefore, Lithuania, supported by Austria, Belgium, Bulgaria, Croatia, Cyprus, Estonia, Greece, Hungary, Italia, Latvia, Luxembourg, Malta, Romania, Slovakia and Slovenia, requests from the European Commission the prolongation of the Temporary Crisis Framework until 31 December 2023, with the proportionate increase of the aid ceilings.
