

Coronavirus crisis support for EU farmers

EU farmers are among the few key workers who have not seen a dramatic change in their daily routines since the coronavirus crisis began. They are still farming to supply EU citizens with food. Some public health protection measures have however affected farming activities and sales badly. While the EU has taken a number of measures to mitigate this impact, the possibility of further measures is high on the agricultural policy agenda.

Impact on farming activities

Although farming has continued during the pandemic, farming activities are in distress. Disruptions to the [EU agri-food supply chain](#) range from difficulties accessing supplies and farm workers, to limitations or closures of the destination markets for produce. The situation varies by product and region, with the crisis hitting at different times. Seasonal labour plays an [important](#) role in various stages throughout the production process for fruit and vegetables, wine and other permanent crops. Beyond supply chains, the crisis is also affecting [prices](#) and final demand. The absence of the demand normally sparked by springtime religious festivities and private celebrations has already had a major impact on sectors as diverse as sheep-meat production and floriculture. The closure of restaurants and catering services is having a dramatic effect on meat and wine consumption. The European Commission's April 2020 [outlook](#) notes the effects of consumers neglecting high-value bovine meat cuts in favour of less expensive poultry meat. Farmers' representatives have [highlighted](#) costs relating to the seasonal nature of certain products (such as flowers and ornamental plants, the sector worst affected with demand falling by up to 80 %) and to the loss of usual markets (such as for eggs and egg products). Surplus [volumes](#) of milk are resulting from a drop in demand, and some dairies cannot process all milk deliveries. Although agricultural production is [on track](#) for this year, the final impact will depend on how the crisis develops and on the strategies put in place.

EU support measures

The EU has taken several [measures](#) to alleviate the impact of the crisis on farmers and farming activities.

Preserving the food supply chain: The guidelines issued by the Commission in mid-March – on ensuring the availability of [goods](#) and essential services and the free movement of [workers](#) – are helping Member States to work together despite the restrictive border management measures adopted to protect health. The objectives are to let lorries transporting goods pass through fast-track border crossings ('green lanes'), and to allow workers in critical occupations (including seasonal farm workers) to travel to their workplaces.

Supporting activities and simplifying business operations: Recent legislative initiatives have adapted common agricultural policy (CAP) rules to the crisis. Farmers and rural development players now have [more time](#) to apply for EU subsidies, as the deadline has been postponed from 15 May to 15 June 2020 (several Member States have decided to take advantage of this extension and allow CAP beneficiaries more time). Increased advances on payments of EU subsidies for the year 2020 will help to augment cash flows (such increases mean [higher advances](#) on both direct payments, from 50 % to 70 %, and rural development payments, from 75 % to 85 %). The reduction of physical on-the-spot checks for CAP aid, accompanied by flexibility on checking requirements needed prior to payments, will help to cut red tape and avoid delays in payments, while minimising physical contact between farmers and inspectors.

The Coronavirus Response Investment Initiative Plus ([CRII+](#)) introduces flexibility and simplification to the use of the European Agricultural Fund for Rural Development (EAFRD), including favourable conditions for loans and guarantees, cover for operational costs of up to €200 000, and leeway for EU countries to amend their rural development programmes so as to reallocate residual funds.

In addition to CAP measures, the temporary framework for [State aid](#) enables Member States to secure liquidity for businesses through a range of measures, such as public loans and direct grants. Farmers can benefit from up to €100 000 each, topped up by *de minimis* aid (national support for agriculture granted without the need for prior Commission approval) of €20 000 (or in some cases €25 000) per farm.

Sustaining agricultural markets: On 22 April, the Commission [announced](#) a series of measures to support those agricultural markets worst hit by the crisis. The package of proposals would provide aid for the withdrawal from the market and private storage of certain products (skimmed milk powder, butter, cheese, beef, and sheep and goat meat). The crisis management measures would become a priority in the use of funds in the market support programmes for wine, fruits and vegetables, olive oil, apiculture and the EU's [school](#) scheme. Derogations from competition rules would also allow milk, floriculture and potato sector operators to cooperate on production planning or product withdrawal.

Investing in agriculture and the bioeconomy: In early April, the European Investment Bank (EIB) launched a [programme](#) of loans worth €700 million with a view to unlocking close to €1.6 billion in investment in the agriculture and bioeconomy sectors. The financing initiative aims to support a wide range of [projects](#), for investments ranging from €15 million to €200 million by companies operating in agriculture, forestry, fisheries and aquaculture, or in the up- or downstream value chain.

Debate on further EU instruments and action

Both national authorities and stakeholders welcomed the initial EU measures. However, many have pushed for further and more targeted measures and for funding outside the CAP budget. [Members](#) of the European Parliament's Committee on Agriculture and Rural Development (AGRI) and EU agriculture [ministers](#) have urged the Commission to make further efforts to address the difficulties of EU farmers. The Commission has stressed the need to use up any unspent rural development funds, given the lack of money at a time when most of the funds have run out and the future budget has not yet been agreed.

Market measures: The rules on common organisation of the markets in agricultural products (the [CMO Regulation](#)) provide that the Commission can activate exceptional and emergency measures, such as those announced on 22 April and presented above, to address market disturbances. Such measures have been the most common and pressing [request](#) of all stakeholders, together with more specific proposals, such as crisis support for the distillation of [wine](#) into ethanol for the manufacture of disinfectant.

Crisis reserve: The CAP's financial rules ([CAP horizontal regulation](#)) provide for a reserve for crises in agriculture, based on an annual reduction of direct payments to farmers to finance exceptional measures. If not used, such amounts are [reimbursed](#) to farmers at the end of the year. The deployment of the reserve could free up to [€478](#) million, but such a decision would mean less money for farmers later on.

Rural development: The EU's rural development policy is based on multiannual national (sometimes regional) programmes, co-financed by Member States. According to the Commission some [€6 billion](#) is still available in programmes ending in 2020, or more than double that if calls for applications not yet finalised are considered. Adjustments are possible to redirect the remaining funds towards measures that could help those farmers and rural areas hardest hit by the crisis, such as support for investment in restoring the production potential of farms or setting up medical facilities in rural areas. Moreover, when the programmes include risk management tools, these can compensate farmers for their losses.

Future agricultural budget: EU support for farmers and rural areas still plays a [major](#) role in the EU budget, with direct payments to farmers representing the [bulk](#) of total CAP expenditure. Such payments help to make farming more profitable, but they can also function as a safety net in cases of agricultural income loss in difficult times. Their hectare-based nature directs them towards certain types of farm. Proposals under discussion for the post-2020 EU budget and CAP envisage a reduction in agricultural funds for the 2021-2027 period. If resources are redirected owing to the current crisis, safeguarding an adequate post-2020 CAP budget that gives full consideration to agricultural policy's key role will prove extremely challenging.

Trade: The role of trade in the EU's food system goes beyond food and drink exchanges, to include trade in agricultural inputs, packaging materials, machinery, and any supplies that contribute to food security. As food security is [not](#) achievable at local level, and self-sufficiency [cannot](#) work everywhere, the EU can act to prevent the restrictive measures adopted to protect health from limiting trade in the internal market, while also outlawing [unfair](#) trading practices. In addition, the EU can act at global level to favour exchanges, by means of bilateral talks with trade partners (for instance regarding US customs tariffs on EU exports) and the [promotion](#) of EU products on the market. On the defensive side, there are calls to revise the rules on EU import [quotas](#) from third countries, and to put agriculture-sensitive trade negotiations [aside](#).

