



Council of the  
European Union

165745/EU XXVII. GP  
Eingelangt am 07/12/23

Brussels, 7 December 2023  
(OR. en)

16387/23

AGRI 789  
AGRIFIN 152  
AGRIORG 147

#### NOTE

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From:	General Secretariat of the Council
To:	Delegations
Subject:	Derogation from GAEC7 and GAEC 8 in 2024 - Information from the Romanian delegation, supported by Bulgarian, Hungarian, Italian, Latvian, Polish and Slovak delegations

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Delegations will find in the Annex a document on the above subject to be presented by the Romanian delegation, supported by Bulgarian, Hungarian, Italian, Latvian, Polish and Slovak delegations under "Any other business" at the "Agriculture and Fisheries" Council on 10-11 December 2023.

**Derogation for GAEC 7 and GAEC 8 for 2024**

At the time of drawing up the conditionalities of the new Common Agricultural Policy (CAP), no one anticipated that, starting in 2020 and for the next 3 years, the European Union would go through a health crisis due to COVID-19, followed by the armed conflict at the European borders and the prolonged severe weather conditions, making it impossible to implement the 2 conditionalities if we want to avoid bankruptcy of our farmers.

The pressures on European farmers generated by climate factors are increasingly affecting production and productivity across the Union, without being counterbalanced by new techniques or technologies that can be adopted rapidly on a large scale. The deficit of soil water during the plant development, the excessive temperatures manifested over long periods of time (the year 2023 was noted as being characterized by some of the highest temperatures in the history of meteorological measurements), the variability of the weather in recent years in vegetation periods (late spring and/or early autumn) or extreme weather events (hailstorms) have compromised crops on extensive areas and significantly reduced the productions, highly decreasing farmers' income.

At the borders of the EU, the armed conflict in Ukraine is ongoing and will continue to cause market distortions and even more economic losses for European farmers. The negative effects felt by farmers in the context of the transit of Ukrainian grain through the EU must also be taken into account.

All this maintains and accentuates the continuation of the unfavorable evolution of inflation in Europe, after the historical level reached in 2022. The efforts of the Member States to help farmers to recover are not supported by the very limited EU agriculture crisis reserve.

Therefore, all these unfavorable aspects, manifested during the last years, compete for (1) the increase of production costs and (2) the decrease of productions at a level that does not allow farmers to be profitable. This should be seriously considered and addressed in a timely manner by public policies, including within the CAP.

The new green architecture is applied in the European Union starting from 2023. As a temporary measure, the Commission highlighted in its communication the serious consequences of Russia's invasion of Ukraine on food security. As a result, derogation rules have been established for the application of GAEC 7 and GAEC 8 standards for the year 2023, through the Implementing Regulation (UE) 2022/1317.

The new CAP standards will further reduce farmers' production and income in 2024, and markets will compensate it by increasing imports of lower standards products from third countries. Therefore, European citizens will finance the development of agricultural practices in third countries that are not environmental friendly, increasing the global impact of agriculture. Thus, the good agricultural standards promoted by EU, risk if applied without taking into consideration the real situation of the market, as is the case I this period, to have the opposite impact on environment.

It is obvious that the maintenance of the disruptive factors in the economic, social and environmental perspective also requires the continue the necessary derogations in order to limit the negative effects during the crisis. The solution lies in the flexibility given to Member States in terms of conditionality to achieve the targets set by green architecture, using resources more efficiently, with more measures available that focus on sustainable production instead of putting land out of production.

In terms of sustainability, it is necessary to ensure mechanisms for rapid adaptation of agricultural practices so that farmers can effectively reduce production losses and/or additional expenses caused by climate factors that increasingly affect their production and productivity, so that they are able to continue agricultural activities and also avoid food security risks.

The issue of conditionalities in the context of the implementation of the National Strategic Plans remains a crucial one from the perspective of applying GAEC7 and GAEC8 standards, if we consider the need to ensure predictability for farmers in terms of the conditions they must apply in the 2024. Thus, the derogation from the application of these 2 standards for the year 2024 is essential, given the difficult situation facing European farmers.

The decision to derogate from GAEC 7 and GAEC 8 rules should be taken responsibly, bearing in mind the impact on food security, farmers' incomes, customary agricultural practices and environmental protection, considering both immediate needs and long-term consequences on agriculture and environment. It is important to find a balance between the need to ensure food security, economic stability along the entire agri-food chain and the conservation of natural resources in this complex situation, being crucial to take the necessary measures to minimize the negative impact on economy, consumers, environment and, in particular, on the agri-food sector.

The arguments for extending the exemptions for the application of GAEC 7 and GAEC 8 in the year 2024 cover at least the following aspects:

- ✓ **Food security:** In crisis situations, such as climatic ones accompanied by an immediate border conflict and a prolonged economic crisis, ensuring food security becomes a critical priority. Exemptions from the application of GAEC 7 and GAEC 8 would allow farmers the necessary flexibility to focus on the production of staple foods, in immediate market demand, to meet increased domestic and foreign demand and to maintain supply stability in the short and medium term.
- ✓ **Sustainable agricultural practices:** Derogations could continue to ensure agricultural activities according to usual practices, avoiding the adoption of practices that maximize income at the expense of environmental protection.
- ✓ **Farmers' incomes:** the derogation could allow farmers to better adapt to climate risks and market changes, thereby protecting their incomes by increasing production of crops in demand on the market and reducing losses due to adverse conditions. For many farmers, agricultural land is the main source of income, and restricting its use can lead to reduced income and financial difficulties. This would implicitly ensure the continuation of the agricultural activity of the affected farmers.

**In the light of the above mentioned arguments, we kindly ask the European Commission to adopt the legal base for also applying the exemption from GAEC 7 and GAEC 8 for the year 2024.**