Council of the European Union

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NOTE

From:	General Secretariat of the Council
To:	Council
Subject:	Critical situation on the pig meat market - request for exceptional aid for pig producers
	- Information from the Polish delegation, supported by Hungary and Latvia

Delegations will find in the <u>Annex</u> a note from the Polish delegation, supported by Hungary and Latvia on the above-mentioned subject, to be dealt with under "Any other business" at the Council (Agriculture and Fisheries) on 21 February 2022.

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Critical situation on the pig meat market – request for exceptional aid for pig producers

In reference to the ongoing discussion regarding the critical situation on the pig meat market and considering the document of the European Commission discussed at the SCA meeting on 31 January 2022, at which the possible market measures supporting the pig sector were presented, Poland presents the following position.

The critical situation on the pig meat market continues to deteriorate. Pig prices are still decreasing which, together with the historically high input costs, results in unprofitability of production in the long term. The ratio of pig prices to feed prices, which expresses the profitability of production, has decreased by nearly 40% over the last two years. In the last two years, ca. 23% of farms have ceased pig production in Poland; the crisis affects mainly small and medium-sized farms. Over the last five years, the number of small and medium-sized pig farms in Poland has decreased by over 50%. If market measures are not implemented, the current crisis will accelerate the trend of strong concentration of production, which is unfavorable from the point of view of the implementation of EU strategies.

The current crisis requires the taking of decisive steps at the EU level and the use of common agricultural policy measures to support the sector in this difficult period. We believe that the activation of Article 219 of Regulation (EU) No 1308/2013 of the European Parliament and of the Council is justified. In view of the seriousness of the situation, refraining from applying the exceptional measures cannot be justified by the difficulty of defining the criteria for granting aid or by the need to use the crisis reserve. The lack of response to the current crisis in the pig meat market undermines the objectives and effectiveness of the common agricultural policy.

Decisions on the activation of support measures should be made, in particular, on the basis of an exhaustive assessment of the impact of the current crisis on the rate and scope of unfavourable changes taking place in pig production on the EU market. The drastic decline in the profitability of production and the narrowing of the above mentioned prices ratio mainly affect small and medium-sized family farms, which will cease production without support. As a consequence, the unnatural acceleration of concentration processes in pig production, due to losses incurred on farms, threatens the effectiveness of the implementation of the objectives of the European Green Deal and the Farm to Fork Strategy, primarily related to the sustainable development of production, using environmentally and climate-friendly production methods.

We call on the European Commission to implement exceptional financial aid for pig producers under Article 219 of Regulation (EU) 1308/2013. We propose that the criteria used to determine the scale of aid should include the share of small and medium-sized pig farms which are most exposed to stop production.

In this respect, the decision should be based on a detailed analysis of changes in the production structure in individual Member States, made by the European Commission, with the use of up-to-date statistical data on the number and structure of farms, e.g. on the basis of data collected in the animal identification and registration system. If the only source of funding for aid could be the crisis reserve, Poland is ready to agree to its use.

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