Exceptional adjustment aid to producers in the agricultural sectors

2022/2608(DEA) - 23/03/2022 - Non-legislative basic document

The Commission Delegated Regulation supplements Regulation (EU) No 1308/2013 of the European Parliament and of the Council establishing a common organisation of the markets in agricultural products with a view to providing **exceptional adjustment aid to producers in the agricultural sectors** due to the existence of an acute threat of market disturbance in the agricultural sector as a result of the Russian invasion of Ukraine.

Background

Russia's invasion of Ukraine on 24 February 2022 is impacting on farmers in the Union. The crisis is likely to have serious consequences on the supply of grain at global level, leading to a further increase in prices that adds to already soaring prices for energy and fertilisers.

The primary concern in trade between Ukraine and the Union is the availability of transport.

A second concern is the impossibility for the Union products to continue to flow to Ukraine and potentially also to Russia and Belarus for logistics and financial reasons, generating trade disruptions in some sectors that would translate in market imbalances in the internal market. This would affect mainly the sectors of wines and spirits, processed foods (including processed fruits and vegetables), infant formula, and pet food in the case of Russia, fruits and vegetables in the case of Belarus, animal products in the case of Ukraine.

In order to react efficiently and effectively against the **threat of a market disturbance**, it is essential that aid is made available to producers in the agricultural sectors in the Union affected by such market disturbance. Member States should choose one or more of the sectors concerned, or part of them, to support producers who suffer the most from market disturbance.

It is therefore appropriate to provide Member States with a **financial grant to support producers** engaging in activities fostering food security or addressing market imbalances, allowing for the necessary adjustment.

Content

Under the Delegated Regulation, **Union aid of a total amount of EUR 500 million** will be available to Member States to provide exceptional adjustment aid to producers in the sectors listed in Article 1(2) of Regulation (EU) No 1308/2013. The amount available to each Member State should be set out, taking into account the respective weight of each Member State in the Union's agricultural sector, on the basis of the net ceilings for direct payments set out in the Annex to Regulation (EU) No 1307/2013.

Member States will have to design measures that **contribute to food security or address market imbalances**. Farmers will be eligible for support under these measures provided that they carry out one or more of the following activities pursuing these objectives: (i) circular economy, (ii) nutrient management, (iii) resource efficiency and (iv) environmentally and climate friendly production methods.

The measures taken by the Member States will contribute to food security or to address market imbalances and shall support farmers who engage in one or more of the following activities pursuing these goals: (i) circular economy; (ii) nutrient management; (iii) efficient use of resources;

(iv) environmental and climate friendly production methods.

Member States' expenditure in relation to the payments for the measures will only be eligible for Union aid if those payments have been made by 30 September 2022. 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.

Member States may grant additional national aid for the measures taken under the Regulation up to a maximum of **200 %** of the corresponding amount set out for each Member State in the Annex, on the basis of objective and non-discriminatory criteria, provided that the resulting payments do not cause distortion of competition. Member States will pay the additional support by 30 September 2022.

In order to ensure **transparency, monitoring and proper administration of the amounts** available to them, Member States should inform the Commission of the concrete measures to be taken, the criteria used to establish them, the rationale for distributing the aid across the different sectors, the measures taken to avoid distortion of competition in the markets concerned, the intended impact of the measures and the methods to check that it is achieved.

This Regulation will enter into force on the day following that of its publication in the Official Journal of the European Union. It will apply on condition that the transfer of **EUR 350 million** from the reserve to the budget line financing the exceptional measure is made in accordance with Regulation (EU, Euratom) 2018/1046 on the financial rules applicable to the general budget of the Union.