



# OPINION

European Economic and Social Committee

## European Agricultural Fund for Rural Development / Ukraine

Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 1305/2013 as regards a specific measure to provide exceptional temporary support under the European Agricultural Fund for Rural Development (EAFRD) in response to the impact of Russia's invasion of Ukraine  
[COM(2022) 242 final — 2022/0166 (COD)]

**NAT/872**

Rapporteur-general: **Arnold PUECH D'ALISSAC**

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| Referrals                                    | Council, 25/05/2022<br>European Parliament, 06/06/2022                            |
| Legal basis                                  | Articles 42, 43(3) and 304 of the Treaty on the Functioning of the European Union |
| Section responsible                          | Agriculture, Rural Development and Environment                                    |
| Adopted at plenary                           | 16/06/2022  |
| Plenary session No                           | 570   |
| Outcome of vote<br>(for/against/abstentions) | 188/0/3   |

## 1. **Conclusions and recommendations**

- 1.1 Russia's invasion of Ukraine is seriously hurting the European Union's agricultural and agri-food sector. The European Economic and Social Committee (EESC) therefore endorses the new measure intended to provide additional aid proposed by the European Commission. The Committee feels that this measure is absolutely necessary and calls on the European institutions to lose no time in adopting it.
- 1.2 The war in Ukraine has revealed the geostrategic nature of the agri-food sector and the need to ensure the EU's food security. Consequently, measures supporting the cash-flow of farms and agri-food SMEs are imperative to ensure their economic survival during this new crisis which comes on the heels of the COVID-19 pandemic.
- 1.3 However, the European Agricultural Fund for Rural Development (EAFRD) is already earmarked to meet existing financing needs and mid- and long-term commitments; it should not be used to finance emergency measures. Moreover, since some Member States have already used up or committed their EAFRD funds, the EESC considers that the Commission should identify another source of financing, outside the CAP budget, so that this measure can be implemented without limiting EAFRD funds in the coming years.
- 1.4 Furthermore, in view of the exceptional circumstances of the present situation and the need for a swift response, the Committee considers that the Commission should reduce the timeframe for paying out the aid and simplify the eligibility criteria for beneficiaries.

## 2. **Gist of the Commission proposal**

- 2.1 The Commission proposes to amend Regulation No 1305/2013 on the European Agricultural Fund for Rural Development (EAFRD) by adding a new Article 39c with the heading "Exceptional temporary support to farmers and SMEs particularly affected by the impact of Russia's invasion of Ukraine".
- 2.2 The measure envisaged would enable the Member States to make a lump sum payment to be paid by 15 October 2023 to farmers and agri-food businesses encountering cash-flow problems due to Russia's invasion of Ukraine and the resulting increase in the cost of inputs (energy, fertilisers and animal feed).
- 2.3 The Commission proposal reserves this exceptional financial aid for farmers and SMEs engaged in at least one of the following activities:
  - circular economy;
  - nutrient management;
  - efficient use of resources;
  - environmental and climate friendly production methods.
- 2.4 The support envisaged is capped at EUR 15 000 per farmer and EUR 100 000 per SME.

2.5 The Member States would have the option to use available funds of up to 5% of their EAFRD budget for the years 2021-2022, amounting to a potential budget of EUR 1.4 billion in the EU.

### 3. **General comments**

3.1 The war in Ukraine has badly exacerbated the situation of the agricultural raw materials markets, which were in trouble even before the Russian invasion. Prices for the main agricultural inputs have doubled and even tripled compared to what they were one or two years ago. These difficulties are compounding the impact of the COVID-19 pandemic.

3.2 In its communication of 23 March 2022, the Commission set out a raft of exceptional measures intended to safeguard food security and enhance the resilience of food systems. However, the present situation is unprecedented and further measures are needed.

3.3 The EESC therefore welcomes the Commission proposal, which could partially relieve the cash-flow problems of farmers and SMEs who have been struggling financially since Russia invaded Ukraine.

3.4 The Commission's proposal is a welcome additional move to boost the EU's food security and mitigate the unprecedented rise in the cost of inputs.

3.5 The EESC supports the proposed measure, and considers that it is very important that the European institutions adopt it as swiftly as possible.

3.6 However, the EESC is concerned by and wishes to draw the Commission's attention to the source of financing for this measure, the payments schedule and the eligibility criteria and danger of an excessive administrative burden on beneficiaries.

#### *Source of financing*

3.7 The EESC would like to point out that the EAFRD<sup>1</sup>, the second pillar of the common agricultural policy, is the main instrument for financing rural development. It therefore makes a key contribution to the ecological transition of both the regions and the agricultural sector by making them more resilient to climate change, fostering innovation and nurturing farms' competitiveness.

3.8 The EAFRD is therefore designed to provide a long-term response to the challenges facing rural areas. It will be instrumental in delivering by 2040 on the development goals set by the Commission on 30 June 2021 in its long-term vision for rural areas<sup>2</sup>.

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<sup>1</sup> EESC opinion on [CAP towards 2020](#), OJ C 191, 29 June 2012.

<sup>2</sup> [Communication](#) from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - A long-term vision for the EU's rural areas - Towards stronger, connected, resilient and prosperous rural areas by 2040.

- 3.9 Neither the EAFRD nor the CAP as a whole should be seen as an additional source of financing in the event of an emergency. The EAFRD budget is already earmarked to meet existing financing needs and commitments that must be met.
- 3.10 What is more, without an accurate idea of the budgetary appropriations and funds available, the total amount of aid which might be paid out to beneficiaries is purely hypothetical.
- 3.11 The EESC therefore asks the Commission to establish how much money will actually be available and to contemplate other sources of financing which will not affect the EAFRD's goals or its ability to achieve them.

#### ***Payments schedule***

- 3.12 The Commission proposal envisages paying out the funds to beneficiaries by 15 October 2023. The EESC is concerned about this lengthy timeframe, given the current concerns about the income of farmers and producers throughout the agri-food chain.
- 3.13 These businesses are experiencing serious cash-flow problems right now. Many farmers need immediate financial support to stay in business; an exceptional aid payment at the end of 2023 is not a good fit for this emergency.
- 3.14 Accordingly, aid should be paid out as quickly as possible so as to enable farmers and SMEs to cope with the current increases in production costs.

#### ***Eligibility criteria for beneficiaries***

- 3.15 The EESC is pleased that the financial support envisaged by the Commission is primarily intended for the farmers and SMEs which have been hit hardest on the basis of objective, non-discriminatory selection criteria.
- 3.16 The Commission proposal also plans to allocate aid only to beneficiaries with one or more activities in the circular economy, nutrient management, efficient use of resources or environmental friendly production methods.
- 3.17 These additional criteria would undermine the main purpose of the measure: to help businesses and farmers affected by the war in Ukraine. Furthermore, EESC members consider that these criteria would have the effect of adding additional layers of complexity to the applications to be submitted by beneficiaries.
- 3.18 The eligibility criteria for this emergency aid should be kept as simple as possible in order to avoid piling up red tape which would dissuade potential beneficiaries from sending an application to the competent authorities.

- 3.19 The EESC considers that farmers who already receive direct aid under the CAP and are affected by the fallout of Russia's invasion of Ukraine should automatically be eligible for the exceptional aid financed by the EAFRD.
- 3.20 This would mean that the exceptional aid proposed by the Commission is in line with the new CAP's objectives of environmental, economic and social sustainability. At the same time, this system would avoid adding further criteria breeding confusion and complexity. This is an emergency: what is needed is pragmatic solidarity with the businesses and farmers who have been hit hardest (rising production costs or collapsing markets). Support for certain sustainable practices, such as the circular economy, should first be promoted by means of specific, permanent instruments.

Brussels, 16 June 2022

Christa SCHWENG  
The president of the European Economic and Social Committee

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