

Exceptional temporary support under the European Agricultural Fund for Rural Development (EAFRD) in response to the impact of Russia's invasion of Ukraine

2022/0166(COD) - 20/05/2022 - Legislative proposal

PURPOSE: to remedy the exceptional situation in the EU's agricultural and food sectors caused by the consequences of the Russian invasion of Ukraine.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: farmers and rural businesses have been affected by the consequences of Russia's invasion of Ukraine in an unprecedented manner. Increasing input prices, notably for energy, fertiliser and animal feed, have created economic disruption to the agricultural sector and rural communities and led to liquidity problems for farmers and small rural businesses active in processing, marketing or development of agricultural products. This has created an exceptional situation which needs to be addressed.

This is in addition to the pressure on European agriculture from the COVID-19 pandemic. Climate change and environmental issues must also be taken into account.

CONTENT: to deal with the consequences of the Russian invasion of Ukraine, the regulation provides for a **new exceptional and temporary measure** to address the liquidity problems that put at risk the continuity of farming activities and of small businesses that process agricultural products.

The amendment to Regulation (EU) No 1305/2013 of the European Parliament and of the Council introduces an **additional measure, financed by the European Agricultural Fund for Rural Development (EAFRD)**, which will allow Member States to provide liquidity support to farmers and agri-food businesses affected by significant increases in input costs, in particular to feed and fertiliser undertakings as well as energy-intensive undertakings in the processing industry which experience increased gas and electricity costs.

With a view to ensuring the most efficient use of resources available under existing rural development programmes, Member States will be required to substantiate the targeting of the support to those most affected, based on objective and non-discriminatory criteria.

The support, which aims to secure competitiveness of agri-food businesses and farm viability in the EU, should be granted on the basis of objective and non-discriminatory criteria. The support provided by the Member States should contribute to food security or address market imbalances and shall support farmers or SMEs engaging in one or more of the following activities pursuing those goals:

- (a) circular economy;
- (b) nutrient management;

(c) efficient use of resources;

(d) environmental and climate friendly production methods

The support should take the form of a **lump sum payment** to be paid by 15 October 2023 at the latest, on the basis of applications for support approved by the competent authority by 31 March 2023 at the latest. The maximum amount of support should not exceed **EUR 15 000 per farmer and EUR 100 000 per SME**.

The EAFRD support should not exceed 5% of the total EAFRD contribution to the rural development programme for the years 2021-2022.

BUDGETARY IMPLICATIONS: the proposed modification does not imply any changes in the Multiannual Financial Framework annual ceilings for commitments and payments.

The total annual breakdown of commitment appropriations under European Agricultural Fund for Rural Development (EAFRD) remains unchanged. Payments to beneficiaries will be made before 15 October 2023, and hence to be financed under the 2023 budget. The payment appropriations needed to finance this measure are to be accommodated within the appropriations for the EAFRD included in the Commission's forthcoming Draft Budget 2023 and will be offset by a corresponding decrease in payment needs in subsequent years.