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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 - Preparation of the Council debate

With a view to the meeting of the Council (Agriculture and Fisheries) on 26 March 2024, delegations will find in the Annex a background document on the above-mentioned subject including a question suggested by the Presidency to frame the ministerial debate.

Market situation in particular following the invasion of Ukraine

European farmers continue to face challenges linked to a combination of factors involving lower output prices, high production costs and adverse weather conditions leading to reduced profitability.

Despite favourable developments in production costs over the past few months, with decreasing prices for fertilisers, energy and animal feed, production costs remain high while farm gate prices decreased. Other factors exacerbating the situation of agricultural markets include high interest rates and inflationary pressures, adverse weather events, high labour costs and the impact of the wars in Ukraine and the Middle East, which create disruptions on (regional) agricultural markets and put pressure on international trade in goods. The cereal, meat and wine sectors appear among those most affected.

The latest version of the monthly commodity price dashboard published by the Commission on 1 March 2024 provides an overview of the situation and is available on:

https://agriculture.ec.europa.eu/document/download/3803b9e2-78dd-4d71-a8f7-f04cc04afb42_en?filename=commodity-price-dashboard_2024-02_en_0.pdf

On 19 March 2024, the Council and the European Parliament reached a provisional agreement to renew the suspension of import duties and quotas on Ukrainian exports to the EU for another year, until 5 June 2025. This renewal reaffirms the EU's unwavering political and economic support for Ukraine, after two years of Russia's unprovoked and unjustified military aggression. At the same time, the EU has decided to reinforce the protection of sensitive agricultural products by beefing up safeguards already included in the current regulation on temporary trade-liberalisation measures, in order to take into account any adverse impact on the market of one or several member states, rather than just on the EU market as a whole, as is the case now. A new automatic safeguard will also be added for certain sensitive products, such as poultry, eggs, sugar, oats, maize, groats and honey.

In order to frame the ministerial debate for the “Agriculture and Fisheries” Council meeting on 26 March, the Presidency suggests the following question:

- What solutions and strategies do you envisage to tackle the short-term and long-term challenges in the market situation for agricultural products?
