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NOTE

From: General Secretariat of the Council
To: Delegations

Subject: Market situation in particular following the invasion of Ukraine
- *Information from the Commission and the Member States*
- *Exchange of views*

With a view to the Council meeting (Agriculture and Fisheries) on 30 May 2023, delegations will find in the Annex a background document on the above subject.

Market situation in particular following the invasion of Ukraine and possible support to MS

1. On 30 January, in the context of the Ministerial debate on the situation of EU agricultural markets in the AGRIFISH Council, it appeared that the current crisis had two facets, namely the impact of the Russian aggression of Ukraine and the resulting economic consequences which affected all EU farmers and the impact of trade liberalisation for Ukrainian products which affected some farmers in neighbouring Member States more than those in others.
2. On 30 March the Commission approved a package of support worth EUR 56.3 million, paid from the agricultural reserve, to support farmers in Bulgaria, Poland and Romania, proposing an allocation of EUR 29.5 million to Poland, EUR16.75m to Bulgaria & EUR10.05m to Romania.
3. On 31 March, Poland, Hungary, Slovakia, Romania and Bulgaria wrote to the President of the Commission on measures counteracting the negative effects of the increased imports of agricultural products from Ukraine on the EU market. Some of these Member States also announced restrictive measures to protect their local agricultural sectors from the flow of imported agricultural products from Ukraine.
4. In reply, Commission President Ursula von der Leyen announced on 19 April that the Commission was working on a second support package worth about €100 million and measures to ensure that Solidarity Lanes achieved their objective of securing the effective transit of vital crops.

5. At the AGRIFISH Council meeting on 25 April, the discussion focused on issues affecting EU internal markets, including those in Member States neighbouring Ukraine, drought and the problems of the milk and dairy sector. Ministers expressed their continued support to Ukraine, their commitment to finding solutions that do not compromise the EU solidarity and there was also a wave of solidarity to EU countries in the frontline.
6. On 3 May, an initial discussion on the 2nd support package for Member States neighbouring Ukraine worth €100 million took place in the committee meeting for the common organisation of agricultural markets. A second meeting on 12 May was cancelled with uncertainty prevailing over the (non) lifting of the unilateral measures by Hungary and Slovakia and “serious concerns” raised by 12 Member States about the deal with frontline Member States and its potential implications for the EU internal market.
7. On 12 May, Slovakia cancelled the unilateral ban on imports of agricultural goods from Ukraine. Only EU legislation now applies to imports of these products into the country.

In addition to the two support packages mentioned above, there might still be need for further support from the agricultural reserve in the form of a third package, to stabilise markets and to respond to crises affecting agricultural production.

In order to steer the Ministerial debate for the “Agriculture and Fisheries” Council meeting on 30 May, the Presidency proposes two questions:

1. *Given the current situation and against the backdrop of the discussions held so far, what criteria do you think are appropriate for any potential new exceptional measure and which sectors are in most need of support?*
2. *Are there any other measures on an EU-level that that need to be taken given the current situation?*