

CC(20)2506:1 – PG/iq

Minister of Agriculture

Brussels, 20<sup>th</sup> April 2020

**Re: Recent letter from Commissioner Wojciechowski on rural development and the COVID-19 outbreak**

Dear Minister,

We are writing to you on behalf of our 22 million farmers and their family members as well as our 22,000 cooperatives that are dedicated to providing 446 million EU citizens with safe, nutritious, high-quality and affordable food every day. Despite the COVID-19 pandemic, EU farmers and agri-cooperatives have been able to maintain supply for citizens across the EU, thus ensuring European food security.

However, farmers and their cooperatives are facing an increasingly difficult situation. The current emergency resulting from the outbreak of the new coronavirus (COVID-19), alongside the heavy repercussions on the health front, is now producing dramatic consequences in rural areas in the most affected regions of the EU. These open fronts are having rapid and negative knock-on effects on the main agricultural sectors, with evident and direct consequences in both the immediate and the medium to long term.

Furthermore, the escalation of this crisis puts at stake both the single market and international markets, threatening supply chains. Internationally, agri-food supply is facing limitations and obstacles to the transit of goods as well as a sudden decrease in demand. Despite the improvement of the situation in Asia (e.g. China), our members are reporting a serious shortage of refrigerated containers which is affecting transport and the storage of goods (e.g. fruits and vegetables, meat, etc.).

In the single market, farmers continue to work at almost full capacity on their farms. Nevertheless, our producers and cooperatives are expressing concerns about collection, transfer and processing capabilities of some raw material commodities, such as milk, meat or fresh fruits and vegetables, in the future. Some of the collection facilities and slaughterhouses are starting to slow down their processing capacities and demanding farmers to decrease production, mainly due to the closure of HoReCa channels, resulting from the containment measures.

In addition to the high investments made by our farmers and agri-cooperatives in using our natural resources in a more sustainable way, this is happening at a time when it is very difficult to deal with a decrease in demand and interrupt the normal production activities (e.g. milking of the dairy cows during their lactation period), since this season's favourable climatic conditions and the animals' physiological characteristics make it inevitable that now is the seasonal peak for production and deliveries.

We have taken note of the emergency measures put in place by the European Commission and the efforts made to provide Member States with workable solutions to guarantee the free movement of agri-food products and other goods as well as of workers in agriculture. It is of paramount importance to secure a well-functioning single market.

However, the efforts made thus far are not, in our view, enough.

Farms and agricultural cooperatives must be able to continue their activity in order to guarantee the daily supply of food and by-products to EU citizens. To do this, all measures that can safeguard and guarantee the functioning of the markets and agricultural activity need to be introduced.

In the recent letter that Commissioner Wojciechowski addressed to you on 8<sup>th</sup> April, he encouraged the use, to the fullest extent of the possibilities and the flexibilities, of the available rural development funds. This is something that we strongly support.

As Copa and Cogeca, we support an increased flexibility for Member States to change their national and/or regional Rural Development Programmes and use available funds to provide a targeted response to this pandemic. We have called upon the Commission to assist Member States to the best of their abilities and approve these modifications as fast as possible to ensure a rapid response in this time of need. In this crisis, time is of essence not only regarding sanitary issues but also when it comes to maintaining food production and delivering food to consumers.

These flexibilities should also include an increase in the maximum rate of advance payments for pillar II measures, a supple approach to controls (as already under preparation by the European Commission) as well as a more lenient approach to deadlines for the implementation and execution of other measures (such as the ones linked to on-farm investments and the targets set out in their business plans). Derogations should also be used to alleviate the administrative burden and facilitate implementation of projects, for example when reprogramming or suspending contracts. Some derogations or a replacement strategy could also be introduced to help farmers who are lacking staff due to the current situation or have fallen ill themselves and therefore cannot fulfil their obligations on time. Advisory services should provide guidance to farmers when adopting these flexibilities and derogations in practice and should assist them with adapting their actions to the current situation. The use of financial instruments in combination with the funds is also crucial for addressing the acute lack of liquidity.

Nevertheless, this flexibility in managing measures and using simpler procedures should not compromise timely payments of this support to farmers, who are in a situation where their cash-flow will be seriously reduced. Cash flow and financial constraints could also be addressed through risk management tools, where available, since these are intended for providing compensation to farmers in these exceptional circumstances.

Provided that Member States still have available funds in Pillar II, this opportunity should also be used to introduce new targeted measures to alleviate the current situation. However, this re-programming and re-allocation of funds should not put already contractualised support at stake and must not be channelled outside of the agricultural sector. We must ensure that the support allocated under Pillar II targets the farming sector. Even before this crisis, keeping farmers from abandoning their activity was a challenge, and we cannot afford to lose more without putting our food security at stake.

However, it must be clear that the level of support required by the sector goes way beyond the available rural development funds remaining at the end of the current MFF period. Therefore additional funds emerging from outside the agricultural budget heading must be deployed in these exceptional circumstances. As indicated by Commissioner Wojciechowski in his letter, the CAP alone is not sufficiently prepared and equipped for a crisis of this magnitude and options from outside of its framework must be investigated.

European agriculture is at a critical crossroads. We must all be conscious of the fact that our reaction now will shape the face of rural areas in years and decades to come. We therefore count on your support in defending the agricultural sector and we would be honoured to have an exchange of views with you on these topics in the near future.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Joachim Rukwied', written in a cursive style.

Joachim Rukwied  
President of Copa

A handwritten signature in black ink, appearing to read 'Ramon Armengol', written in a cursive style.

Ramon Armengol  
President of Cogeca