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NOTE

From:	General Secretariat of the Council
To:	Delegations
Subject:	AOB item for the meeting of the "Agriculture and Fisheries" Council on 26 May 2026: Request for the introduction of a derogation from the N+2 rule under the CAP Strategic Plan for Agriculture and Rural Development for the period 2023–2027 *- Information from Bulgaria, supported by Czechia, Greece, Hungary, Romania and Slovakia*

At present, European farmers are still striving to cope with the consequences of the ongoing war in Ukraine, climate change, various phytosanitary and veterinary risks, as well as the need to adapt to increasingly high consumer expectations regarding the products they produce. Against this background, the war in the Persian Gulf and the subsequent blockage of the Strait of Hormuz further aggravate the situation due to the sharp increase in crude oil prices.

The effects of the Gulf war are already being felt directly in the agricultural sector, primarily through the sharp increase in fuel prices, which is raising production costs and leading farmers to postpone less urgent investments in order to prioritize the most essential expenditures. Diesel remains an irreplaceable resource for a vast proportion of agricultural machinery, including tractors, combine harvesters, irrigation pumps, drying installations, etc.

We are concerned, however, that **the main price shock is yet to come**, as existing stocks of fuel and fertilizers purchased at lower prices are currently being partially consumed.

Different sectoral associations are warning of a deepening crisis and an expected new wave of bankruptcies in the sector, mainly due to the dramatic increase in fuel and fertilizer costs, which is placing farmers in an extremely difficult position against the backdrop of declining purchase prices for agricultural commodities.

Particularly alarming is the fact that, during the current year 2026, both the situation and the war in the Persian Gulf remain entirely unpredictable:

- enterprises in the EU are affected both directly and indirectly through shrinking demand, **disruption of existing contracts and projects with consequent loss of turnover**, interruptions in supply chains, particularly for raw materials and intermediate products, or other inputs which are no longer available or economically affordable;
- **disruptions are being observed in supply chains** for the import of certain products, especially fertilizers and plant protection products, considering that Israel is one of the major producers of such products, while Iran and the Gulf countries provide more than 20% of global energy market supplies through the Strait of Hormuz alone;
- **there is a sharp increase in production costs**, partly due to the rise in the cost of nitrogen fertilizers resulting from the exceptional increase in natural gas and crude oil prices, but also due to the direct use of energy in agricultural production processes.

We are seriously concerned that all these developments will result in the inability of agricultural producers to fulfil already undertaken commitments within the required deadlines, including the timely implementation of signed contracts. This would automatically lead to a reduction in the volume of actually disbursed funds, with a tendency for postponement to the following calendar year.

In accordance with EU legislation, the programmes under the European Agricultural Fund for Rural Development (EAFRD) for the period 2014–2022 operated under the N+3 decommitment rule, whereas the CAP Strategic Plans for the period 2023–2027 follow the N+2 rule.

By its very nature, the EAFRD is comparable to the cohesion policy funds and the European Maritime, Fisheries and Aquaculture Fund, where the N+3 rule continues to apply during the 2021-2027 period (except for 2027, when the N+2 rule applies).

In this context, **we specifically propose that, solely for calendar year 2026 (financial plan budget year 2024), a full derogation from the provisions of Article 34(1) of Regulation (EU) 2021/2116 of the European Parliament and of the Council of 2 December 2021 (the N+2 rule) be introduced for all Member States**.

In this way, on the one hand, **an additional financial resource would indirectly be ensured, which under normal circumstances would otherwise be decommitted from the CAP Strategic Plans due to the inability to implement investments or produce sufficient quantities of output under undertaken commitments**. This would support compliant beneficiaries who are prevented, for reasons beyond their control, from fulfilling contractual obligations or previously undertaken commitments, including those with the intention to undertake future commitments.

On the other hand, such a derogation would save substantial administrative resources both for Member States and for the Commission services by avoiding the need to submit, examine and approve/reject force majeure-related requests for projects falling within such circumstances during the following calendar year.

Thirdly, but equally importantly, such a derogation would not affect in any way the closure of the Strategic Plans themselves, but would provide valuable time for all beneficiaries to address various delays in supply chains for machinery, fuel and raw materials.

We call on the European Commission to initiate a targeted amendment to Regulation (EU) 2021/2116 by **introducing a derogation to paragraph 1 of Article 34 "Automatic decommitment for CAP Strategic Plans"**, as follows:

"By way of derogation from Article 34(1), that provision shall not apply to the budget allocations for the year 2024 referred to in Annex XI 'Breakdown of Union support for rural development interventions (2023–2027)' pursuant to Article 89(3) of Regulation (EU) 2021/2115 of the European Parliament and of the Council of 2 December 2021."

This exceptional and temporary measure would provide the necessary stability and predictability for farmers and rural beneficiaries across the European Union during a period of serious geopolitical uncertainty and unprecedented market instability.

We are fully aware that such a change would require considerable efforts and accelerated work at different levels, but believe that the remaining time until the end of the year still provides such an opportunity.
