European Commission - Questions and answers

Q&A on the measures published to further support the agricultural and food sectors

Brussels, 4 May 2020

The Commission published today the latest package of exceptional measures to further support the most affected agricultural and food sectors.

The exceptional measures (announced on 22 April) include private storage aid for the dairy and meat sectors, the temporary authorisation for operators to self-organise supply in certain hard hit sectors, and flexibility in the implementation of market support programmes. On top of these market measures, the Commission decided to allow Member States to use rural development funds to compensate farmers and small agri-food businesses, up to €5,000 and €50,000, respectively.

These measures follow a wide-ranging package of measures adopted earlier on by the Commission. These measures provided support to the agri-food sector in these challenging times with increased amounts for state aid, higher advanced payments, and extended deadlines to submit payment requests. The increased flexibility regarding Common Agricultural Policy rules aims to alleviate the administrative burden on farmers and national administrations.

How does private storage work? Which products does it include?

The Commission has decided to grant private storage aid for skimmed milk powder, butter, cheese, beef and sheep/goat meat that will be stored for a minimum period of 2 or 3 months and a maximum period of 5 or 6 months. The aim is to rebalance markets by reducing available supply.

Applications to participate in this scheme will open on 7 May 2020 for all products.

The maximum aid in these schemes is only fixed for cheese, at 100,000 tonnes. The budget allocated cannot be made public since this information is prone to distorting the market.

More details per sector is available in the table below:

PSA	**Products covered**	**Min/Max duration of contractual storage**	**Min quantity per application**	**First date for applications**	**Last date for applications**	**Max volume**
Skimmed Milk Powder	SMP max 60 days old, stored in bags (25 kg) or big bags (<1 500 kg)	90-180 days	10 tonnes	7 May 2020	30 June 2020	-
Butter	Butter max 60 days old	90-180 days	10 tonnes	7 May 2020	30 June 2020	-
Cheese	Storable cheese (CN code 0406) with a minimum age corresponding to its normal period of maturation	60-180 days	0,5 tonnes	7 May 2020	30 June 2020	100 000 t
Beef	Fresh or chilled separated hindquarters	90, 120 or 150 days	10 tonnes	7 May 2020	-	-

	of bovine animals aged eight months or more, from Carcass Classes S, E, U, R and O.					
Sheep and goat meat	Fresh or chilled carcases and half carcases of lamb aged less than twelve months. Fresh or chilled carcases and half carcases of goat aged less than twelve months	90, 120 or 150 days	5 tonnes	7 May 2020	-	-

What is article 222? How will it benefit the targeted sectors?

Article 222 of the CMO Regulation (1308/2013) grants the possibility to the Commission to allow farmers, their associations, recognised producer organisations and recognised interbranch organisations to take collective actions in derogation of the competition rules to stabilise markets. It can only be activated under strict conditions for sectors that experience "severe market imbalances" in the form of oversupply.

The Commission has adopted authorisations based on Article 222 for the milk, live plants and flowers and potatoes sectors. For the potatoes sector, the measures can only apply for potatoes for processing.

The authorisations allow temporary joint measures by operators for a period of 6 months. Farmers and related bodies can take the following collective actions for example: market withdrawal and free distribution, joint promotion and planning of production. The conditions imposed by Article 222 are that such actions must strictly aim at stabilizing the sectors concerned and they should not impair the functioning of the internal market (e.g. they should not lead to the partitioning of markets along national borders).

The period of 6 months covered by the authorisations starts on 5 May 2020 for the potatoes, live plants and flower sector. It applies retroactively for the milk sector, starting on 1 April 2020.

Any such actions must be reported to the competent authority of the Member State, which will inform the Commission. Such authorities include competition authorities, which may take action if the collective actions taken do not respect the abovementioned conditions of Article 222.

Consumer price movements and any possible partitioning of markets will be monitored closely to avoid adverse effects.

What support will be provided for the wine sector?

The wine sector will benefit from the flexibility provided under market support programmes. More specifically, measures for this sector include:

- Increased flexibility of tools to control production potential, the so-called green harvesting tool. Exceptionally, wine producers will be allowed to use green harvesting in 2020, even if used in 2019. Normally green harvesting cannot be used two consecutive years on the same vines. This measure will help to better manage the wine market in 2020.
- Temporarily increasing the European Union's contribution (from 50% to 60%) for restructuring and conversion of vineyards, green harvesting, harvest insurance, investments and innovation measures. This will provide financial relief to beneficiaries.
- The possibility to include temporary new measures to the National Support Programmes such as the opening of distillation of wine in case of crisis (limited to industrial purposes, including

disinfection and pharmaceutical, and to energy purposes), but also an aid to crisis storage of wine. The latter aims at easing the management of large volumes with no immediate marketing.

This list is not exhaustive. Other measures include some flexibility in terms of administration procedures, such as facilitating the modification process of programmes or lifting certain sanctions.

What other sectors will benefit from the flexibility given under market support programmes?

The other sectors included under this increased flexibility are the apiculture, olive oil, fruit and vegetables sectors. Increased flexibility is also provided for the implementation of the EU school scheme.

The fruit and vegetable sector will benefit from an increased flexibility authorised for producer organisations and the implementation of their operational programmes for 2020. This includes for example the authorisation to suspend or adapt the implementation of their operational programmes for 2020. Some administrative penalties will also be softened.

For the olive oil sector, flexibility is exceptionally provided to beneficiaries by allowing, under certain conditions, the amendment of activities planned during the second and third implementation years of the three-year programmes to support the olive oil and table olives sector. This flexibility shall have no impact on the deadline for the payment of the EU financing.

For the apiculture sector, Member States and organisations will be able to carry out the measures planned for the current apiculture year (2020) also after the 31st July. This means for example that they can hold seminars or treat against the varroa mite, without having to use the funding planned for the next apiculture year (2021).

For the EU School scheme, the 2019/2020 school year is extended until 30 September 2020. Several countries requested flexibility to make up for the period in which schools were closed and the supply of fruit, vegetables and milk as well as the educational measures could not take place as planned. Payments for the activities that are prolonged shall be made until 15 October 2020. In addition, the rules on the Commission's reallocation of the EU budget for next school year will not take into account budget execution in the 2019/2020 school year.

What is the available budget for financing these market measures?

The Commission's priority is to send the right message to the sector and to provide relief to the hard-hit sectors. The final amounts will of course depend on the uptake of the measures.

How will the new measure under rural development work?

This new measure will allow Member States to pay a lump-sum to farmers and small agri-food businesses particularly affected by the COVID-19 crisis. It will allow Member States to provide a targeted liquidity support to farmers and SMEs aiming at ensuring continuity of their business activity.

Lump-sum payments shall be made by 31/12/2020. The maximum amount of support shall however not exceed €5,000 per farmer and €50 000 per SME.

The maximum amount that can be allocated to this measure is 1% of the envelopes of each Rural Development Programme. The Member States and regions would need to include the measure in their Rural Development Programmes via a modification and allocate funds to it via transfers from other measures.

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