



Council of the  
European Union

Brussels, 17 October 2023  
(OR. en)

14320/23

**AGRI 622**  
**AGRIORG 122**  
**AGRIFIN 128**

**NOTE**

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From: General Secretariat of the Council  
To: Delegations

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Subject: A new Deal for Farmers – how to tackle the current challenges for the EU farming sector  
- Information from the Austrian delegation

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Delegations will find in the Annex a document on the above subject to be presented by the Austrian delegation under "Any other business" at the "Agriculture and Fisheries" Council on 23-24 October 2023.

**A new Deal for Farmers – how to tackle the current challenges for the EU farming sector**

The European agricultural market is currently facing several and severe challenges including the long-term effects of the global COVID-19 pandemic, rising input costs, high inflation and market volatility, extreme weather conditions as well as the geopolitical challenges caused by Russia's war against Ukraine. The EU and its Member States stand united in their firm support for Ukraine and strongly condemn Russia's war of aggression.

At the same time, the EU and its Member States have continuously increased climate, environmental, animal welfare and social standards for agricultural production and continued to intensify these efforts in line with the EU Green Deal agenda. Ever new and stricter requirements for agricultural production on top of a demanding general market situation, lead consequently to increasing competitive disadvantages compared to producers in third countries. A progressive imbalance between the three pillars of sustainability, namely economic, social and environmental, is putting at risk the prosperity, which is essential for a stable and resilient European Union.

The European agriculture sector is much more than just food production – it is the backbone of prosperous and vital rural areas and a strong pillar for the Unions strategic independence. It is thus of utmost importance to foster and strengthen the role of farmers in the EU in order to maintain a sustainable and resilient European agricultural sector. The EU and the Spanish Presidency in particular, have recently underlined the significance of the EU's strategic autonomy, since the impact of the crises reinforces the great importance of European food production, food security and reducing its dependency. European policy makers must set agriculture back on the top priorities of the Union and work on immediate solutions for the prosperity of the sector.

**Concrete fields of action**

Globally the agricultural markets are currently very volatile for several reasons. Good harvests worldwide and increasing exports from Russia, as well as low demand on the world markets, has caused grain prices to fall globally and in the EU in 2023. In combination with high input costs grain producers in the EU are facing an increasingly difficult economic situation.

In this context it is worth highlighting that Ukrainian agricultural exports substantially contribute to global food security. Therefore, it is essential that the Ukrainian agriculture sector can continue to produce and export grain. However, it is equally important that Ukrainian grain exports reach their intended destination, where they are needed the most: e.g. the Middle East and Africa. To achieve this goal, it is of utmost importance that the transit through the EU functions smoothly. The EU must live up to its responsibility to ensure a functioning internal market while contributing to global food security and maintaining solidarity with Ukraine.

With regard to the stability of EU agricultural markets and given the current concerns of EU farmers, the following measures should be discussed in close cooperation with Ukraine:

- The expansion of transshipment and transport capacities in the direction of the EU ports and the Ukrainian Danube ports, so that the countries of the global south can continue to be supplied with grain from Ukraine.
- An effective monitoring and reporting by the Ukrainian authorities is also needed, alongside with the announced action plan and the timely implementation of the Ukrainian export licensing system.
- Furthermore, we ask the Commission to examine the possibility of extending the existing transit procedures to guarantee the transport to a third country. This could relieve the grain market and ensure that products reach less developed countries more easily and at a lower cost.
- Complementary to the ongoing comprehensive EU agricultural market monitoring (within the framework of the implementation of the ATM Regulation [Autonomous Trade Measures]), further measures must be discussed in order to be able to stabilise the internal market if necessary.
- To this end, a bilateral safeguard clause for some sensitive agricultural products (as the EU has implemented in trade agreements) should be discussed.
- Such a bilateral safeguard clause should be a further development of the previous ATM-Regulation (Art. 4 Expedited safeguard) and contain a concrete trigger threshold (e.g. previously defined import quantities) and concrete measures (e.g. only imports under customs transit procedures to third countries possible when the safeguard clause is triggered).

On another note, it must be recognized that the EU Green Deal legislation is pushing European agriculture to its limits. Although agriculture will continue to make an important contribution to Europe's climate neutrality, the requirements must be defined in such a way that they do not compromise European food production and food security. In contrast to other sectors, agricultural emissions largely arise from natural processes and can therefore not be reduced to the same extent.

- It is therefore crucial to provide distinct and tailored measures for agriculture, while considering that the potential for emission reduction in this sector has its limits. In particular, since all measures must strike the necessary balance with goals of the EU's strategic autonomy, respectively food security.
- A comprehensive stock-taking exercise on the Green Deal legislation and the impact on EU-agriculture should be initialized accompanied by an action plan to strengthen the active and sustainable agricultural production and to equally recognise the need to keep the overall agricultural land in production, including areas with natural constraints.
- There is a strong need of a fact-based debate and decision making in plant protection. A reduction of chemical pesticides must come along with available, effective and sustainable alternatives and must take into account previous achievements in Member States.
- Strategic autonomy must target the decrease of dependencies and vulnerabilities of the EU in order to accelerate its transition towards its long-term sustainability.

Even though the agricultural sector largely contributes to the EU Green Deal objectives while playing a strong role for European economic wealth as well as for vibrant rural areas, concrete measures to boost farmers income, such as an EU origin labeling, are still pending. Measures to strengthen the EU agriculture are indispensable to maintain European prosperity. In this regard the announced "Structured dialogue with the agricultural sector" offers many opportunities, when involving all key stakeholders and taking all three pillars of sustainability equally into account.