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Report Name: EU Commission Adopts Agri-Food Support Measures

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Report Highlights:

On May 4, the European Commission published several measures to support the EU food and agricultural sectors based on available support under the CAP and the CMO. These measures enable the hardest hit sectors to help re-balance supply to adjust to the shifting demand caused by the COVID-19 crisis. They include private storage aid (PSA), flexibility in the implementation of market support programs for wine, fruits and vegetables, olive oil, apiculture, and the EU's school scheme. Additionally, the package includes an exceptional derogation from EU competition rules.

Background

Under the Common Agricultural Policy, the Commission provides funding for income support to farmers, rural development projects, and market measures administered under the Common Market Organization (CMO) program in the Member States. The CMO administers a set of rules and economic assistance established to provide a safety net to agricultural markets through the use of exceptional measures, aid schemes for certain sectors, and market support tools such as intervention buying and private storage aid. The economic impact of the coronavirus situation to the food and agricultural sector has been significant, and the Commission has turned to these market support tools to try to ease the impact of this crisis.

Commission Responds to COVID-19 Crisis

COVID-19 hit the food and agricultural sector in the EU quite hard. Since the start of the crisis, stay-at-home measures along with the closure of hotels and restaurants across the EU have caused a drastic shift in demand from the hospitality sector to retail. The sector also faced shortages of field workers due to border restrictions put in place by Member States. The Commission, acknowledging that the sector is facing an unprecedented crisis and is facing difficulties and increasing pressure, has taken several steps to support the EU agri-food sector.

Until now, the Commission took several smaller, and financially limited, steps to support the sector. These included the March 16 guidance to establish “green lanes” at the borders and March 30 guidance to deem seasonal workers essential in order to facilitate border crossing and a sustained supply chain. On April 3, the Commission extended a temporary framework to enable full flexibility of state aid rules. Along with existing measures under the state aid rules, this framework could provide a separate source of funding for the agricultural sector through the Member States. On April 16, the Commission also approved two emergency measures to increase the cash flow to the sector. The first increased advances of payments for farmers from 50% to 70% and rural development payments from 75% to 85%. The second measure aims to ease administrative burden for national authorities and farmers by reducing the number of physical on-the-spot checks to minimize physical contact.

Additionally, through the [Coronavirus response investment initiative plus](#) (CRII+), the Commission approved changes in the rules of CAP funding allocation to allow Member States reallocate any remaining rural development funds they have to provide support to farmers and small agri-food businesses in 2020. The Member States can offer support of up to 5,000 Euro per farmer and 50,000 Euro per small business.

New Agricultural Support Measures

On May 4, the Commission published a newly adopted set of [exceptional measures for emergency market support](#). They include private storage aid (PSA), flexibility in the implementation of market support programs for wine, fruits and vegetables, olive oil, apiculture, and the EU’s school feeding

program. Additionally, the package includes an exceptional derogation from EU competition rules, allowing, for example, dairy farmers to collectively plan production and distribution.

Private Storage Aid

Private Storage Aid enables the EU to provide support to private sector operators by paying for the cost of storage of the specified product for a pre-determined amount of time. The premise behind PSA is to rebalance the supply to adjust to the changing consumer demand due to the COVID-19 crisis.

Under the exceptional market support measures, all products applying for storage must be of EU origin. The PSA is authorized under Article 18(2) and Article 223(3)(c) of the [Common Market Organization regulation](#).

Products eligible for PSA under the new measures include skimmed milk powder, butter, cheese, beef, and sheep and goat meat and the specific requirements are detailed in Table 1.

Table 1. Summary of Private Storage Age Requirements

PSA	Products covered	Requirements	Storage aid			Min/Max duration of contractual storage	Min quantity per application	First date for applications	Last date for applications	Max volume
			Fixed storage	Contractual storage						
Skimmed Milk Powder	SMP max 60 days old, stored in bags (25 kg) or big bags (<1 500 kg)	<ul style="list-style-type: none"> • Must already be in storage • Must be of EU origin 	Fixed storage	Contractual storage		90-180 days	10 tonnes	7-May-20	30-Jun-20	-
			5.11 Euro per tonne	0.13 Euro per tonne						
Butter	Butter max 60 days old	<ul style="list-style-type: none"> • Must already be in storage • Must be of EU origin 	Fixed storage	Contractual storage		90-180 days	10 tonnes	7-May-20	30-Jun-20	-
			9.83 Euro per tonne	0.43 Euro per tonne						
Cheese	Storable cheese (CN code 0406) with a minimum age corresponding to its normal period of maturation	<ul style="list-style-type: none"> • Must already be in storage • Must be of EU origin 	Fixed storage	Contractual storage		60-180 days	0,5 tonnes	7-May-20	30-Jun-20	100 000 t *allocated to Member States as outlined in regulation
			15.57 Euro per tonne	0.40 Euro per tonne						
Beef	Fresh or chilled separated hindquarters of bovine animals aged eight months or more, from Carcass Classes S, E, U, R and O.	<ul style="list-style-type: none"> • Must not yet be placed in storage • Meat must come from an animal raised in the EU for a minimum of the last three months and slaughtered not more than 10 days before being placed in storage • Security required with application at rate of 100 Euro per tonne 	90 days	120 days	150 days	90, 120 or 150 days	10 tonnes	7-May-20	-	-
			1,008 Euro per tonne	1,033 Euro per tonne	1,058 Euro per tonne					
Sheep and goat meat	Fresh or chilled carcasses and half carcasses of lamb aged less than twelve months; Fresh or chilled carcasses and half carcasses of goat aged less than twelve months	<ul style="list-style-type: none"> • Must not yet be placed in storage • Meat must come from an animal raised in the EU for a minimum of the last two months and slaughtered not more than 10 days before being placed in storage • Security required with application at rate of 100 Euro per tonne 	90 days	120 days	150 days	90, 120 or 150 days	5 tonnes	7-May-20	-	-
			1,008 Euro per tonne	1,033 Euro per tonne	1,058 Euro per tonne					

Exemption from EU Competition Law

Article 222 of the [Common Market Organization](#) regulation provides a derogation to EU competition law. It allows recognized producer organizations, farmers, their associations, and recognized interbranch organizations in a specified sector to collectively take action to stabilize the market during severe market imbalances. The recent regulations were adopted in effort to rebalance supply due to changing consumer demand because of the COVID-19 crisis.

The May 4, 2020 measures adopted were in support of milk and milk products, processed potatoes, and live plants and flowers (consisting of live trees and other plants, bulbs, roots, cut flowers or ornamental foliage) and are outlined in Table 2.

Table 2. Summary of Exceptions from EU Competition Law

Product	Approved Categories of Agreements and Decisions	Duration of agreements and decisions
Potatoes for processing	Market withdrawals and free distribution, transformation and processing, storage, joint promotion and temporary planning of production	6 months from entry into force date of the Regulation, which was May 5
Live plants and flowers	Market withdrawals and free distribution, joint promotion and temporary planning of production	6 months from entry into force date of the Regulation, which was May 5
Milk and milk products	Planning the volume of raw milk to be produced	6 months starting from April 1, 2020

In all cases, there are mandatory reporting requirements which include:

- As soon as agreement is reached, must report to the Member State (MS) with the highest estimated volume of production covered by the agreement and indicate the estimated production volume covered and the expected time period of implementation.
- No later than 25 days after the end of the 6-month period must report the actual production volume covered to the Member State with the highest estimated volume of production impacted by the agreements.
- MS must notify Commission the agreements and decisions communicated to them no later than 5 days after the end of each 1-month period.
- MS must provide the Commission an overview of the agreements and decisions implemented during the 6-month period no later than 30 days at the end of that period.

Increased Flexibility in Sectoral Programming and Support

Two of the measures adopted on May 4 provide a wide array of flexibility and derogations for the fruit and vegetable, apiculture, and table olives and olive oil sectors as well as for the EU school scheme programs which impact fruit, vegetables and milk products and are outlined in Table 3. This flexibility

was adopted in an effort to help rebalance the supply of these sectors due to the changing demand caused by the COVID-19 crisis.

Table 3. Summary of Sectoral Programming and Support Measures

Sector	Measures Approved	Requirements
Fruit and Vegetable	<ul style="list-style-type: none"> Flexibility for implementation of operational programs approved for 2019 and 2020 Permitted to spend additional 2020 operational funds on crisis and prevention measures 	<ul style="list-style-type: none"> Aid applications for 2019 operations must be submitted by February 15, 2020 and delayed operations must be completed by August 15, 2020 Aid applications for 2020 operations must be submitted by February 15, 2021 and delayed operations must be completed by August 15, 2021
Olive Oil and Table Olives	<ul style="list-style-type: none"> Flexibility on support and implementation of work programmes 	<ul style="list-style-type: none"> Amendments should aim to amend and reschedule activities from year 2 of the 3-year work program that started on April 1, 2018 Covid-19 obstacles must be why the activities did not take place Organization must apply for program payment by 30 June 2020 for activities that took place before April 1, 2020
Apiculture	<ul style="list-style-type: none"> Increased flexibility support and implementation of work programmes 	<ul style="list-style-type: none"> Measures planned for apiculture year 2020 may be performed after July 31, 2020 but must be performed no later than September 15, 2020 Any adjustments to the programs must be notified to the Commission by the Member State and approved by the Commission before implementation
School Scheme	<ul style="list-style-type: none"> Extension of defined school year to September 30, 2020 Aid applications for 2019/2020 school year activities taking place after July 31, 2020 may cover less than 2 weeks 	<ul style="list-style-type: none"> Aid applications for 2019/2020 school year activities taking place after July 31, 2020 must be submitted by September 30, 2020 Aid for 2019/2020 school year activities taking place after July 31, 2020 must be paid by October 15, 2020

Wine Sector Support Measures

In the EU, the plantation of vine is limited through vine planting rights. [Implementing Regulation 2020/601](#) published on May 4 allows an extension of the validity of planting and replanting authorizations expiring in 2020 for wine growers who were not able to or did not wish to expand their vineyards in 2020.

Section 4 of the [Common Market Organization](#) Regulation provides provisions relating to support

programs in the wine sector. This Section lays down the rules governing the attribution of EU funds to Member States (MS) and the use of those funds by MS through five-year national support programs (NSP) to finance specific support measures to assist the wine sector. The current NSPs run from 2019 till 2023.

[Delegated Regulation 2020/592](#), published on May 4, introduces derogations to the application of the provisions that are allowed under NSPs regarding green harvesting, by-product distillation and aid for crisis storage. With this Regulation, the Commission gives greater flexibility to Member States. MS will be allowed to include temporary new measures to their NSPs.

Table 4. Summary of Wine Support Measures

Provisions	Measures Approved	Aim	Duration of Support
Green harvesting	<ul style="list-style-type: none"> Wine producers will be allowed to use green harvesting in 2020, even if used in 2019 - normally green harvesting cannot be used two consecutive years on the same vines. Wine producers can be granted EU-funded support up to 60% of the direct costs of the removal of grapes and loss of revenue 	Manage wine production for the 2020 vintage	December 31, 2020
By-product distillation	<ul style="list-style-type: none"> Member States are allowed to include in their NSPs the possibility for winegrowers to use by-product distillation - limited to industrial purposes, including disinfection and pharmaceutical, and to energy purposes. 	Remove from the EU's market some of the quantities of wine that are not being marketed and cannot be stored to address the severe market disturbances in the wine sector.	December 31, 2020
Aid for crisis storage of wine	<ul style="list-style-type: none"> Member States are allowed to include aid to crisis storage for wine to be temporarily eligible for support under the NSP. 	Temporarily remove certain quantities of wine from the market and to manage progressively a return to a more economically viable market situation	December 31, 2020

Attachments:

No Attachments.