

Russia's aggression against Ukraine – EU response

Head of Unit AGRI E3 Animal Products

Milk CDG – 3 October 2022

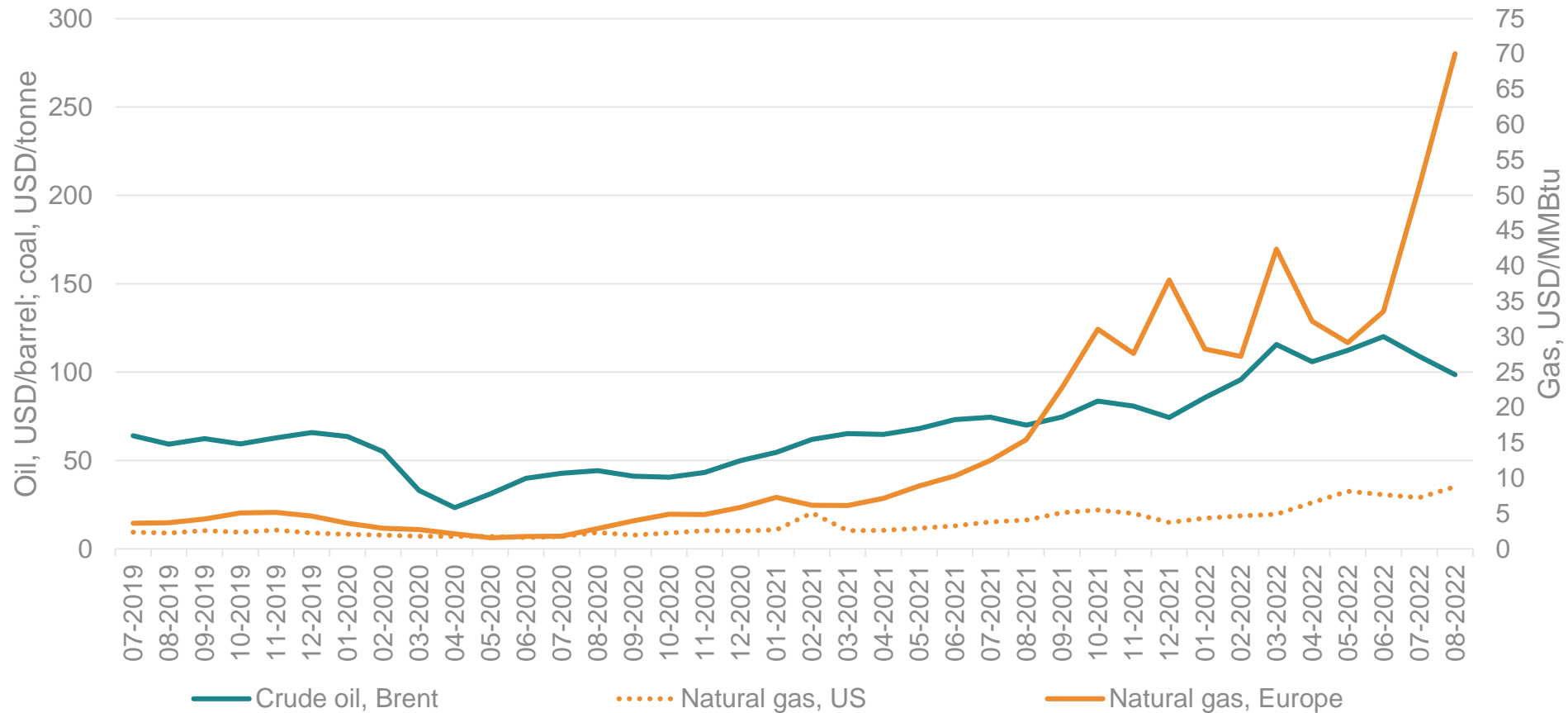
Safeguarding food security – context

- **Russia's invasion of Ukraine** destabilises already fragile agricultural markets (increasing input costs)
- **Covid-19 and climate change** put agriculture under pressure (droughts, floods, heatwaves, sea level rise)
- **Food supply is not at stake in the EU** (main wheat and barley exporter, self-sufficient in maize, sugar, animal products) but affordability is in question
- **Dependence on imports** of energy, fertilizers, animal feed
- **Main concerns:** crops, natural gas, fertilizer, etc.
- **Global food security** - EU Solidarity lanes + Duty free quota free trade liberalisation for 1 year – UN temporary Black Sea deal

Direct and indirect food security impact of the war in Ukraine

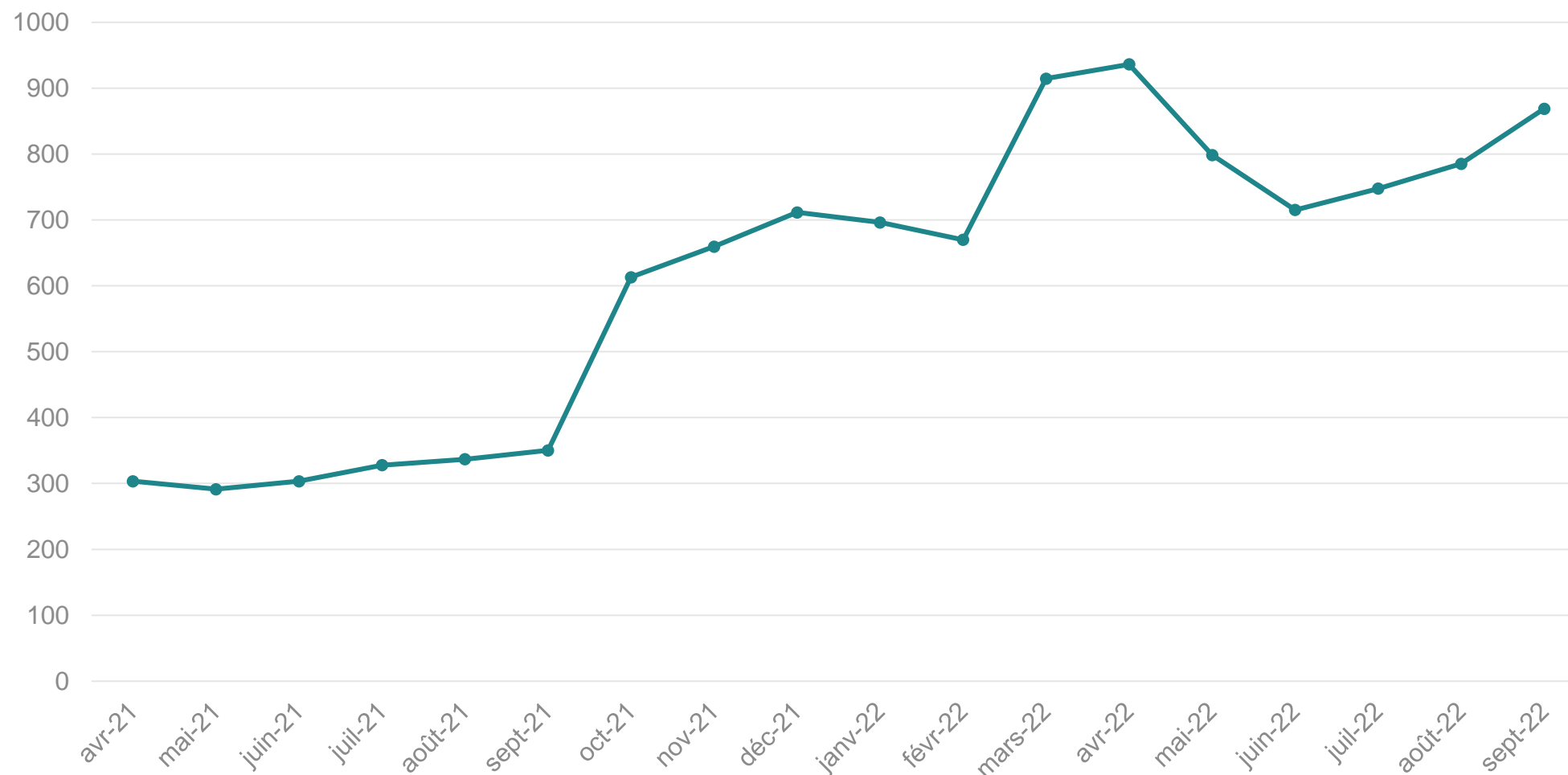


Energy prices



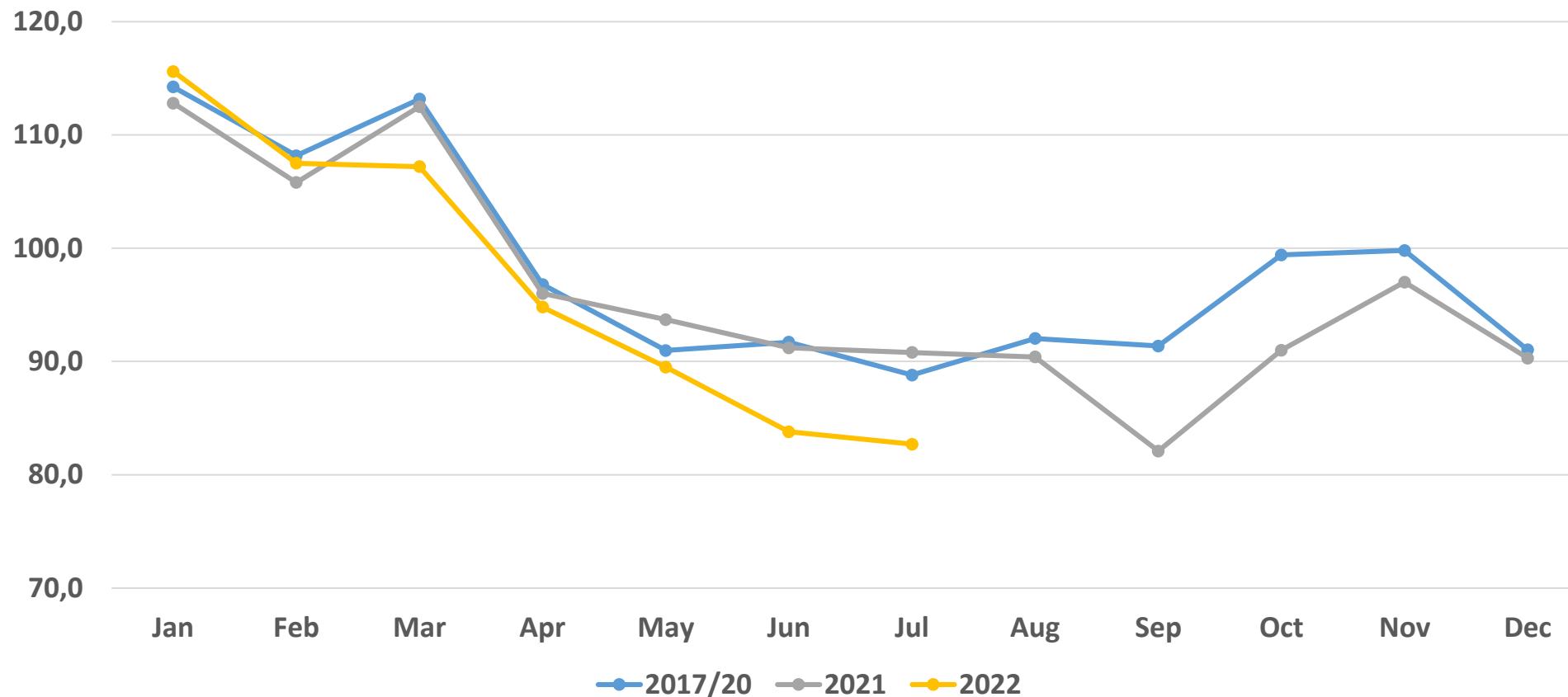
Source: World Bank

Fertilisers EU domestic price



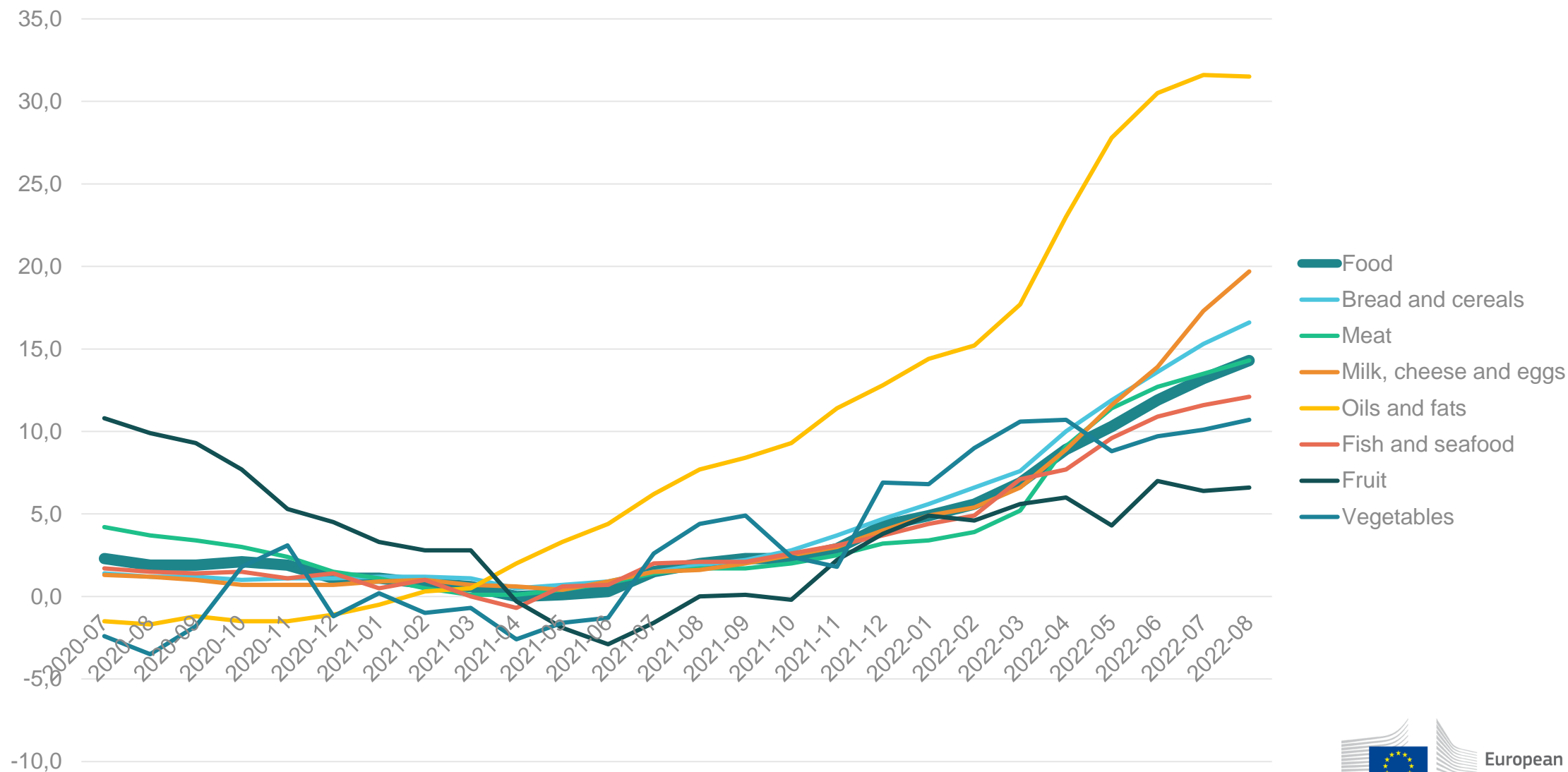
Average Nitrogen fertilisers price EUR/t
DG AGRI calculations from IHS Markit data

Fertilisers production



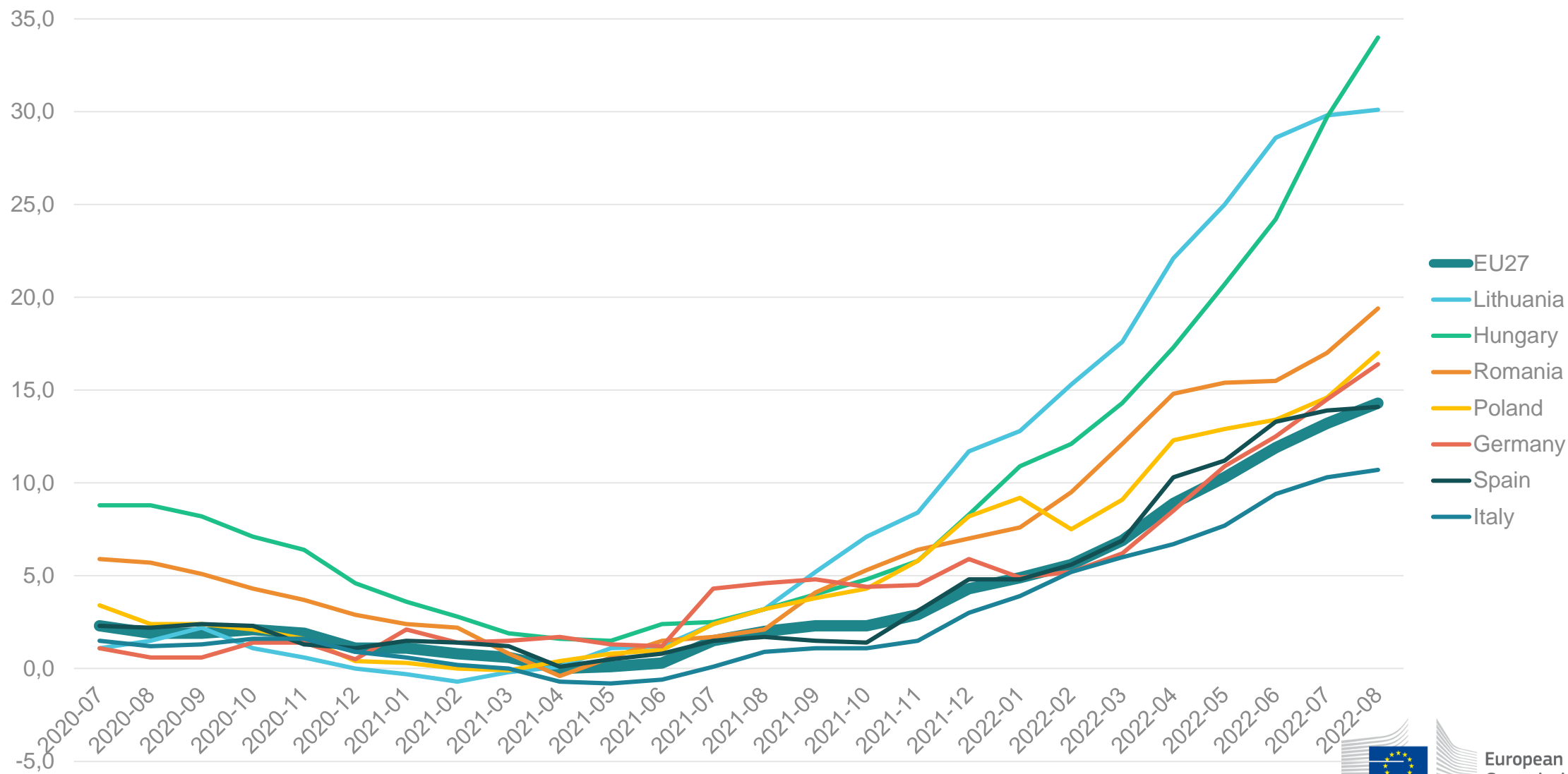
Volume index of production - Manufacture of fertilisers and nitrogen compounds
Eurostat Short term Business Statistics (Index 100 = 2015)

Food price inflation %



Sources: Eurostat

Food price inflation %



Sources: Eurostat

Actions for global food security

- **Ukraine:** EUR 330 million support package to strengthen resilience (capacity building; rehabilitation of critical infrastructure; digital, cybersecurity energy and food security) + **solidarity lanes**
- **North Africa:** EUR 225 million “Food and Resilience Facility” to the region most dependent on agricultural supplies from Ukraine (and Russia)
- **Africa:** EUR 1 billion Team Europe mobilisation for the Sahel and Lake Chad regions; EUR 600 million for the Horn of Africa
- **Global:** EUR 5 billion package of humanitarian and development assistance for global food security in the period 2021-24 (+ debt relief)



Measures for Europe

- **Support to the most deprived** through the specific EU fund (FEAD) managed by Member States
- **500 million EUR** to support the most affected farmers (R. 2022/467)
- **Increased advances on direct payment** (from 16 October)
- **Temporary Crisis Framework for State aid** (like for Covid-19) covering farmers (max 35 000 EUR/farm) and fertilizer producers
- **Derogation from greening in 2022:** to increase food supply (4 million ha = 5,7% EU farming land = 1,7 million ha fallow land + 2,2 million ha nitrogen fixing crops), Member States can authorise production (of any crop) on land lying fallow (including using plant protection products) with that land keeping its status of ecological focus area and still counting as a different crop in crop diversification + derogation from **GAECs** for food (GAEC 7 'crop rotation' and the first requirement under GAEC 8 'minimum share of agricultural area devoted to non-productive areas')
- **VAT:** possibility for Member States to reduce their tax rates
- **Crisis preparedness and response:** new Expert Group to map vulnerabilities and recommend measures
- **Temporary flexibility** on imports of animal feed
- **Monthly stock follow up** for essential food
- **Strategic Plans** : priority to investments that decrease dependence on gas (biogas), diesel, pesticides, fertilizers (precision farming, agroecology)
- **Energy package:** 140 billion EUR fund from taxes on fossil fuel companies + solidarity levy on electricity companies' unexpected super-profits – energy priorities to be decided by MS

500 million EUR exceptional adjustment aid

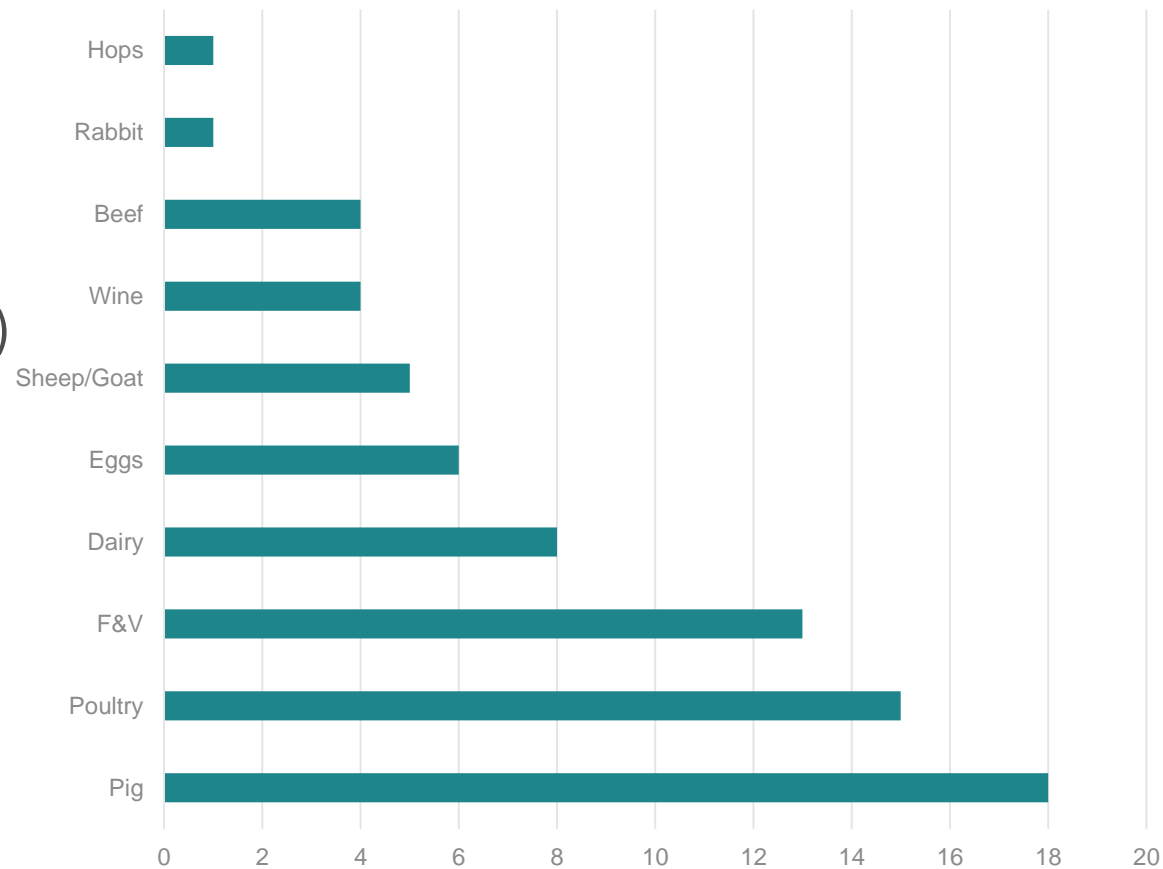
- **Historic:** first ever use of the crisis reserve (350 million EUR) transferred on 20 April
- **Sectors:** any agricultural sector covered by the CMO, most affected
- **Eligibility:** farmers engaged in (food security)
 - Circular economy
 - Nutrient management
 - Efficient use of resources
 - Environmental or climate friendly production methods
- **National top-up:** up to 200% of the EU envelope
- **Deadlines:** payment to farmers by 30 September 2022, MS' notifications to the Commission by 30 June 2022 (explaining measures) and 15 May 2023

Summary of MS notifications due by 30 June 2022

- Total **budget**: EUR 1.2 billion (EUR 500 million EU + EUR 700 million national top-up)
- Most targeted **sectors**:
 - Livestock
 - Fruit & vegetables
- Main **eligibility**: environmental/climate friendly production methods
- **Overview published on Europa** on 7 July:
https://ec.europa.eu/info/sites/default/files/food-farming-fisheries/key_policies/documents/ms-distribution-exceptional-package-500mil_070722_en.pdf

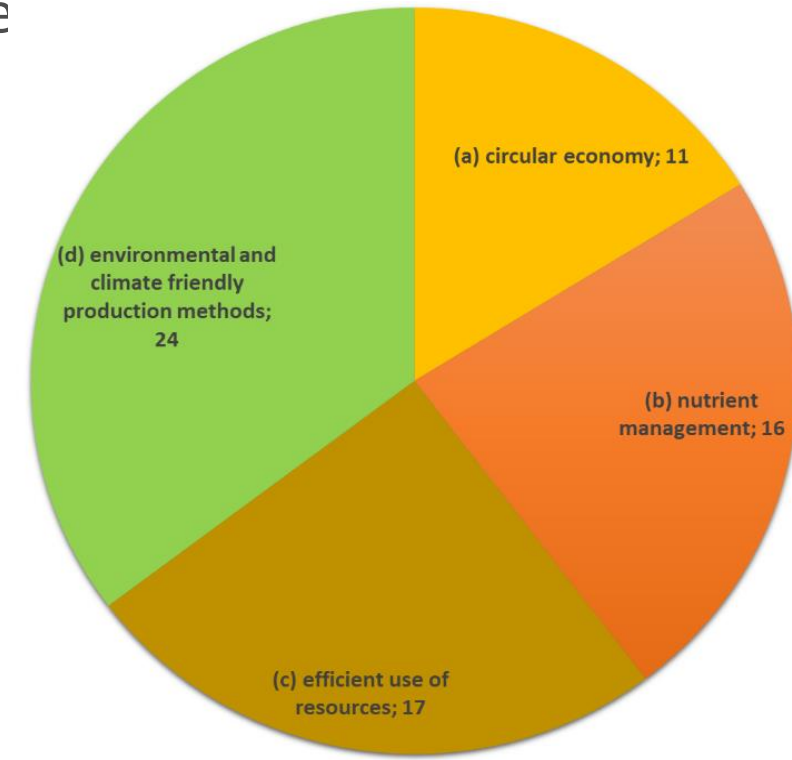
Sectors targeted by MS (excluding DK and LU)

- **Pig** targeted by **18** MS
- **Poultry** by **15**
- **Fruit & vegetables** by **13**
- **Dairy** by **8** (CZ, EE, FR, HR, IT, PT, SI, SK)
- **Eggs** by **6**
- **Sheep & goat** by **5**
- **Wine** by **4**
- **Beef** by **4**
- **Rabbit** by **1**
- **Hops** by **1**
















Conditionality















- Most frequent eligibility criteria: environmental and climate friendly production methods (greening, organic farming, integrated production, environmental/climate payments)
- Examples of tailored eligibility:
 - integrated pest management
 - holdings in nitrate vulnerable zones
 - manure management, slurry processing, ammonia reduction, waste treatment, manure/waste used in biogas plants
 - temporary herd reduction
 - water/electricity efficiency system, solar or wind power plants
 - automated feeding
 - control of milk processing



Overview on Europa 1/2:

MS	EU Envelope (€)	Top up	Sectors	Activities Art 1(3)*
 AT	8 998 887	0	Fruit and vegetables	c
 BE	6 268 410	12 394 231	Pigmeat; Poultrymeat; Eggs Goat's milk; Fruit and vegetables Live flowers and ornamental foliage	a, b, c, d
 BG	10 611 143	21 222 286	Poultrymeat Pigmeat Wine Fruit and vegetables	b, c, d
 CZ	11 249 937	22 499 874	Pigmeat Poultrymeat Dairy Fruit and vegetables	a, b, c, d
 CY	632 153	632 153	Pigmeat	d
 DE	60 059 869	120 000 000	Fruit and vegetables Hops Wine Poultrymeat Pigmeat	d
 DK	10 389 359	0	All agricultural sectors	d
 EE	2 571 111	5 039 389	Dairy Pigmeat Sheep/Goat	b, c, d
 EL	26 298 105	0	Fruit and vegetables	b, c, d
 ES	64 490 253	128 980 506	Beef Sheep and goat Poultrymeat Rabbitmeat Fruit and vegetables	a, b, c, d
 FI	6 872 674	13 745 348	Pigmeat Poultrymeat Fruit and vegetables	a, b, c
 FR	89 330 157	178 660 314	Livestock	a, b, c, d
 HU	16 939 316	0	Poultrymeat Pigmeat	d

Overview on Europa 1/2:

 HR	5 354 710	5 205 788	Dairy Pigmeat Poultrymeat Eggs	a, d
 IE	15 754 693	0	Pigmeat Fruit and vegetables	a, b, c, d
 IT	48 116 688	96 233 376	Dairy Beef	d ('animal welfare')
 LT	7 682 787	15 800 000	Poultrymeat Pigmeat	a, b, c, d
 LU	443 570	887 140	All agricultural sectors	d
 LV	4 235 161	5 000 000	Pigmeat Poultrymeat Fruit and vegetables	a, b, c, d
 MT	69 059	0	Fruit and vegetables	d
 NL	8 097 139	0	Pigmeat Poultrymeat	d
 PL	44 844 365	6 405 466	Fruit and vegetables Pigmeat	a, b, c, d
 PT	9 105 131	18 200 000	Poultrymeat Eggs Pigmeat Dairy Beef	a, b, c, d
 RO	25 490 649	26 100 000	Fruit and vegetables Wine Pigmeat Poultrymeat	d, e, f
 SE	9 109 115	18 218 230	Poultrymeat Eggs	Not indicated
 SI	1 746 390	3 492 780	Dairy	d
 SK	5 239 169	10 478 338	Dairy Pigmeat Sheep and goat (milk and meat)	b, c

*

- (a) circular economy;
- (b) nutrient management;
- (c) efficient use of resources;
- (d) environmental and climate friendly production methods.

Restons en contact



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Merci!



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