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NOTE

From: General Secretariat of the Council
To: Delegations

Subject: Crisis management tools: the need to support EU farmers in the short,
medium and long term
- Information from the Croatian delegation

Delegations will find in the Annex a document on the above subject to be presented by the Croatian delegation under "Any other business" at the "Agriculture and Fisheries" Council on 30 May 2023.

CRISIS MANAGEMENT TOOLS: THE NEED TO SUPPORT EU FARMERS IN THE SHORT, MEDIUM AND LONG TERM

The series of unforeseen and unprecedented shocks to the internal market, from the COVID pandemic and extreme weather events to the brutal Russian invasion of Ukraine and their consequences have all put tremendous strain on farmers and the society in general. The European Commission and Member States reacted to these shocks with a set of different targeted measures, with varying success. At the same time, these events have also pointed out to some shortcomings and vulnerabilities of the system and put in question the adequacy of our tools and coping strategies to respond to increasing frequency and severity of the risks.

Adequate support for farmers

The latest CAP reform rightfully put the emphasis on increasing the efforts for enabling a more resilient and sustainable food system, while achieving the climate and environmental objectives of the European Green Deal. However, the comprehensive transition cannot be achieved without a reinforced agri-food sector that will not trade off the level of income and the quality of life of the primary producers for the fulfilment of other equally important goals.

Some commendable steps in that direction have already been taken, like the revamping of the agriculture reserve, but it was clearly not enough. Simultaneously, risk management tools currently at our disposal lack in terms of their effectiveness, as well as their applicability.

In that context, we believe that we need a paradigm shift in how we think and respond to crisis, how we manage risk and what policy instruments we may need to use to effectively mitigate the negative effects on our agricultural producers. Responding to shocks is much costlier and temporary than building a long-term resilience in the agri-food system through an adequate set of instruments. **For this purpose, we suggest the initiation of a political orientation debate at the Council of Ministers in order to discuss how the current crisis management tools can be improved, as part of the future CAP, as a single sufficient framework of measures that will be used when the conditions are met, aimed to address potential similar situations in the future in a more efficient and targeted manner than the current one.**

Food security should not be taken for granted

As Commission correctly highlighted in its recent Staff Working Document on “*Drivers for Food Security*”, the food security, in particular the affordability of food for the European citizens cannot be taken for granted. The recent and ongoing geopolitical crisis, as well as adverse weather conditions, such as severe floods, animal and plant disease and droughts in parts of Europe have reminded us of the increased fragility of the European agriculture sector. Just few days ago, severe damages on agricultural areas, agricultural buildings, equipment and livestock, caused by floods have been recorded in Croatia. Exact estimation of the nature and intensity of those damages is currently on-going but it is clear that farmers will need to be supported in their efforts to overcome the flood damage, *inter alia* in the framework of extraordinary CMO measures.

Taking all this into account, we strongly believe that we should not shy away from an ambitious and comprehensive overhaul of the CAP crisis and risk management tools. **The upcoming mid-term review of the Multiannual Financial Framework presents an ideal opportunity to address these issues appropriately. Furthermore, even if the current circumstances and the foreseen review do not provide a space for additional financial resources for the CAP, we hold that the moment is right to assess the possibility to introduce instruments that would address the risks linked to transition in the agriculture sector.**

Immediate response

Finally, we are fully aware of the complexity of the system and related procedures, as well as the regulatory and financial limitations under which we operate. However, **the current situation on the agricultural markets is such that it requires a swift and targeted reaction by the competent authorities.**

Therefore, we invite the European Commission to analyse the results of previous initiatives and reactivate specific measures aimed at short-term or medium-term solutions that would cause positive effects on the agri-food sector as a whole.

- We welcome the initiative to prepare a financial assistance package for Member States that were not covered by the current support, financed primarily through the remaining part of the Agricultural Reserve. Given the financial limitations and insufficient funds at our disposal which need to be distributed among remaining Member States, it is necessary, together with the possibility of a national "top-ups", to find additional funds outside the agricultural budget. Equally important, we should ensure the possibility for MSs to allocate such aid to be used, for example, under condition to enable fast and efficient improvement of farmer' natural or animal resources.
- Following similar Measure within the framework of the Rural Development Programme, extraordinary temporary support should be provided to farmers and SMEs that are particularly affected by the market disturbances.
- To provide new possibility for efficient, flexible and simple reallocation of a limited amount of EAFRD national envelope (2%), as an compensation aid for MSs in the case of similar situation in the future. This "Ad hoc" aid should be on disposal during the whole programming period in order to be activated in short time at most appropriate manner.

This is the moment when the EU should boldly provide the support to the sector that delivered during the most difficult times and continues to do so. As one of the largest and probably the most critical in terms of the social cohesion, the agriculture sector requires the necessary support to retain its competitiveness and resilience on its path of transition.