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NOTE

From:	General Secretariat of the Council
To:	Delegations
Subject:	Difficulties farmers are facing due to the war in Ukraine, drought/adverse weather conditions and high input prices – request for derogation <i>- Information from the Romanian delegation, supported by the Hungarian and Polish delegations</i>

With a view to the meeting of the Council (Agriculture and Fisheries) on 25 of July, the annex to this note contains information from the Romanian delegation, supported by Hungarian and Polish delegations, concerning the item under “any other business” on the above-mentioned subject.

Difficulties farmers are facing due to the war in Ukraine, drought/adverse weather conditions and high input prices – request for derogation

Even though the European Commission took some measures in order to help EU farmers, they are still facing big difficulties due to the impact of war in Ukraine, drought or adverse weather conditions, high input prices and low farm gate prices.

As concerning adverse meteorologic conditions affecting other Member States, also the Romanian farmers are registering important production losses caused by the drought in certain regions, hail and late frost in other regions.

Bearing in mind that in most of the regions Romanian farmers are confronted with high water deficit after more than 2 years that affected even 100% of some crops, they are almost bankrupt.

High input prices due to the inflation that was exacerbated by the war, brought per hectare costs to very high levels, impossible to be covered by poor yield registered for most of the crops. That is why Commission took the right decision to derogate from implementation of GAEC 7 and GAEC 8 in 2023 to help farmers to compensate a little the very high losses. For this year, the harvest is underway and farmers from eastern, southern and, southeastern regions of Romania are reporting lower yield comparing to the average of the last 5 years, even by 50% for winter crops, which cannot cover the costs per hectare, bearing in mind the very low selling prices for the time being.

For instance for wheat, the production costs are very high, about 1000 Euro/hectare, and the wheat price is only 200 Euro/ton, which means that for an yield of only 3 tones/hectare, the loss is significant, 400 Euro/hectare.

Regarding the prices, due to the fact that the input prices are still high and the farm gate prices are much too lower, farmers in all agricultural sectors are facing big difficulties.

The transit of products from Ukraine through Constanza port continues to affect the logistic facilities, raising the transport costs and other difficulties, which add more pressure on the Romanian farmers, bearing in mind that about 50% of Romanian cereals production are normally exported. Therefore there are major risks now for farmers to lose foreign markets and to sell even at lower prices.

Compensation from EU or national funds: even though the European Commission managed to grant some support from agricultural reserve (almost 40 Million Euros to Romanian farmers), the amount is very small comparing to the losses (which are estimated in Romania to more than 3 Billion Euros). We know very well what are EU budgetary and national limitations and do not expect more, but we have to look for solutions, derogations that do not have a budgetary impact but help the farmers to avoid bankruptcy.

We also have to bear in mind that the uncertainty regarding the global food supply is still high, raising concerns about global food security and, in order to contribute to remedying this situation by maintaining the food supply, the Union's agricultural food production must be maintained, while ensuring the medium and long-term sustainability of food supply by continuing the transition to sustainable food production systems.

Member States must ensure that all agricultural areas, including land no longer used for production purposes, are maintained in good agricultural and environmental conditions and must establish, at national or regional level, minimum standards for farmers and other beneficiaries for each good agricultural and environmental land conditions, in accordance with the main objective of the CAP.

Both GAEC 7 "crop rotation on arable land, except for crops growing under water", and the first implementation of GAEC 8 "minimum percentage of agricultural area dedicated to non-productive areas or features", have an impact on the use of arable land for productive purposes.

By establishing minimum requirements regarding the temporal and spatial diversity of different crops, with the aim of preserving the potential of soils and increasing their fertility to ensure long-term productivity, the GAEC 7 standard can have an impact on the choice of crops to farmers.

Imposing a minimum percentage of arable land to be dedicated to non-productive areas or features to enhance the agricultural biodiversity necessary for healthy and productive ecosystems, according to the first implementation of GAEC 8, farmers can, in addition to the presence of landscape features, leave a certain share of arable land as set aside for biodiversity purposes.

In view of all the above mentioned, we call on the Commission to provide adequate flexibility for a suitable implementation of the CAP National Strategic Plans and consider to also adopt the derogations for GAEC 7 and the first implementation of GAEC 8 for the year 2024. The derogation implementation for GAEC 7 and GAEC 8 will not significantly affect the achievement of the objectives of the CAP conditionalities, but will help farmers to avoid bankruptcy, because CAP could not be implemented without the European farmers.
