

Mr. Jean-Claude Juncker
President of the European
Commission
Rue de la Loi 200
BE-1049 Brussels

Brussels, 7th December 2018

The new MFF must end the unfair treatment of Baltic farmers

Dear President,

The “Multiannual Financial Framework” (MFF) provides a stable basis for implementing the European Union’s budget for a period of at least five years. Unfortunately, the MFF is currently about to validate the unfair distribution of direct payments under the Common Agricultural Policy until 2027.

Since their accession to the EU in 2004, farmers from all three Baltic States have been receiving the lowest level of direct support in the EU compared to other Member States. **Due to a wrongful interpretation of the provisions of the EU Accession Treaty, the direct payments allocated to the Baltic farmers have been consistently unfair and constituted only 50 percent of the EU average in 2013.**

The European Council of 7 and 8 February 2013 consequently agreed to ensure that „all the Member States should attain at least the level of 196 EUR per hectare in current prices by 2020“. This agreement is ignored in the tabled proposal for the post-2020 CAP budget.

In this letter, we, representing the Baltic farmer’s organisations, express our overwhelming disappointment with the European Commission’s proposal for a new CAP budget. **The convergence of direct payments per hectare is moving at the speed of turtle steps** and the Commission’s proposal implies that **the existing** deep division between the EU Member States in terms of the level of direct payments will be maintained. The proposal also allows the unjustified historical reference system, on the basis of which the level of direct payments are set, to stay in place for many more years to come.

There is no justification for reducing our farmers’ competitiveness on the European Single Market, especially when the actual production costs per hectare in our countries are significantly higher than the EU average (according to Eurostat*). The natural and climatic conditions in the Baltic States are less favourable for agriculture (thin and less fertile soils, short vegetation period, cold winters which require solid and expensive buildings), and the costs for transportation and agricultural inputs are higher as well. **Even though the direct payments for greening practices, needed to protect the environment, are not based on**

historical references, the amount Baltic farmers receive is still 30-40 percent lower than the EU average.

In addition, the Baltic States have suffered severe setbacks during the market crises following the Russian import ban and the African Swine Fever, and the final impact of the long drought period this summer will only be fully visible by next Spring.

The very low level of direct payments raises questions about the extent to which the aims of the new CAP will be met, i.e. implementing the eco-schemes. The low direct payments jeopardise generation renewal, as the world is open and young people do not see the benefit of farming in our countries when the competition conditions are so unfair. Unfair policy weakens the EU and its image amongst its citizens, which we find dangerous and undesirable especially in the turbulent times we live in. Finally, neither the Commission nor any other of the other EU institutions can explain why, for the farmers of the three Baltic states, the discriminatory aim of 90 percent (why not 100 percent?) of the EU average was proposed for the 2014-2020 CAP and now in the new proposal for the CAP after 2020.

We therefore request that the next Multiannual Financing Period sees not only vital improvements in the market orientation of the agriculture sector, but also truly fair and equitable competition conditions on the entire European Single Market, enabling EU farmers to better respond to market signals.

We urge the EU Commission, Council and Parliament to find a way to ensure sufficient CAP budget for the period post 2020, to urgently guarantee the convergence of direct payments in order to assure fair conditions on the European Single Market, and to maintain the possibility to farming in the Baltic States.

Yours sincerely,

Roomet Sõrmus
Chairman of the Estonian Chamber of
Agriculture and Commerce

Kerli Ats
Member of the Board of the Estonian
Farmers Federation

Edgars Treibergs
Chairman of the Latvian Agricultural
Organization Cooperation Council

Agita Hauka
Chairwoman of the Latvian Farmers
Federation

Juris Lazdiņš
Chairman of the Latvian Farmers Parliament

Petras Puskunigis
Chairman of the Lithuanian Agriculture
Council, in the name of:

Lithuanian Farmers' Union
Lithuanian Association of Agricultural
Companies

Lithuanian Milk Producers' Association
Lithuanian Grain Growers' Association