



**2023/0000(BUD)**

20.9.2023

# OPINION

of the Committee on Agriculture and Rural Development

for the Committee on Budgets

on the general budget of the European Union for the financial year 2024 - all sections  
(2023/0000(BUD))

Rapporteur for opinion: Juozas Olekas

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## SUGGESTIONS

The Committee on Agriculture and Rural Development calls on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Takes note of the EUR 53,76 billion in commitments and EUR 52,58 billion in payment for agriculture; nonetheless calls for an increase of the budget considering the challenges that the agri-food sector has faced in 2023 and that will have repercussions that need to continue to be efficiently tackled in 2024; stresses the need to further support farmers and producers, especially in the context of the challenges of climate change, the need to adapt to technological developments and market fluctuations in the context of the Russian war of aggression against Ukraine, inflation and the energy crisis, which are having a marked impact on the internal market and in particular on the agri-food sector;
2. Believes that an increase in the budget is needed in order to safeguard food security in the context of extreme climate events, such as protracted droughts and a profoundly modified precipitation regime, and the disruptions determined by Ukrainian agricultural imports, whose state is characterised by increased volatility, as demonstrated by the recent suspension of the Black Sea Grain initiative; stresses that that budget must be expanded, but also topped up with new funds, which must accompany all new initiatives; highlights that generally the size of this budget is smaller compared to 2023 in relation to the GNI of the EU and even if the budget 2024 is EUR 2.7 billion more than the one agreed for 2023, the increase does not compensate for high inflation levels, which on the one hand resulted in a loss of the economic value of CAP subsidies, and on the other led to implementation difficulties of the Rural Development measures;
3. Recalls the Parliament resolution on “Upscaling the 2021-2027 MFF: a resilient EU budget fit for new challenges”; calls for an urgent revision of the EU long-term budget to respond more effectively to evolving needs, address funding gaps, increase flexibility and crisis responsiveness, and provide new funding for new political priorities, while maintaining that the repayment of recovery plan borrowing does not jeopardise EU programmes; calls on the Commission to present a proposal for a new batch of new resources as soon as possible;
4. Regrets the significant cuts to important budget lines such as the school scheme (decrease by 12,2% compared to 2021) and the young farmers programme (16,9 % compared to 2021), and calls for a boosting of these programmes instead;
5. Highlights the essential role that agriculture plays in achieving the Union objectives of food security, sustainable growth, social inclusion, animal welfare, as well as adapting to and mitigating climate change, while helping to diversify agricultural production, preserve biodiversity and develop local economies, objectives compatible with the Sustainable Development Goals; therefore insists that there should be no cuts to the agricultural budget, especially given the fact that the agricultural sector is frequently affected by crises that require a budgetary response;
6. Notes that, in addition to the Common Agricultural Policy, cohesion policy funds are of

great importance for the socio-economic development of rural areas; stresses that investments from this source boost the development of rural areas and contribute to raising the quality of life of inhabitants, support business and entrepreneurship, improve the situation on the labour market, and have the potential to stem the outflow of migration, especially of women and young people, from areas of low population density;

7. Stresses that the 2024 Union budget should be aligned with the Union's ambitions of making the Union climate neutral by 2050 at the latest, as well as the Union's international commitments in particular the Paris Agreement and the Kunmin-Montreal Agreement and significantly contribute to the implementation of the implementation of the European Green Deal;
8. Requests that, with a view to the revision of the Multiannual Financial Framework and the preparation of a multiannual financial framework for the next programming period, the Commission shall conduct an assessment of additional funds needed to support Member States in implementing nature restoration measures; furthermore calls on the Commission to identify, on the basis of this assessment, the existing potential solutions and to propose the setting up of a permanent and dedicated restoration fund;
9. Points out the negative cascade effects of Russia's war of aggression against Ukraine on global food security, food affordability, especially in those regions of the world highly dependent on staple food imports from Ukraine, on commodity prices and thus on production costs, on the smooth functioning of the entire agri-food sector, and the stability of EU agricultural markets, since Russia's war against Ukraine has seriously affected prices of resources necessary for agricultural production and increased speculation on the agricultural commodities markets; expresses its concern that this conflict has led, amongst other things, to the disruption of supply chains, the limitation of agricultural production and the heightening of vulnerability to food crises in the region; reiterates the need to urgently address these issues through increased EU support in order to ensure access to sufficient food of good quality on the EU market, and in particular in affected areas; draws attention to the urgent need to ensure the appropriate financial framework at EU level to help farmers, and especially small and medium-sized farmers, to operate effectively, in particular to prevent any escalation of the food crisis and potential food security gaps; stresses the rapidly increasing importance of food and feed sovereignty;
10. Welcomes the fact that the mid-term review of the Multiannual Financial Framework prioritises assistance to Ukraine through the 'Ukraine Facility', with the aim of providing predictable financial support to Ukraine over the period 2024-2027; notes at the same time that uncontrolled inflows of agricultural products from Ukraine to the agricultural markets in EU Member States in the vicinity of the conflict have destabilised those countries' markets, especially in the cereals, oilseeds and soft fruit sectors; acknowledges the Commission's efforts to resolve the subsequent crisis and urges it to constantly monitor the situation in these markets so that, if necessary, the Commission would be ready to introduce new measures without undue delay;
11. Emphasises the importance of the crisis reserve to finance exceptional measures for climate events and market disturbances and the fact it has been repeatedly used to

support farmers in the Member States, who are the most affected by market disturbances provoked by Russia's illegal war against Ukraine; stresses that the measures adopted so far in 2023 will be partially covered by the 2024 agricultural reserve and that further support may be needed as the Black Sea grain has not been renewed, which will put even higher pressure on riparian EU Member States agricultural markets and ports' infrastructure, calls in this regard on the Commission to urgently think of financial alternatives to the already utilised CAP's crisis reserve while ensuring that direct payments to farmers are not affected; recalls, however, that the crisis reserve only consists of about EUR 3 per hectare of the farmland in the EU;

12. Notes that part of the Ukrainian grain for export is remaining on the EU market, which leads to significant losses for farmers in some member states; calls on the Commission to increase the financial allocations for these countries in order to install additional storage capacity in ports and to support the local infrastructure, with view to ensuring the transit of Ukrainian grain to their final destination;
13. Draws attention to the need to ensure sufficiently broad margins below the ceilings to cope with unforeseen circumstances in the agri-food sector;
14. Underlines that inflation has been much higher than the 2 % deflator foreseen in the MFF, which will not compensate for the loss of value caused by inflation; this has affected consumers' purchasing capacity and has put additional pressure on producers imposing further strains on farmers' profitability, especially small-scale and young farmers, who are facing ever-increasing costs; draws attention to the need to take this reality into account in the design and implementation of the EU's financial and economic policies; highlights the fact that the CAP budget in the MFF 2021-27 is already lower than in the previous planning period and that the high inflation further depreciates the funding available to farmers particularly in the CAP Budget; underscores that the subventions granted through the CAP might become unattractive since the requirements for farmers increase in complexity while the financial benefits dwindle; highlights that the revision of the MFF should address all these shortcomings;
15. Underlines the need for a fair distribution of CAP support within and between Member States and calls for additional support for farmers in the Member States with the lowest direct payments, through, inter alia, speeding up the process of flattening CAP support towards the EU average, in order to stabilise their income and strengthen their capacity to withstand inflationary pressures and increased input prices;
16. Calls for additional support for the Member States most affected by the impact of Russia's war against Ukraine; justifies these requests by the fact that the States in question are particularly vulnerable to economic fluctuations and need additional assistance to ensure the stability, resilience and sustainability of their agricultural sector; proposes concrete measures, such as increased funding for agricultural subsidies, facilitating access to credit and technical assistance to help farmers manage risks more effectively and avoid the danger of a relocation of agricultural activities from those countries to other countries inside or outside the EU;
17. Considers that the demographic challenge of ageing population is of particular concern in rural areas and and calls the Commission and the Member States to ensure that

generational renewal, as the key for social, economic and environmental sustainability of rural areas and EU food autonomy, the future of agriculture and the traditional family farming model, constitutes, among other things, a high priority in the future CAP programming period, stresses the need for targeted measures aimed at supporting start-ups by young farmers, easing their entry into farming and facilitating the takeover of farms by young people and by women as they play a fundamental role in maintaining the economic resilience of rural areas, and tackle the rural exodus; calls for more solid support and more incentives in that direction; calls especially for immediate actions to strengthen the support measures for young farmers and highlight the necessity to improve their access to land and credit; this support should include measures to facilitate transactions in the field of property rights, and in particular help for young people to obtain loans, rapid access to technical assistance and better training in preparation for the special challenges involved in farming; also stresses the importance of maintaining a continuous dialogue with young farmers in order to better understand their needs and expectations; calls to improve young farmers training schemes and encourages the Council and Commission to increase support for young farmers in the General Budget 2024;

18. Notes the growing need for highly qualified young professionals in the regions, and calls on Member States to take necessary measures, including financial incentives, to encourage young people to study agricultural professions, as well as to facilitate the transfer of knowledge from older people to the younger generation;
19. Welcomes that the Commission has further developed a methodology to track gender equality-related spending in the 2021-2027 MFF, which looks at policy design and resource allocation and in particular the presentation of an ex-post gender impact assessment on a more granular level and reporting on volumes; calls on the Commission to assess holistically gender impact and facilitate that all the relevant data is available for the tracking;
20. Calls on the Commission and the Member States to allocate budget resources to design and implement measures to fight gender gaps; notes the crucial need for providing women entrepreneurs in rural areas with an enabling environment, including legal and political considerations, leading to greater access to information, knowledge and skills, as well as facilitating access to financial resources, leading to the creation of more jobs in rural areas;
21. Highlights the importance of redistributive income support mechanisms in supporting smaller and medium-sized farms and ensuring a fair and equitable distribution of Union funds, especially measures for young farmers engaged in agricultural practices beneficial for the climate and environment; emphasises that small and medium size farms play a crucial role in ensuring food security, creating and developing short supply chains, protecting the environment and supporting rural economies; stresses the need to ensure suitable financial support to help these farms become more resilient and to adapt to the use of new technologies in the agricultural sector so as to become more competitive on the national, European and international markets; calls to focus on projects that promote and enhance the safeguarding of existing jobs in the agriculture sector and the creation of quality jobs with adequate rights and stable and fair pay and decent working conditions, as well as effectively and decisively combating poverty and

social exclusion in rural areas;

22. Stresses the need to provide funding to support the development of sustainable energy infrastructure in rural areas, for example through investment in biogas plants, which have the potential to reduce energy poverty, particularly in the least developed areas;
23. Stresses the importance of sufficient funding for research and innovation in the agri-food sector, especially for the development of sustainable farming practices and in particular through the Horizon Europe programme and the European Innovation Partnerships (EIPs), making sure that farmers are involved in this research; recalls the importance of ensuring that research results reach farm level in a timely manner, that farmers are properly trained to implement them and that these results are translated into accessible farm advisory services delivering updated and tailored information to farmers; draws attention to the importance of facilitating the transfer of knowledge to and between farmers, especially so as to foster sustainable development and competitiveness in agriculture; underlines the role of stronger agricultural knowledge and innovation systems (AKIS), as well as the Farm Sustainability Data Network (FSDN) to encourage innovation projects and to diffuse their use; calls on the Commission to provide sufficient financial support for further uptake of smart and innovative solutions in the agricultural sector given their potential environmental benefits and greater agricultural efficiency is required; considers that precision farming and the use of digitisation should be further analysed and promoted; stresses that a real investment shock will be an essential factor contributing to the European agricultural production model's eco-transition;
24. Highlights the need to fund partnerships between universities, research institutions and agricultural organisations in order to stimulate innovation and the development of new technologies and practices that improve the productivity, sustainability and resilience of the agri-food sector;
25. Recalls the importance of ensuring that research results reach farm level; stresses that obstacles such as lack of standardisation of data formats must be eliminated so that agricultural data can be used efficiently and to its full potential;
26. Welcomes the acceleration of the digital transformation in agriculture and rural areas, which is crucial for ensuring resilience and tackling the depopulation of these areas and to allow for more precise, efficient and sustainable agricultural systems in the EU with a higher environmental performance, as well as increase the attractiveness of employment in agriculture and rural communities for younger generations; stresses that digital transformation in rural areas needs more support; reminds that farmers should have access to digital solutions, technological advancements and developments in artificial intelligence. In this respect, sufficient financial support is key for ensuring a just digital transformation that prevents the exacerbation of disparities between regions; notes the continued importance of support for investments in modernisation and innovation if the agriculture sector is to contribute to meeting the targets of the European Green Deal, the Biodiversity strategy and Farm to Fork measures;
27. Emphasises the important role of agri-cooperatives, and calls on Member States to provide more support for the cooperative sector to develop incentive schemes for setting



up new cooperatives, helping to boost the competitiveness of the agri-food sector and the economic and social development of rural areas while making sure that unnecessary administrative burden is mitigated; stresses that this collaboration can help cooperatives' members to adapt more easily to climate change, increase efficiency and diversify their production; highlights the fact that these organisations play a crucial role in improving economic efficiency and productivity, promoting innovation and improving living conditions in rural areas; also urges the adoption of measures to protect and enhance the rights and interests of members of agricultural cooperatives; such support could include educational programmes and training in modern management of cooperative enterprises and in financial and marketing principles, so as to increase the attractiveness of this form of farmer association at local level;

28. Highlights the central role played by Community Led Local Development initiatives in keeping and restoring living and thriving local rural economies, and the need to keep a sufficient level of funding for LEADER; Calls on the Member states to make full use of LEADER's capacities;
29. Recalls that implementation of common agricultural policy (CAP) strategic plans began in January 2023, putting in place CAP's new green architecture and taking an important step in the transition towards more sustainable food systems in the EU, among other things by introducing the need for farmers to allocate significant resources to meet environmental objectives, including through eco-schemes; emphasises the need for careful monitoring of the implementation of the national CAP strategic plans with regard to the administrative and bureaucratic burden they generate and their impact on the volume of EU agricultural production, the fluidity and resilience of food supply chains and food security; stresses that this monitoring should focus not only on compliance with EU regulations, but also on the concrete effects of these plans on farmers, especially small and medium-sized farms and young farmers; calls on the Commission to play an active role in this process and to work closely with the Member States to ensure that the CAP is implemented efficiently and correctly and that farmers are properly informed of the tools available to them through the CAP; encourages Member States to improve the quality of data and indicators reported to the Union in order to realize the full potential of the new performance-based CAP and accurately assess its impact.
30. Calls for a broader debate to be held on the future of agriculture in the EU, including on how the sector can be reformed to face future challenges such as demographic change, climate change and digitalisation;
31. Insists that any revenue to the Union budget deriving from any assigned revenues or repayments of irregularities from agriculture in previous years should remain under Heading 3;
32. Recalls that, according to the Court of Auditors' special report, climate spending in the 2014-2019 budget was not as high as reported, and that reliability issues could remain in the Commission's reporting for the 2021-2027 period, when the EU's new climate spending target will rise to 30%, calls on the Commission to report on the contribution made by climate spending to EU climate and energy objectives, focusing in particular on measuring the impact of the budget on mitigating climate change and review the



methodology of climate mainstreaming accountability, to allow better decision-making to ensure a full transition to a sustainable agricultural sector;

33. Believes that the Union can make a vital contribution to the promotion of healthy eating habits, especially among children, and therefore considers it essential to make full use of the ceilings provided for in relation to the Union school schemes; therefore calls on the Member States to strengthen their national programmes to ensure full utilisation of the maximum available allocations by establishing less bureaucratic programmes;
34. Recalls the Court of Auditors' Special report on conflict of interest in EU cohesion and agricultural spending, calls on the Commission to take action to improve the prevention, detection and reporting of conflicts of interests, and to promote transparency;
35. Calls for the Commission to maintain an adequate level of funding in order to preserve the high sanitary and phytosanitary status in the EU, and rejects any decrease in co-financing rates for sanitary programmes and control of emerging diseases, which may jeopardise animal and plant health, and thus human health in the EU;
36. Points out the significant potential of results-based carbon farming for tackling climate change through carbon sequestration and the preservation of biodiversity and ecosystems;
37. Emphasises the value that circular economy and the agricultural sectors that work according to its principles can bring in achieving the goals set in the European Green Deal, encourages pilot projects to improve knowledge and increase the understanding of possible benefits of circular economy principles for the European food system;
38. Reaffirms the significance of the Union's school fruit, vegetables and milk scheme to help children follow a healthy diet, with nutrition its primary focus; invites Member States to fully use their allocations of those schemes and prioritise sustainable, local, and high-quality production;
39. Stresses the importance of Solidarity Lanes in ensuring that Ukrainian grain can reach countries most in need, supporting Ukraine's economy and preventing a global food crisis, notices, however, the impact of the surge in traffic, and calls on the Commission to provide funding for strengthening and improving the relevant infrastructure.

## INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

<b>Date adopted</b>	19.9.2023
<b>Result of final vote</b>	<div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="margin-right: 10px;">+:</div> <div>41</div> </div> <div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="margin-right: 10px;">-:</div> <div>4</div> </div> <div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="margin-right: 10px;">0:</div> <div>2</div> </div>
<b>Members present for the final vote</b>	<p>Mazaly Aguilar, Clara Aguilera, Attila Ara-Kovács, Carmen Avram, Adrian-Dragoș Benea, Benoît Biteau, Daniel Buda, Isabel Carvalhais, Asger Christensen, Angelo Ciocca, Dacian Cioloș, Ivan David, Paolo De Castro, Jérémy Decerle, Salvatore De Meo, Herbert Dorfmann, José Manuel Fernandes, Paola Ghidoni, Dino Giarrusso, Francisco Guerreiro, Martin Häusling, Martin Hlaváček, Krzysztof Jurgiel, Jarosław Kalinowski, Camilla Laureti, Gilles Lebreton, Norbert Lins, Marlene Mortler, Ulrike Müller, Maria Noichl, Juozas Olekas, Eugenia Rodríguez Palop, Daniela Rondinelli, Bronis Ropė, Bert-Jan Ruissen, Anne Sander, Petri Sarvamaa, Simone Schmiedtbauer, Veronika Vrecionová, Juan Ignacio Zoido Álvarez</p>
<b>Substitutes present for the final vote</b>	<p>Rosanna Conte, Peter Jahr, Petros Kokkalis, Tilly Metz, Michaela Šojdrová, Irène Tolleret, Emma Wiesner</p>

## FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

41	+
ECR	Mazaly Aguilar, Krzysztof Jurgiel, Bert-Jan Ruissen, Veronika Vrecionová
ID	Angelo Ciocca, Rosanna Conte, Paola Ghidoni, Gilles Lebreton
NI	Dino Giarrusso
PPE	Daniel Buda, Salvatore De Meo, Herbert Dorfmann, José Manuel Fernandes, Peter Jahr, Jarosław Kalinowski, Norbert Lins, Marlene Mortler, Anne Sander, Petri Sarvamaa, Simone Schmiedtbauer, Michaela Šojdřová, Juan Ignacio Zoido Álvarez
Renew	Dacian Cioloş, Jérémy Decerle, Martin Hlaváček, Ulrike Müller, Irène Tolleret, Asger Christensen
S&D	Clara Aguilera, Attila Ara-Kovács, Carmen Avram, Adrian-Dragoş Benea, Isabel Carvalhais, Paolo De Castro, Camilla Laureti, Maria Noichl, Juozas Olekas, Daniela Rondinelli
The Left	Petros Kokkalis, Eugenia Rodríguez Palop
Verts/ALE	Bronis Ropė

4	-
Verts/ALE	Benoît Biteau, Francisco Guerreiro, Martin Häusling, Tilly Metz

2	0
ID	Ivan David
Renew	Emma Wiesner

Key to symbols:

+ : in favour

- : against

0 : abstention