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NOTE

From: General Secretariat of the Council

To: Council

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

With a view to the AGRIFISH Council meeting on 11 and 12 December 2022, delegations will find in the Annex a Presidency document on the above-mentioned subject.

Market situation in particular following the invasion of Ukraine

Since 24 February 2022, the socio-economic situation in Europe has been significantly affected by the Russian invasion of Ukraine. This event has become a historic turning point for our continent. Europe has been hit by massive increases in energy and agricultural inputs prices, by a reduction in EU fertiliser production, by rising food prices. All this has put markets under pressure. In addition to the significant rise in gas prices the invasion of Ukraine also threatens global food security and it has had an impact on the situation on agricultural markets. The Czech Presidency strongly perceives the seriousness of the impact of the Russian aggression and this topic has been given due attention during the past months.

The world grain market has recently been affected by increased pressure stemming from geopolitical uncertainty over the extension of the Black Sea Grain Initiative. The dry and warm weather in the EU during the summer has negatively influenced this year's harvest, especially for permanent grassland and summer crops such as maize, sunflower and soya beans. As a result, the feed capacity may be weakened. Moreover, the situation in crop production may be significantly affected by the current critical developments in the fertiliser market. In particular, there are problems with their availability and affordability. Lower application of fertilisers may have an impact on future crop yields. At present, however, it is uncertain to what extent the current difficulties with fertilisers will affect this year's sowing of crops (both winter and spring) and ultimately next year's harvest. Ensuring affordable fertilisers in sufficient quantities is proving to be a key need in terms of food security.

Livestock production also faces many challenges nowadays: animal diseases, compliance with welfare standards, antimicrobial resistance or economic sustainability and other factors. There is a risk of a worsening disease situation of African Swine Fever and Avian Influenza having an impact on the EU pig and poultry meat market. Information from the Commission shows that almost all livestock production sectors are experiencing major production cuts. As winter approaches, pig and poultry farmers are under significant pressure from rising feed and energy prices. The development of the situation is rather complex, and the future trend cannot be predicted even in the short term.

In light of the Agriculture and Fisheries Ministers' meeting in December, the Presidency would like to ask Member States to assess the current situation on agricultural markets. The discussion is proposed to be structured based on the following questions:

1. *What is the Member States' opinion on the possibility of using the agricultural reserve in view of the ongoing crisis in certain sectors most affected by the conflict in Ukraine?*
 2. *How do the Member States view the current situation concerning the sowing and conditions of winter crops and the overall prospects the next year's harvest considering the risks of reduced availability and affordability of fertilisers?*
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