MORE THAN €4.6 BILLION OF NATIONAL CRISIS MEASURES IN 2022

A fragmented internal market

The outbreak of the Russian war in Ukraine not only has sent shockwaves through the energy sector, but also through the agricultural sector in particular via an explosion in energy costs, as well as an increase in input costs, primarily in nitrogen fertilizers.

To address this situation, the European Commission announced in March the [activation of the crisis reserve](), provided in the Common Agricultural Policy, of around 500 million euros — a historic first as this tool, created in 2013, had never been used until now.

At the same time, the European Commission has announced the possibility for Member States to largely top up this support for the agricultural sector through national aid:

- by authorizing the Member States to finance the aid from the crisis reserve on a 2:1 basis from national funds, i.e. 1 billion euros;
- by validating national aid programs under the [temporary crisis framework on state aid]() in the context of the Russian invasion of Ukraine, with a ceiling that should now be raised to 250.000 euros per farm.

At the same time, the ceiling for *de minimis* aid, national aid that can be implemented without prior authorization from the Commission, has been raised to EUR 25,000 over 3 years.

Member States have made an extensive use of these flexibilities.

The European Commission has been notified of nearly 20 programs dedicated to agriculture for 2022, for a total amount of nearly EUR 4 billion. This represents a 10% of direct aid amounts. Part of this aid — about a third – has been mobilized to deal with the surge in fertilizer prices, through a very uneven geographical and sectoral distribution.

From Italy to Sweden, Poland, Austria and Bulgaria, considerable financial volumes have been released, going far beyond the inflation recorded within these countries, and thus providing more than a simple compensation for the economic loss linked to inflation and the related loss of value of direct payments for their farmers. This clear support to agriculture is not found in other Member States, thus creating severe distortions.

A second group of countries including the Netherlands, France, Germany, Spain, Estonia, Slovenia and Hungary have compensated partially the chock, without making agriculture one of the key sectors assisted as a priority in the face of the crisis linked to the war in Ukraine.

Finally, a third group of Member States, which sometimes have also been hit hard by the crisis, have not been able to provide significant support to their agricultural sector for political or budgetary reasons. This is notably the case of the Czech Republic, Greece, Belgium and Denmark.

Member States	TCF targeted on agriculture	2022 state aids under COVID_19 rules	TCF+Covid 2022	Direct payments (2022)	% CAP Direct Payments budget
Malta (MT)	3 000 000	3 000 000	6 000 000	4 594 020	130,6%
Italy (IT)	1 200 000 000		1 200 000 000	3 628 529 155	33,1%
Poland (PL)	835 500 000	88 340 000	923 840 000	3 030 049 024	30,5%
Bulgaria (BG)	217 800 000		217 800 000	791 183 576	27,5%
Lithuania (LT)		148 500 000	148 500 000	569 965 410	26,1%
Sweden (SE)	157 800 000		157 800 000	685 675 665	23,0%
Romania (RO)		391 728 000	391 728 000	1 891 804 899	20,7%
Estonia (EE)	32 935 833		32 935 833	190 715 114	17,3%
Austria (AT)	110 000 000		110 000 000	677 581 845	16,2%
Slovenia (SI)	17 328 000		17 328 000	131 530 051	13,2%
Netherlands (NL)*		85 000 000	85 000 000	717 400 000	11,8%
France (FR)	592 200 000	175 000 000	767 200 000	7 285 000 536	10,5%
Hungary (HU)	76 180 000		76 180 000	1 243 185 165	6,1%
Ireland (IE)	67 200 000		67 200 000	1 186 281 995	5,7%
Latvia (LV)	10 000 000	4 000 000	14 000 000	339 054 646	4,1%
Spain (ES)	187 185 492		187 185 492	4 860 280 518	3,9%
Germany (DE)**	180 000 000		180 000 000	4 915 695 459	3,7%
Czech Republic (CZ)	30 290 000		30 290 000	854 947 296	3,5%
Slovakia (SK)	10 000 000		10 000 000	391 200 000	2,6%
Luxembourg (LU)		800 000	800 000	32 747 826	2,4%
Greece (GR)	50 000 000		50 000 000	2 075 656 042	2,4%
Croatia (HR)	1 000 000		1 000 000	344 340 000	0,3%
Belgium (BE)	600 000		600 000	494 925 923	0,1%
Finland (FI)	475 000		475 000	515 713 166	0,1%
Portugal (PT)			0	596 051 052	0,0%
Denmark (DK)			0	862 400 000	0,0%
Cyprus (CY)			0	47 600 000	0,0%
	3 779 494 325 €	896 368 000 €	4 675 862 325 €	38 364 108 383 €	12%

FARM EUROPE

Source: European Commission (October 2022)

* This figure does not take into account the giga national plan to support the green transition in the Netherlands.

** This figure based on the German agricultural ministry does not fully integrate the agriculture component of the umbrella's scheme.

These figures — although already considerable — only give a very partial view of the real aid granted by the various Member States, which goes well beyond the strictly agricultural programs notified within the framework of the TCF.

On the one hand, it should be noted that more than €450 billion of state aid have been granted through framework programs intended for the economy as a whole to deal with the war in Ukraine and which also concern the agricultural sector. This does not include the €200 billion program already announced by Germany.

In total, in one year, this is almost the total amount of the European emergency aid to deal with COVID, which has already been released by EU countries in a scattered manner, instead of a well coordinated programme European level.

In addition to the almost €4 billion of aid targeted at the agricultural sector in the context of the war in Ukraine, there is also state aid that paid to agriculture under the residual programs related to the Covid-19 pandemic. €850 million was released in the year 2022, an intensity of state aid of 12% the amount of the first pillar. For a fair analysis, the 25 billion euros released by the Netherlands as part of its national agricultural transition plan, i.e. 2 billion euros per year, should also be mentioned.

In order to avoid severe economic distorsions — in parallel to the much need and legitimate support to the agricultural sector confronted with a serious crisis — there is an urgent need to reflect on the multiplication of aid at national level, rather than at Community level, for a sector covered by a strong common policy. The crisis reserve has shown both its usefulness and its inadequate budgetary allocation on the scale of the European Union in case of a shock affecting all agricultural sectors.

The lack of budgetary margin within the CAP requires an in-depth reflection on the modalities of action to face crises, even more at a time where the new CAP provides further flexibilities. As shown by the scale of financial volumes currently released at national level, a very clear upward revaluation of the crisis reserve is necessary so that it can be the main lever of solidarity for the European agricultural sector, combining reactivity and equity, both between Member States and between agricultural sectors.