

## **LIST OF OPTIONS TO OVERCOME THE CURRENT MARKET CRISES IN THE AGRICULTURAL SECTOR AND ALLEVIATE CASH LIQUIDITY PROBLEMS**

European farmers find themselves in a very difficult economic situation. Many agricultural commodity prices do not cover farmers' production costs in sectors such as livestock and cereal production. Farming income is under extreme pressure.

The markets have not developed in line with expectations, in particular in Asia, the Middle East and Russia.

Furthermore, farm liquidity has seriously weakened as a consequence of the implementation of the CAP reform package in 2015, the delay in allocating direct payments, and the not yet fully implemented crisis package.

This economic hardship will have a detrimental effect on both current investments and future investments, and could also negatively affect the agricultural sector's potential, despite relatively good long-term prospects.

The Common Agriculture Policy, along with other relevant common EU policies, must better respond to the current crisis plaguing the sector. Therefore, Copa and Cogeca suggest taking the following action:

### **TRADE ISSUES**

- Reopening the Russian market must be a key priority for EU diplomacy. It is essential to establish a roadmap for negotiations and make progress on a step-by-step basis.
- Due to the influence of other bilateral trade agreements, the EU's agricultural sector must secure its competitive position on vital export markets, such as the USA and Japan. We urge the European Commission to accelerate negotiations with Japan and we strongly support the TTIP negotiations, aiming to strike a comprehensive and balanced agreement.
- Imports/exports: the EU should act more as a single entity on the international market, especially when it comes to export conditions, such as sanitary certificates.
- Ensure a level playing field with third countries vis-à-vis EU standards, also by implementing traceability systems in order to avoid unfair competition.
- Review the calculation method for the entry price of tomatoes.
- Employ promotion measures to turn trade opportunities on new markets into concrete exploits, and recover the added value of EU products for the benefit of EU farmers.
- Develop the use of credit insurance by publishing EU guidelines and involve the European Investment Bank in an EU tool.
- In order to account for the possible cumulative impact of trade negotiations on sensitive products, the single pocket approach must be applied to all trade negotiations, both bilateral and multilateral.

## **FOOD CHAIN ISSUES**

- Relations along the food chain: ensure a better functioning food chain, including sectors upstream to agriculture, by improving price transparency, preventing delays in payment, and curbing unfair trading practices.
- Voluntary production initiatives: Article 222 of the single CMO on organising production within a sector.

## **MARKET MANAGEMENT**

- Adapt market tools for key commodities in the general context of the total EU budget:
  - Temporarily increase the intervention price for SMP and butter, taking the increased production costs into account.
  - Private storage aid (PSA): extend the period for PSA.
  - Update market tools for the fruit and vegetables sector, and review the withdrawal price.
- The food aid system must not upset the balance on the EU and international markets and cannot be a market management tool. It is important to analyse the implications of food aid, especially any VAT repercussions.
- Establish pilot projects allowing the use of fats that can no longer be used as a foodstuff for the production of biofuels or for other non-food purposes.

## **SUPPORT CASH FLOW**

- Provide simple financial instruments (under RD, COSME, and the EIB), which are suited to farmers and agri-cooperatives' needs and could help them maintain their investments and refinance their loans to alleviate pressure on their liquidity.
  - Reduce the cost of inputs by removing import duties, especially for fertilisers, machinery, and other production factors.
  - Support farmers and agri-cooperatives that have invested: ease the requirements for farmers who have invested using support from the second pillar to grant them flexibility with their business plans, state aid, and adjust the ceiling for de minimis aid.
  - Risk management tools: promote flexible and dynamic tools that respond to the agricultural sector's needs. In addition, Member States should make full use of the available tools under the rural development policy and national schemes.
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