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From: General Secretariat of the Council

To: Delegations

Subject: Ensuring the EU's resilience and global competitiveness: the need for urgent support and a strategic approach to the agri-food sector
- Information from the Greek delegation on behalf of the Austrian, Belgian, Bulgarian, Croatian, Cypriot, Czech, Greek, Hungarian, Latvian, Maltese, Polish, Romanian and Slovenian delegations

Delegations will find in the [Annex](#) a document on the above subject to be presented by the Greek delegation under "Any other business" at the "Agriculture and Fisheries" Council on 30 January 2023.

**Non-paper by Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Greece,
Hungary, Latvia, Malta, Poland, Romania, Slovenia**

**Ensuring the EU's resilience and global competitiveness: the need for urgent support and a
strategic approach to the agri-food sector**

The December 2022 European Council tasked the Commission to urgently come forward with proposals to ensure the EU's resilience and global competitiveness. It is necessary to ensure the full integration of the needs of EU farmers and the agri-food sector more generally into the short and long-term policy initiatives that will be put forward, thus providing short-term support against the effects of inflation and high energy prices and long-term measures to guarantee sustainability, productivity, competitiveness and the EU's food security.

More specifically, over the last three years, EU farmers have been faced with an unparalleled sequence of negative external economic shocks. The pandemic, high inflation, the illegal Russian invasion of Ukraine and the resulting dramatic rise in energy prices, combined with wider developments related to the green and digital transition and global competition, have imposed exceptionally high costs on all stages of the agricultural value chain and have created unprecedented pressures on farmers and the agri-food sector more generally. According to Eurostat, inflation peaked in the autumn of 2022, with almost half of Member States suffering from double-digit rates, hitting as high as 25% inflation. Since then, inflation has started to fall in some Member States but situation varies in different parts of the EU and the problem remains acute and requires both short-term and long-term measures on a European and national level.

The problems are well known: inflation, high energy prices, rising costs for fertilizers and feed, disrupted supply chains, are challenges that have further destabilized agricultural markets. At the same time, the current high level of uncertainty is putting European farmers under great pressure, while dramatically reducing the affordability of food, threatening food production in the short-term. Input price inflation, such as in fertilizers and feed, has resulted in declining profitability and purchasing power parity of agricultural products. It also creates cash flow problems for farmers and increases the necessity of a high level of operational management and conservative financial strategies. High inflation weighs on purchasing power for both farmers and consumers, while lower growth prospects and rising price pressures pose policy dilemmas for national and EU institutions alike. The fact that the European Central Bank (ECB) has significantly raised interest rates has resulted in increased debts and a higher level of risk for our farmers. This increase in rates also has a serious impact on the capacity to implement investments included in Member States' CAP Strategic Plans and their recovery and resilience plans and undermines European agriculture's competitive position on international markets.

At the same time, it is crucial for the EU to maintain, enhance and support its push for the green transition while safeguarding its rural manpower, in order to achieve the double objective of food security and sustainability, while maintaining our transition towards more sustainable and resilient food systems.

These developments make it clear that the EU needs a more pro-active, ambitious, strategic and coordinated response that will enhance the resilience of the agricultural sector and the competitiveness of farmers, while preserving the integrity of the Single Market and the global level playing field and ensuring food security in the framework of the EU's wider effort to ensure its strategic autonomy.

In light of the above, we emphasize the need for the Commission to include ambitious proposals to address the particular challenges facing the agricultural sector in the overall package to boost the EU's resilience and competitiveness that it will soon present.

At the same time, we need to put forward innovative short-term proposals to immediately alleviate the challenges created by the Russian aggression against Ukraine, the energy crisis and the rise in inflation in order to avert long-term damage to our agricultural sector and the EU's food security. In this context, the specificities of all Member States, including frontline and insular Member States, should be taken into account.

These measures need to be ambitious and innovative, comparable to those the European Commission with put forward for European industry more generally in response to wider international developments. We need an overall, strategic response including the agri-food sector and we look forward to the Commission's proposals in this regard.
