



Brussels, 14.7.2023
C(2023) 4854 final

COMMISSION IMPLEMENTING REGULATION (EU) .../...

of 14.7.2023

**providing for emergency financial support for the agricultural sectors affected by
specific problems impacting on the economic viability of agricultural producers**

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providing for emergency financial support for the agricultural sectors affected by specific problems impacting on the economic viability of agricultural producers

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 1308/2013 of the European Parliament and of the Council of 17 December 2013 establishing a common organisation of the markets in agricultural products and repealing Council Regulations (EEC) No 922/72, (EEC) No 234/79, (EC) No 1037/2001 and (EC) No 1234/2007¹, and in particular Article 221(1) thereof,

Whereas:

- (1) The Covid-19 pandemic, its impact on food supply chains, and the surge in the prices of energy and agricultural inputs since autumn 2021 have been putting the agricultural sector under pressure. Input prices have increased significantly in all agricultural sectors. Energy and fertiliser costs have surged due to the geo-political and geo-economic developments even before Russia's war of aggression against Ukraine which aggravated the situation and had a further markedly negative impact on market expectations.
- (2) As a result, the share of energy and fertilisers costs in total intermediate consumption had increased significantly in 2022, with the largest increase being observed for field crops and permanent crops farms, in both cases because of their exposure to fertiliser costs. Fertiliser prices are still at historically very high levels. Data suggests that farmers have reacted by reducing their use of fertilisers with, as of yet, uncertain negative consequences on yields and the quality of food and feed products.
- (3) The prices of other inputs for farmers and food chain operators such as for example plant protection products and animal health treatments, machinery and packaging have increased in line with the general inflation.
- (4) Agricultural product prices had also increased in 2022 against the backdrop of the recovery from the Covid-19 pandemic and concerns about sufficient global supplies in the aftermath of Russia's attack on Ukraine. And yet, in certain sectors such as the dairy, wine or fruit and vegetables sectors, these high prices had not been able to compensate for worsening business outcomes due to the higher input costs.
- (5) Recently, prices for most agricultural products such as cereals, oilseeds, dairy products or wine have been falling significantly. In certain Member States and regions, the

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¹ Regulation (EU) No 1308/2013 of the European Parliament and of the Council of 17 December 2013 establishing a common organisation of the markets in agricultural products and repealing Council Regulations (EEC) No 922/72, (EEC) No 234/79, (EC) No 1037/2001 and (EC) No 1234/2007 (OJ L 347, 20.12.2013, p. 671).

situation has become particularly difficult as the ratio between input prices and agricultural product prices has deteriorated.

- (6) The increased costs for producers have fuelled high consumer prices for food products across the Union, which has had consequences for the affordability of food. The most recent figures show a persistently high food price inflation for consumers of over 15 % across the Union. In certain Member States, the values reach almost 40 %. There is evidence that high prices have been affecting the level of consumption in certain food sectors, such as meat, wine or fruit and vegetables. Consumers have been shifting demand to less expensive food and away from food such as organic food, wine and food protected by designations of origin and geographical indications. Such demand shifts are liable to negatively impact returns on investment accruing to producers.
- (7) In certain agricultural sectors and in certain Member States this overall scenario of economic difficulty has been compounded by urgent sector-specific challenges.
- (8) Recent exceptional regional adverse meteorological events such as drought (Spain, Italy and Portugal) and floods (Italy) have caused significant damage to agricultural producers which endangers their economic viability. While there are indications that such events occur in an overall context of increasing climate-change related risks to agriculture, the intensity of those events has been extraordinary.
- (9) As regards the cereals and oilseeds sector, the extreme weather events hitting various Union producing regions are seriously compromising spring and summer crops, in terms of volume and quality. The sector faces decreasing prices. Compared to last year, cereal prices dropped by about 40 %. This creates problems for farmers, as many had purchased expensive inputs in the recent months and now face market prices for their products that hardly, or in some cases do not, cover their costs. Furthermore, some farmers could not sow their fields due to the low levels of soil-humidity and low availabilities of water for irrigation, which will lead to a drop in production and yields. This is particularly the case in Czechia, Denmark, Ireland, Spain, France, Cyprus, Latvia, Austria, Portugal, Slovenia and Sweden.
- (10) The market situation in the fruit and vegetables sector is very difficult, due to the high inflation affecting consumption, which is estimated to have dropped by at least 10 %, compounded by high energy cost. Energy is an important cost factor in glasshouse production and in the post-harvest logistics. As a result, producers continue to face pressure concerning their margins despite the increase in agricultural prices. The hops sector faces similar challenges. The situation is affecting several Member States, in particular Belgium, Czechia, Germany, Estonia, Ireland, Greece, Croatia, Italy, Cyprus, Latvia, the Netherlands, Slovenia and Finland.
- (11) In the animal sector, the high prices of feed combined with the price of energy and general inflation are causing serious difficulties for producers. Despite overall favourable price levels for beef, pig-meat and poultry, producers face problems in covering their production costs. These are even more pronounced in the dairy sector, since prices have started to decrease significantly from their highs at the end of 2022. Moreover, consumer prices for food products affect consumer demand for quality products, that constitute a large share of the income of farmers in those sectors. The dairy sector in Latvia and Lithuania is in a particularly challenging situation as national milk prices have decreased more than in other Member States. But also in Belgium, Czechia, Germany, Estonia, Greece, Spain, France, Croatia, Italy, Cyprus, Luxembourg, Malta, Austria, Slovenia and Finland, the livestock sectors find themselves in the above-mentioned difficulties.

- (12) The contraction of demand due to inflation, including in export markets, combined with high levels of supply, affect in particular the wine sector in certain regions, especially as regards red and rosé wines. Uncertainty on the wine market has also been fuelled by increased input costs and irregular weather events. Germany, Spain, France, Italy and Portugal are particularly affected by this development.
- (13) It is possible that the temporary crisis distillation measure introduced in Article 2 of Commission Delegated Regulation (EU) 2023/1225² allowing Member States to introduce national support programmes in the wine sector will not suffice to address the situation due to the financial limitation of the programmes. Therefore, Member States should be allowed to use further financial resources to reinforce their budget allocations for the national support programmes in the wine sector with a view to financing further distillation operations subject to the same eligibility requirements and support conditions, with the exception of the implementation deadline which should be adapted for the operations financed under this Regulation. If a Member States chooses to avail of this possibility, the Union financial contribution provided by this Regulation should be available in addition to the financial allocations laid down in Annex VII to Regulation (EU) 2021/2115 of the European Parliament and of the Council³ for the financial years 2023 and 2024.
- (14) The still very high input prices, the fall in prices for agricultural products, as well as the problems affecting certain sectors and Members States are liable to cause liquidity problems for agricultural producers. Member States have been resorting to state aid measures under Union state aid rules to try to tackle the situation.
- (15) The Commission decided upon two agricultural emergency support packages benefitting certain Member States to compensate farmers in the most affected sectors of cereals and oilseeds: Commission Implementing Regulations (EU) 2023/739⁴ and (EU) 2023/1343⁵ aimed at addressing the negative effects caused by the pressure on prices in the said sectors. The present third emergency support package concerns farmers in other Member States who suffer from specific problems impacting on the viability of agricultural production.
- (16) An exceptional measure should therefore be adopted to contribute to addressing the specific problems identified and to forestalling a rapid deterioration of production in those Member States that have not been beneficiaries of the two recent agricultural

² Commission Delegated Regulation (EU) 2023/1225 of 22 June 2023 on temporary exceptional measures derogating from certain provisions of Regulation (EU) No 1308/2013 of the European Parliament and of the Council to address the market disturbance in the wine sector in certain Member States and derogating from Commission Delegated Regulation (EU) 2016/1149 (OJ L 160, 26.6.2023, p. 12).

³ Regulation (EU) 2021/2115 of the European Parliament and of the Council of 2 December 2021 establishing rules on support for strategic plans to be drawn up by Member States under the common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulations (EU) No 1305/2013 and (EU) No 1307/2013 (OJ L 435, 6.12.2021, p. 1).

⁴ Commission Implementing Regulation (EU) 2023/739 of 4 April 2023 providing for an emergency support measure for the cereal and oilseed sectors in Bulgaria, Poland and Romania (OJ L 96, 5.4.2023, p. 80).

⁵ Commission Implementing Regulation (EU) 2023/1343 of 30 June 2023 providing for an emergency support measure for the cereal and oilseed sectors in Bulgaria, Hungary, Poland, Romania and Slovakia (OJ L 168, 3.7.2023, p. 22).

support packages laid down by Implementing Regulations (EU) 2023/739 and (EU) 2023/1343.

- (17) The difficulties mentioned constitute specific problems within the meaning of Article 221 of Regulation (EU) No 1308/2013. They cannot be readily addressed by measures taken pursuant to Articles 219 or 220 of that Regulation. The situation is not specifically linked to an existing particular market disturbance or a precise threat thereof. It is not linked either to measures that would combat the spread of animal diseases or the loss of consumer confidence due to public, animal or plant health risks.
- (18) The amounts available to the beneficiary Member States should be determined, taking into account in particular their respective weight in the Union's agricultural sector, on the basis of the net ceilings for direct payments set out in Annex III to Regulation (EU) No 1307/2013 of the European Parliament and of the Council⁶. The amounts for Spain, Italy and Portugal should take into account that these countries are the main Member States affected by the exceptional adverse meteorological events. The amounts for Latvia and Lithuania should take into account that these countries face a particularly challenging situation in the dairy sector.
- (19) The beneficiary Member States should distribute the aid through the most effective channels on the basis of objective and non-discriminatory criteria that take account of the extent of the difficulties and economic damages faced by the farmers concerned. They should ensure that farmers are the ultimate beneficiaries of the aid and avoid any distortions of the market or of competition.
- (20) As the amounts allocated to the beneficiary Member States would address the economic difficulties faced by farmers only partially, these Member States should be allowed to grant additional national support to producers, under the conditions and within the time limits set by this Regulation.
- (21) In order to give the beneficiary Member States the flexibility to distribute the aid as circumstances of the farmers concerned require, they should be allowed to cumulate it with other support financed by the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development without overcompensating the farmers.
- (22) In order to avoid overcompensation, the beneficiary Member States should take into account the support granted under other national or Union support instruments or private schemes to respond to the economic losses concerned.
- (23) As the Union aid is fixed in euro, it is necessary, in order to ensure a uniform and simultaneous application, to fix a date for the conversion of the amount allocated to Member States not having adopted the euro as their national currencies, as it is the case for Czechia, Denmark and Sweden. Since this Regulation does not provide for a deadline for the submission of the applications for aid, it is appropriate to consider, for the purposes of Article 30(3) of Commission Delegated Regulation (EU) 2022/127⁷,

⁶ Regulation (EU) No 1307/2013 of the European Parliament and of the Council of 17 December 2013 establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy and repealing Council Regulation (EC) No 637/2008 and Council Regulation (EC) No 73/2009 (OJ L 347, 20.12.2013, p. 608).

⁷ Commission Delegated Regulation (EU) 2022/127 of 7 December 2021 supplementing Regulation (EU) 2021/2116 of the European Parliament and of the Council with rules on paying agencies and other bodies, financial management, clearance of accounts, securities and use of euro (OJ L 20, 31.1.2022, p. 95).

the date of entry into force of this Regulation as the operative event for the exchange rate regarding the amounts set out in this Regulation.

- (24) For budgetary reasons, the Union should finance the expenditure incurred by the beneficiary Member States only where such expenditure is made by a certain eligibility date. The support for this exceptional measure should therefore be paid by 31 January 2024.
- (25) The beneficiary Member States should communicate to the Commission detailed information about the implementation of this Regulation, to enable the Union to monitor the efficiency of the measure introduced by this Regulation.
- (26) In order to ensure that farmers receive aid as soon as possible, the beneficiary Member States should be enabled to implement this Regulation without delay. Therefore, this Regulation should enter into force on the day following that of its publication in the *Official Journal of the European Union*.
- (27) The measure provided for in this Regulation is in accordance with the opinion of the Committee for the Common Organisation of the Agricultural Markets,

HAS ADOPTED THIS REGULATION:

Article 1

1. Union aid of a total amount of EUR 330 000 000 shall be available to Belgium, Czechia, Denmark, Germany, Estonia, Ireland, Greece, Spain, France, Croatia, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Austria, Portugal, Slovenia, Finland and Sweden, to provide exceptional support to farmers subject to the conditions set out in this Regulation.
2. The Member States referred to in paragraph 1 shall use the amounts referred to in Article 3 for measures aiming to compensate farmers in the most affected sectors such as the animal, fruit and vegetables, wine, cereals and oilseeds sectors, for the economic losses impacting on the viability of agricultural producers.
3. The measures shall be taken on the basis of objective and non-discriminatory criteria that take account of the economic losses borne by the affected farmers and ensure that the resulting payments do not cause any market or competition distortion.
4. Member States shall ensure that, when farmers are not the direct beneficiaries of the payments of the Union aid, the economic benefit of the Union aid is passed on to them in full.
5. Expenditure borne by the Member States referred to in paragraph 1 in relation to the payments for the measures referred to in paragraph 2 shall only be eligible for Union aid if those payments have been made by 31 January 2024.
6. For the purposes of Article 30(3) of Delegated Regulation (EU) 2022/127, the operative event for the exchange rate as regards the amounts set out in Article 3(1) of this Regulation shall be the date of entry into force of this Regulation.
7. Measures under this Regulation may be cumulated with other support financed by the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development.

Article 2

1. Member States referred in Article 1(1) implementing national support programmes in the wine sector may also use their financial allocations laid down in Article 3(1) of this Regulation for the purpose of financing the temporary crisis distillation measure as provided for in Article 2 of Delegated Regulation (EU) 2023/1225 in accordance with the same requirements and conditions as those provided for therein, with the exception of Article 1(2) and Article 6, first subparagraph, thereof.

2. Distillation operations financed under this Regulation may be implemented later than 15 October 2023. In this case, Articles 39 to 54 of Regulation (EU) No 1308/2013 as well as Articles 4(1), point (b), Article 5, Article 7(3), Article 17, Articles 40 to 43 and Articles 51, 52, 54, 59, 63 and 65 of Regulation (EU) No 1306/2013 of the European Parliament and of the Council⁸ shall continue to apply to these operations and payments made in their respect. Similarly, Articles 1 and 2, Article 43, Articles 48 to 54 and Article 56 of Commission Delegated Regulation (EU) 2016/1149⁹, Articles 1, 2 and 3, Articles 19 to 23, Articles 25 to 31, Article 32(1), second subparagraph, and Articles 33 to 40 of Commission Implementing Regulation (EU) 2016/1150¹⁰ shall continue to apply *mutatis mutandis*. In addition, Article 5, Article 11(1), second subparagraph, and Articles 12 and 13 of Commission Delegated Regulation (EU) No 907/2014¹¹ shall continue to apply to expenditure incurred and payments made for these distillation operations.

3. Distillation operations financed under this Regulation shall be implemented sufficiently in advance to enable payments in accordance with the eligibility date for payments referred to in Article 1(5).

4. Member States may grant additional national support for distillation operations financed under this Regulation up to a maximum of 200 % in line with the additional national support referred to in Article 3(2).

5. The Union financial support paid for distillation operations financed in accordance with paragraph 1 shall be deemed Union financial contribution for the financial year in which the payments by Member States are made.

Article 3

1. The Union expenditure incurred in accordance with Articles 1 and 2 shall not exceed a total amount of:

(a) EUR 3 912 118 for Belgium;

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⁸ Regulation (EU) No 1306/2013 of the European Parliament and of the Council of 17 December 2013 on the financing, management and monitoring of the common agricultural policy and repealing Council Regulations (EEC) No 352/78, (EC) No 165/94, (EC) No 2799/98, (EC) No 814/2000, (EC) No 1290/2005 and (EC) No 485/2008 (OJ L 347, 20.12.2013, p. 549).

⁹ Commission Delegated Regulation (EU) 2016/1149 of 15 April 2016 supplementing Regulation (EU) No 1308/2013 of the European Parliament and of the Council as regards the national support programmes in the wine sector and amending Commission Regulation (EC) No 555/2008 (OJ L 190, 15.7.2016, p. 1).

¹⁰ Commission Implementing Regulation (EU) 2016/1150 of 15 April 2016 laying down rules for the application of Regulation (EU) No 1308/2013 of the European Parliament and of the Council as regards the national support programmes in the wine sector (OJ L 190, 15.7.2016, p. 23).

¹¹ Commission Delegated Regulation (EU) No 907/2014 of 11 March 2014 supplementing Regulation (EU) No 1306/2013 of the European Parliament and of the Council with regard to paying agencies and other bodies, financial management, clearance of accounts, securities and use of euro (OJ L 255, 28.8.2014, p. 18).

- (b) EUR 6 862 150 for Czechia;
- (c) EUR 6 352 520 for Denmark;
- (d) EUR 35 767 119 for Germany;
- (e) EUR 1 722 597 for Estonia;
- (f) EUR 9 529 841 for Ireland;
- (g) EUR 15 773 591 for Greece;
- (h) EUR 81 082 911 for Spain;
- (i) EUR 53 100 820 for France;
- (j) EUR 3 371 029 for Croatia;
- (k) EUR 60 547 380 for Italy;
- (l) EUR 574 358 for Cyprus;
- (m) EUR 6 796 780 for Latvia;
- (n) EUR 10 660 962 for Lithuania;
- (o) EUR 462 680 for Luxembourg;
- (p) EUR 240 896 for Malta;
- (q) EUR 4 995 081 for Netherlands;
- (r) EUR 5 529 091 for Austria;
- (s) EUR 11 619 548 for Portugal;
- (t) EUR 1 234 202 for Slovenia;
- (u) EUR 4 269 959 for Finland;
- (v) EUR 5 594 367 for Sweden.

2. The Member States referred to in Article 1(1) may grant additional national support for the measures taken under Article 1(2) up to a maximum of 200 % of the corresponding amount set out in paragraph 1 of this Article, on the basis of objective and non-discriminatory criteria, provided that the resulting payments do not cause any market or competition distortion, or overcompensation.

3. The Member States referred to in Article 1(1) and those using their financial allocations for the purpose of financing the temporary crisis distillation measure referred to in Article 2(1), shall pay the additional support referred to in paragraph 2 of this Article and in Article 2(4), respectively, by 31 January 2024.

Article 4

In order to avoid overcompensation, when granting support under this Regulation, the Member States referred to in Article 1(1) shall take into account the support granted under other national or Union support instruments or private schemes to respond to the economic losses concerned.

Article 5

1. Without delay and no later than 30 September 2023, the Member States referred to in Article 1(1) shall notify the Commission of the following in relation to measures implemented under Article 1:

- (a) a description of the measures to be taken;
- (b) the criteria used to determine the methods for granting the aid and the rationale for distributing the aid across farmers;
- (c) the intended impact of the measures in view of compensating farmers for economic losses;
- (d) the actions taken to verify that the intended impact of the measures is reached;
- (e) the actions taken to avoid distortion of competition and overcompensation;
- (f) the forecast for payments of the Union expenditure broken-down per month until 31 January 2024;
- (g) the level of additional support granted pursuant to Article 3(2);
- (h) the actions taken to control the eligibility of farmers and to protect the financial interests of the Union.

2. No later than 15 June 2024, the Member States referred to in Articles 1(1) and 2(1) shall notify the Commission of the total amounts paid per measure, when applicable, broken down by Union aid and additional national aid, the number and type of beneficiaries and the assessment of the effectiveness of the measure.

Article 6

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 14.7.2023

For the Commission
The President
Ursula VON DER LEYEN