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From: General Secretariat of the Council
To: Council

Subject: The need for an exceptional temporary support measure under the European Agricultural Fund for Rural Development (EAFRD) in response to the unprecedented crisis and its impact on agricultural production systems and food security

- Common paper of Bulgaria, Croatia, Cyprus, Greece, Italy, Latvia, Malta, Poland, Portugal, Romania, Slovakia, Slovenia and Spain

Delegations will find in the Annex a common paper of Bulgaria, Croatia, Cyprus, Greece, Italy, Latvia, Malta, Poland, Portugal, Romania, Slovakia, Slovenia and Spain on the above-mentioned subject, to be dealt with under "Any other business" at the Council (Agriculture and Fisheries) on 7 April 2022.

Common paper of Bulgaria, Croatia, Cyprus, Greece, Italy, Latvia, Malta, Poland, Portugal,
Romania, Slovakia, Slovenia and Spain

On the need for an exceptional temporary support measure under the European Agricultural Fund for Rural Development (EAFRD) in response to the unprecedented crisis and its impact on agricultural production systems and food security

The last two years have affected European farmers and rural business in an unprecedented manner. The economy at large has not yet fully recovered from the extensive restrictions on movement put in place at the outbreak of the COVID-19 pandemic, which heavily affected the supply chains and created liquidity problems in all sectors, agriculture and food industry included. The consequences in the form of a sudden and substantial increase of the costs of transport and construction materials, as well as the lack of necessary supplies were witnessed already by the second half of 2021, resulting in an increasing number of beneficiaries withdrawing from the planned investment projects under the EAFRD. Furthermore, the dramatic increase of input costs, in particular energy, fertilizers and feed – all core means of agricultural production – observed towards the end of the last year exposed the vulnerabilities of the EU food system, in terms of its dependence on imports. The unprovoked Russian invasion of Ukraine has further destabilized already sensitive agricultural markets. Direct consequences in the form of trade disruptions are perhaps only eclipsed by the indirect ones resulting in extreme volatility of input prices and production costs.

This crisis will ultimately affect the price of food, raising concerns as regards the purchasing power of consumers, as well as the income of producers, especially since prices will continue to rise, as they are linked to natural gas prices.

Against this backdrop and given the urgency of the situation, Bulgaria, Croatia, Cyprus, Greece, Italy, Latvia, Malta, Poland, Portugal, Romania, Slovakia, Slovenia and Spain firmly believe that the EU should utilize all instruments and resources at its disposal, in particular those that have proven their effectiveness on previous occasions. In that context, the above listed Member States would like to thank the European Commission for its continuous support and recognize a range of initiatives already launched, in particular the most recent set of measures, including those under the CMO and the Temporary State Aid Crisis Framework. However, it should be noted that measures adopted so far largely depend on the fiscal capacity of the individual Member State.

The supporting Member States welcome the publication of the Communication on *Safeguarding food security and reinforcing the resilience of food systems*, as a response to the invitation of the European Council in its Versailles declaration of 10 and 11 March 2022. It adequately recognizes issues like food affordability in the EU and the specific challenges for farmers facing high input costs.

Taking all this into account and having regard to the European Council conclusions of 24 and 25 March 2022, as well as the European Parliament Resolution of 24 March, Bulgaria, Croatia, Cyprus, Greece, Italy, Latvia, Malta, Poland, Portugal, Romania, Slovakia, Slovenia and Spain request the European Commission **to urgently propose an Exceptional Temporary Support Measure under the EAFRD in response to the current crisis**. The measure should enable Member States to make use of available funds under their existing rural development programmes, for the years 2021-2022 in order to support farmers and SMEs particularly affected by the crisis. The measure should follow the logic and mechanism of the extraordinary rural development COVID-19 measure adopted in June 2020. The maximum amount of individual support should be set as high as possible, providing that the overall support under this measure does not exceed 5% of the total EAFRD contribution to the rural development programme (2021-2022).

It should be emphasized that this proposal does not intend to set a precedent nor question the logic and principles of the EAFRD. Likewise, it does not undermine the long-term commitment to the transformation of the European agri-food sector, spearheaded by the reform of the CAP. On the contrary, it is a clear expectation of the supporting Member States that the new CAP will provide a framework far better equipped for strengthening the EU agricultural sector's resilience, while promoting more sustainable production methods. However, the magnitude of the ongoing crisis calls for the utmost flexibility today to ensure that every possible means of support is urgently provided to the sector.

Finally, the supporting Member States call on the European Commission to explore any further possibilities for additional flexibilities under the current framework of the EAFRD. These could include simplified procedures for amending the rural development programmes, allowing exceptions in the eligibility and financial conditions, shorter duration of operations and partial completions of projects due to unforeseen circumstances, caused by the current crisis situation.

Our farming sector supported by the CAP, demonstrated remarkable resilience and endurance over the past two years. We will now rely on its additional efforts in order to face the challenges related to global food security. Therefore, we should ensure that it receives all the support the EU can provide.
