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From: General Secretariat of the Council  
To: Council

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Subject: Tackling co-financing constraints of phytosanitary and veterinary programmes by exploring options for improving implementation based on a strategic discussion between the Commission and the Member States  
*- Information from the Austrian and Hungarian delegations, supported by Belgium, Bulgaria, Cyprus, Estonia, Finland, France, Greece, Ireland, Italy, Latvia, Lithuania, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia and Spain*

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Delegations will find attached an information note from the Austrian and Hungarian delegations, supported by Belgium, Bulgaria, Cyprus, Estonia, Finland, France, Greece, Ireland, Italy, Latvia, Lithuania, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia and Spain on the above subject. This topic will be dealt with under "AOB" at the Council session (Agriculture and Fisheries) on 17 and 18 October 2022.

**Tackling co-financing constraints of phytosanitary and veterinary programmes by exploring options for improving implementation based on a strategic discussion between the Commission and the Member States**

**Information from the Austrian and Hungarian delegations, supported by Belgium, Bulgaria, Cyprus, Estonia, Finland, France, Greece, Ireland, Italy, Latvia, Lithuania, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia and Spain**

1. The impact of transmissible animal diseases can be devastating for farmers, individual animals, animal populations, animal keepers and the economy. These diseases may also have a significant impact on public health and food safety. Quarantine and new plant pests can endanger the sustainability of agriculture, forestry, natural environments and biodiversity. Their prevention is the most cost-effective and efficient method of pest management and can make a critical contribution to the Farm to Fork and Green Deals goals, reducing the use of chemical pesticides. Union rules ensure, as far as possible, that the existing plant and animal health status in the Union is maintained and the implementation of the measures by the Member States ensures the high level of food safety for European citizens, a predictable livelihood and a level playing field of European farmers, and the continuity of global trade.
2. The financial instrument supporting these actions is the Single Market Programme (SMP). The financial envelope for the implementation of the SMP for the period from 1 January 2021 to 31 December 2027 was set as EUR 4 208 041 000, from which EUR 1 680 000 000 is allocated for actions described above (Food Chain strand). Contribution to emergency measures was set at EUR 19 000 000 for each year during the programming period. These sums were established in the binding agreement of the Multiannual Financial Framework.
3. The unprecedented and continuous occurrence of diseases in the whole Union resulted in an unexpected burden on the Member States' emergency response capabilities, anticipating the co-financing of around EUR 450 000 000 until the summer of 2022, exceeding by far the available EU budget.

4. For reasons of sound financial management, and to ensure that credits are made available within the Multiannual Financial Framework 2021-2027 while at the same time complying with its limits, the Commission proposed to reduce the co-financing rate for emergency measures by 40% for all grant agreements not yet signed, and to reduce the co-financing rate for the (annual) national veterinary and phytosanitary programmes by 40% for three years, from 2023 until 2025, as well as to phase out the co-financing of the bovine tuberculosis programme by 2023 instead of 2024.
5. This re-allocation of funds within the Food Chain strand would mean that emergency measures already carried out by Member States during the 2020-2021 and 2021-2022 seasons would be co-financed at retroactively lowered rates. This would likely create complications in previously approved national budgets, which are already facing growing challenges due to recent international health and security crises, such as the Covid-19 pandemic and the Russian invasion of Ukraine.
6. The decreased amount of financial support for annual national programmes would result in decreased expected outputs. Such changes in the financial resources could pose risks to Member States' capabilities to maintain the high level of plant and animal health and food safety in the Union. It would also pose a risk to food safety in the Union. Furthermore, reductions in co-financing rates would not only have a negative influence on the Member States' national budgets but would also significantly increase the financial burden on farmers and the whole agricultural sector. This could result in serious loss of trust in veterinary and phytosanitary services and their programmes, jeopardizing not only current actions, but any introduction of new projects.
7. The Farm to Fork Strategy for a fair, healthy and environmentally-friendly food system states that European food is already a global standard for food that is safe, plentiful, nutritious and of high quality. Inability to keep this standard undermines the targets set out in the Strategy, questions the reality of the European Green Deal's aims and with less resources available for actions against zoonotic agents and quarantine pests, ultimately also contradicts the One Health approach.

8. Preventing cross-border health crises and food scares is of the utmost importance, since they disrupt the functioning of the internal market by limiting the movements of persons and goods, thus disrupting production and consumption.
  9. Therefore, we urge the Commission to foster coherence and continuity in its efforts to support the proper functioning of the phytosanitary and veterinary control system. Allocated resources within the Single Market Programme to the Food Chain strand/emergency measures should thus not be reduced in retrospect. This is critical to consequently prevent the described negative effects to plant, animal and public health and we ask the Commission to start a transparent strategic discussion with the Member States regarding future measures and programmes, to be set within an established budgetary framework, explicitly not prejudicing any budgetary procedures, but rather focusing on optimizing the implementation by setting priorities.
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