

CC(11)4661:1

Mr Dacian Cioloş
Commissioner for Agriculture
and Rural Development
European Commission
200 rue de la Loi
B-1049 Brussels

Brussels, 1st June 2011

Dear Commissioner,

The entire agricultural sector is facing a new climate challenge. For the second year in a row, the arable crops sector is being held back from fulfilling its production potential. The major producing countries have indicated a significant reduction in their yield potential by between -8% and -15%. We still have hope that the climatic conditions in June will help to improve the situation. Nevertheless, the European Union will be entering the new marketing year for cereals without any public stocks available. Furthermore, the development in fertiliser costs is continuing its upward trend without there being any link to production costs (gas prices). Indeed, they represent 40% of cereal farmers' production costs and are a real handicap for the development of cereal production in Europe.

The livestock sector is facing the dual challenges of constantly increasing animal feed costs and a growing shortage of fodder at farm-level. We commend your diligence in proposing to set up an ad-hoc group to assess production costs in this sector. We believe that the issue of farm-gate prices must also fall under the scope of the ad-hoc group.

The current shortage of fodder at farm-level is affecting several countries in the European Union where the suckler herd represents a significant proportion of the cattle stock. Here, farmers are being left with no option but to sell their animals because their financial reserves have already been depleted. This change will cause beefmeat sale prices to fall at a time of extreme economic difficulty for livestock farmers.

We would call on you to give special attention to the beefmeat market situation and to apply article 186 to correct, if necessary, any drop in the price of beefmeat. We also hope the Commission will authorise the forwarding of direct payments in advance and relax the regulatory measures of the Single Common Market Organisation to help livestock farmers adapt to the difficult situation. As a possible course of action, we would suggest pasture on environmental set-aside, lifting the 6-month minimum retention period for cattle to benefit from the suckler cow premium, tillage on dried-out permanent grassland to sow fodder crops should rainfall return and more flexible stocking-density criteria for agri-environmental measures.

We hope that these comments will be taken into account as you develop your action plan for limiting the impact of the drought on the agricultural sector. Please be informed that a copy of this letter has also been sent to the EU Council Presidency.

Yours faithfully,



Pekka PESONEN
Secretary General