



Russian invasion of Ukraine: policy issues .

20/04/2022

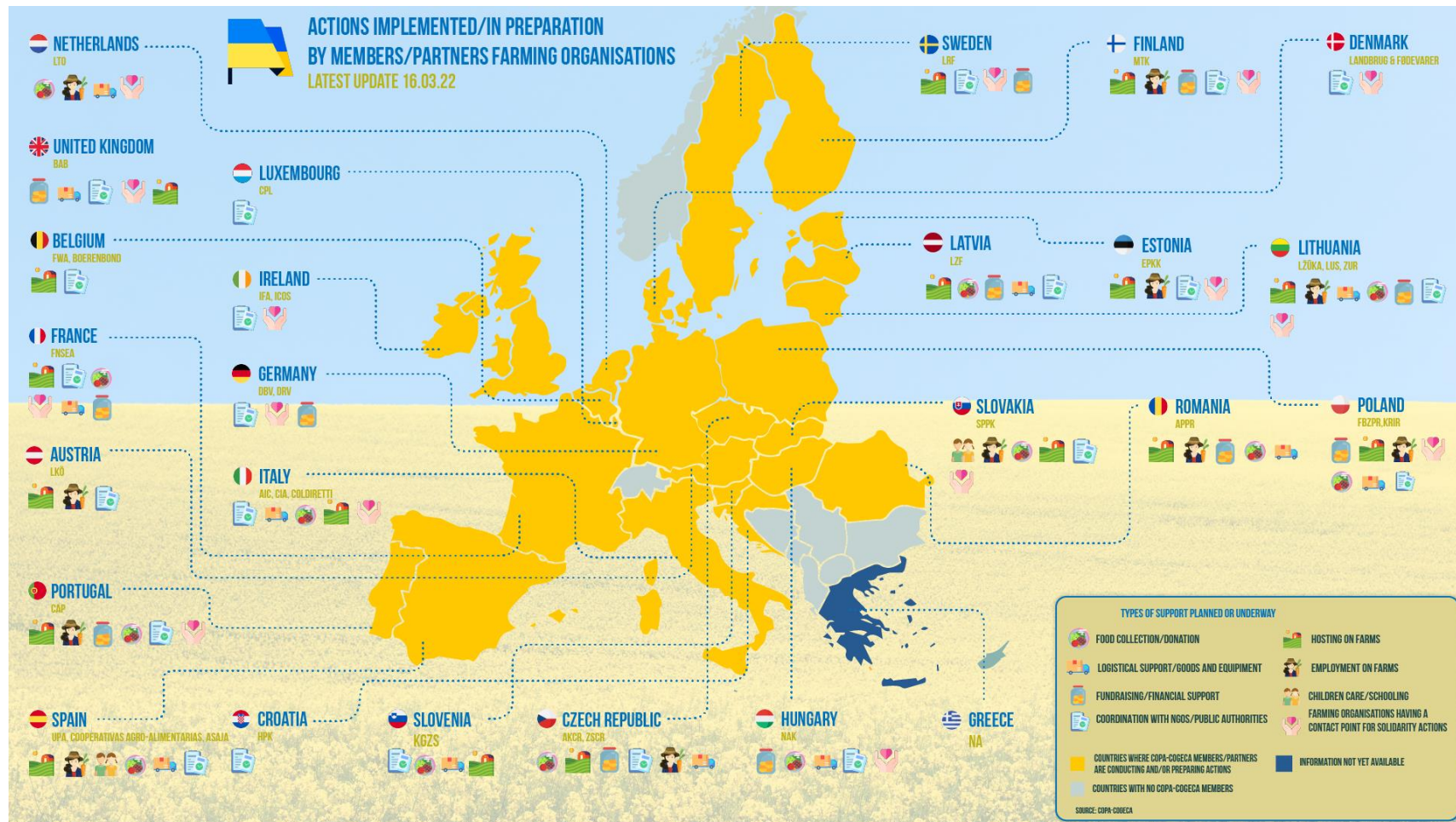
Summary

1. Humanitarian action
2. Market situation
3. CAP measures
4. Related policies



Action humanitaire - Alimentation et agriculture

We welcomed UNAF as a partner organization of Copa-Cogeca.



Markets

Cumulative impact of the crisis (e.g. Covid-19, energy, etc.)

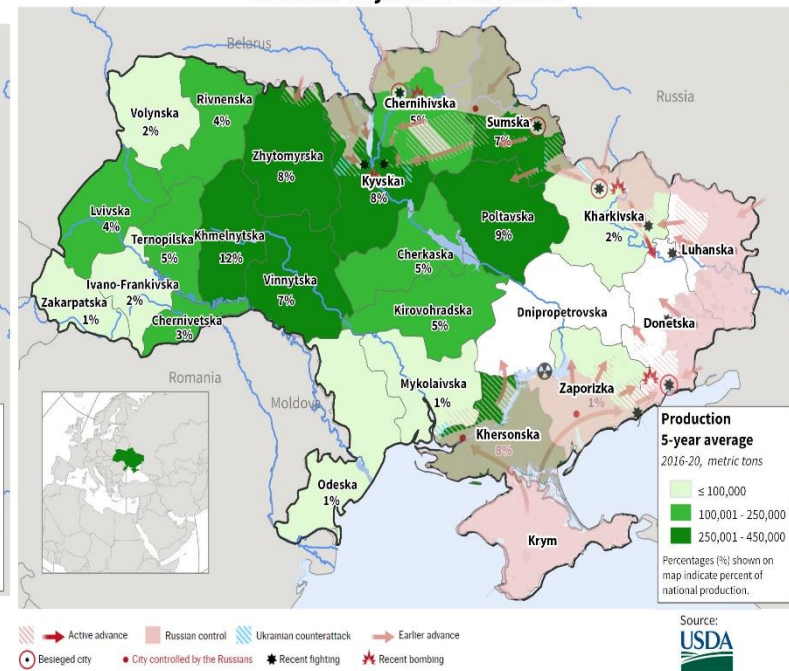
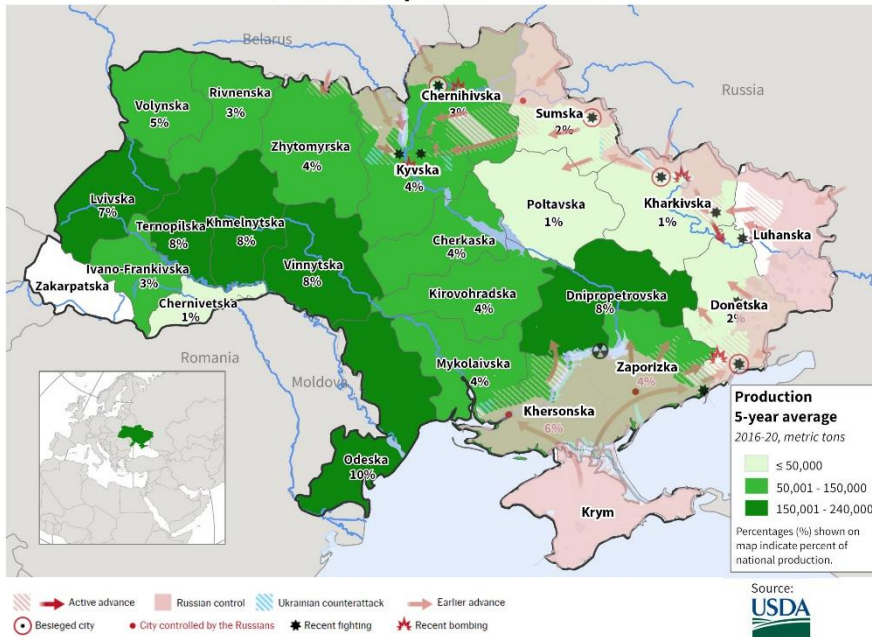
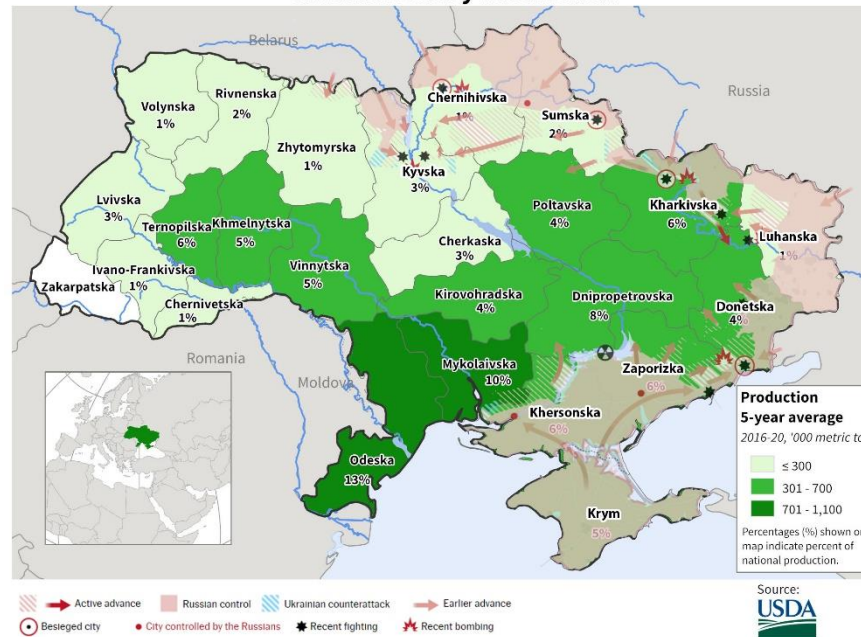
- Sanctions (5th package),
- Food security (wheat, barley, corn, sunflower oil, seeds and oilcake for animal feed come from this region).
- Impact on the market
- Cost of production - Energy and access to inputs
- Transportation and logistics (e.g. drivers, logistics, investments, etc.)



Ukraine: Barley Production

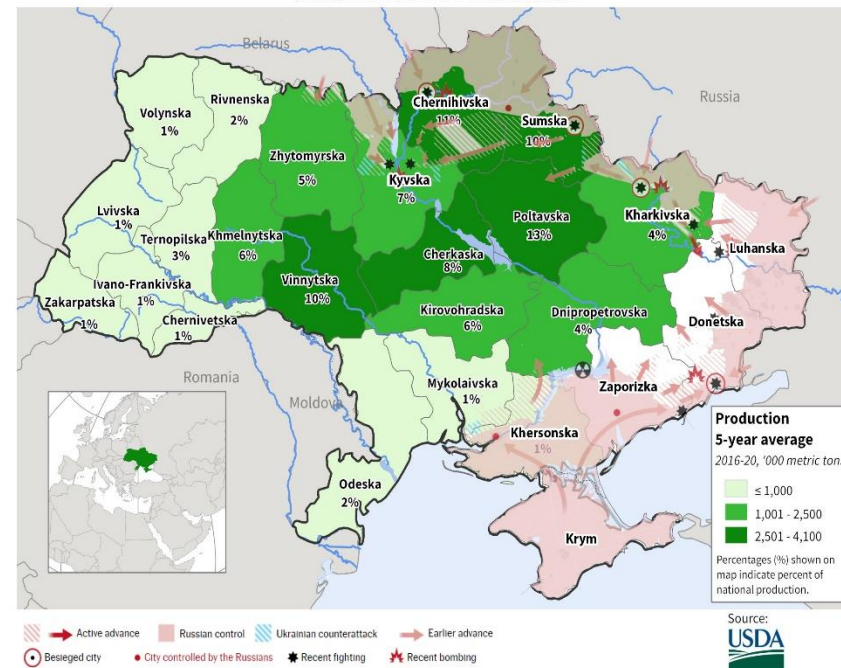
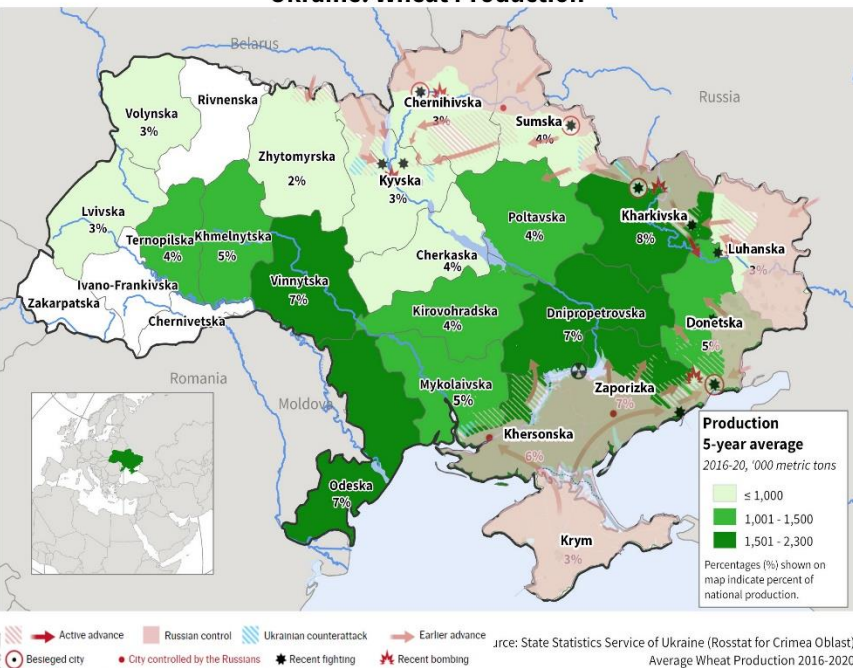
Ukraine: Rapeseed Production

Ukraine: Soybean Production



Ukraine: Wheat Production

Ukraine: Corn Production

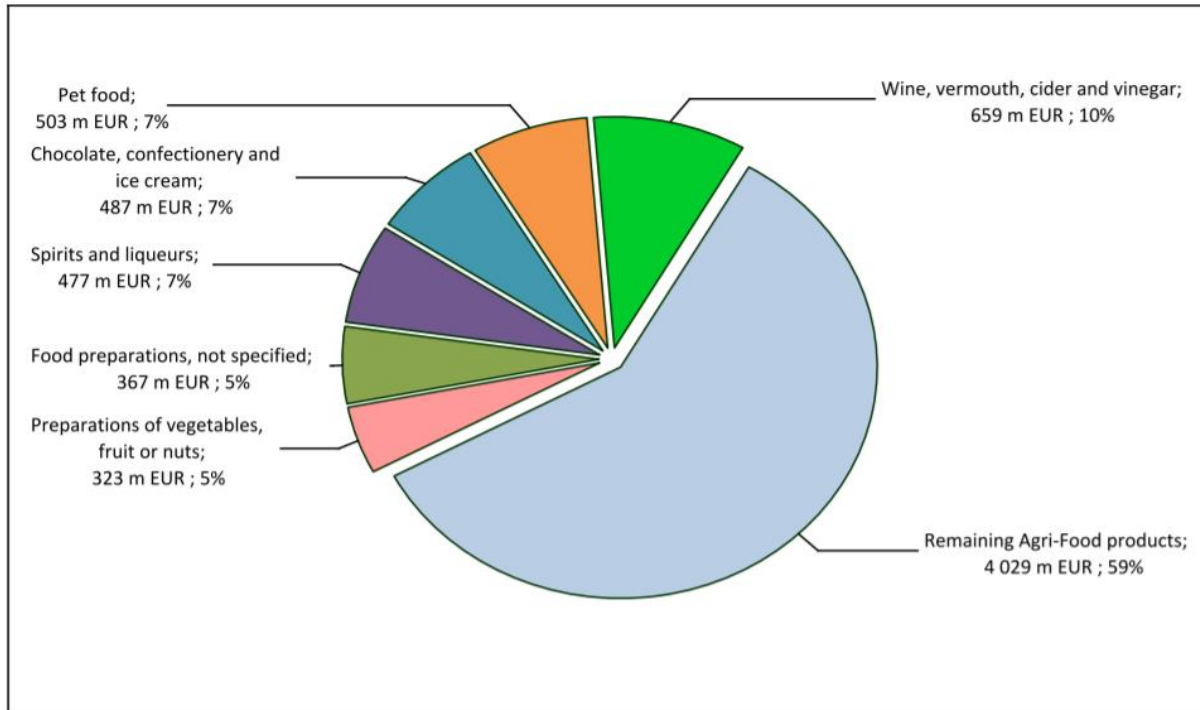


Qu'en est-il de la prochaine campagne agricole en Ukraine ?

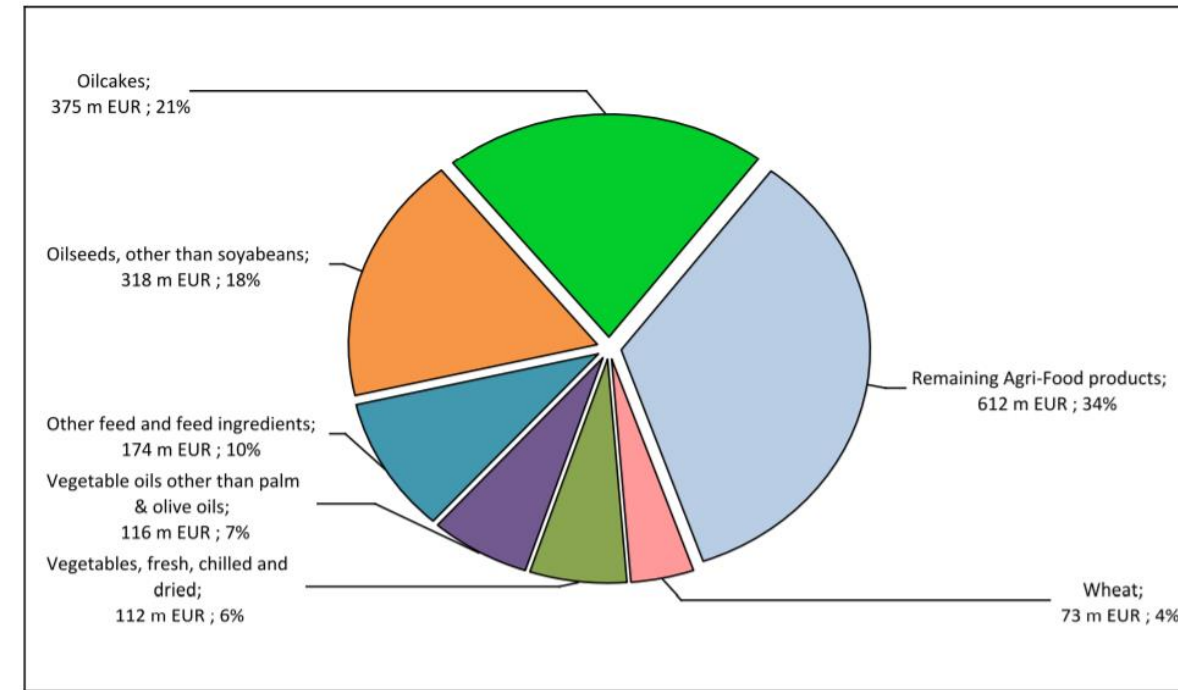
❖ Les agriculteurs ukrainiens pourraient ne pas être en mesure de planter environ 20 - 30 % des terres habituellement ensemencées. Quid des autres surfaces agricoles ?

Agri-food trade with Russia

Top EU Agri-Food exports to Russia in 2020



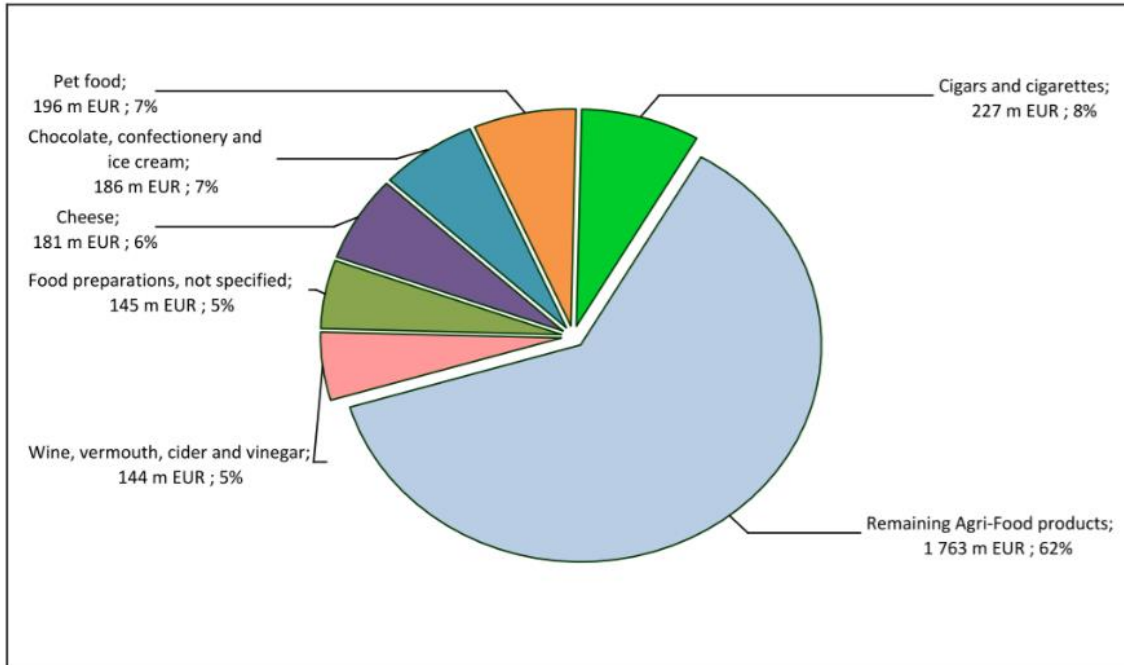
Top EU Agri-Food imports from Russia in 2020



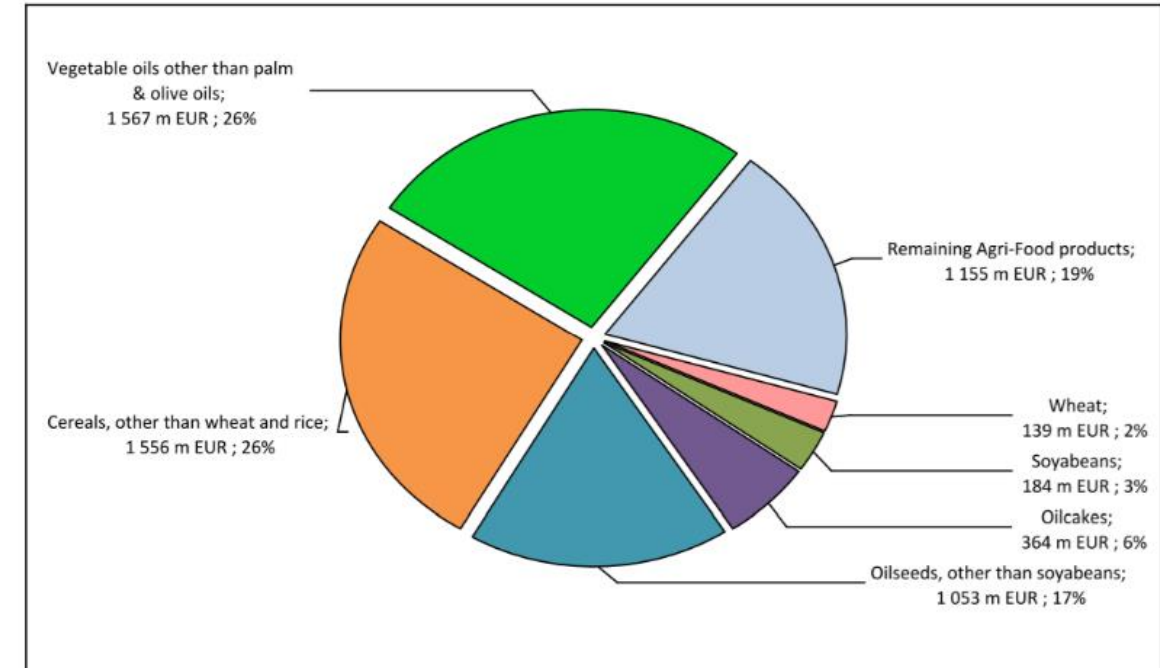
- ❖ Russia is a net importer on the world agricultural market; with total agri-food imports worth 24 billion euros in 2020.
- ❖ EU imports from Russia amount to 1.8 billion euros (raw materials, fertilizers, cereals).
- ❖ EU agri-food exports to Russia reach 6.8 billion euros in 2020 (6th largest destination for the EU).

Agri-food trade with Ukraine

Top EU Agri-Food exports to Ukraine in 2020



Top EU Agri-Food imports from Ukraine in 2020



❖ Trade framework:

- ✓ Deep and Comprehensive Free Trade Area (DCFTA) DCFTA
- ✓ Revised scope of trade liberalization under the EU-Ukraine Association Agreement.

❖ The overall value of EU imports was €6 billion. The overall value of EU agri-food exports was €2.8 billion.

❖ In 2020, about 92% of agri-food imports from Ukraine were food and feed products, 5.7% were food preparations and beverages

❖ Ukraine supplied a quarter of its imports of cereals and vegetable oils, including almost half of its corn.

Markets

Animal feed

- Corn -7 to 8 million tons of missing imports in 2022
- Sunflower -1.3 -1.6 tons (per year)
- Important supplier of raw materials for organic food
- Restrictions in the single market
- Exceptional measures taken by Member States
- No major disruption of seed availability in the EU.



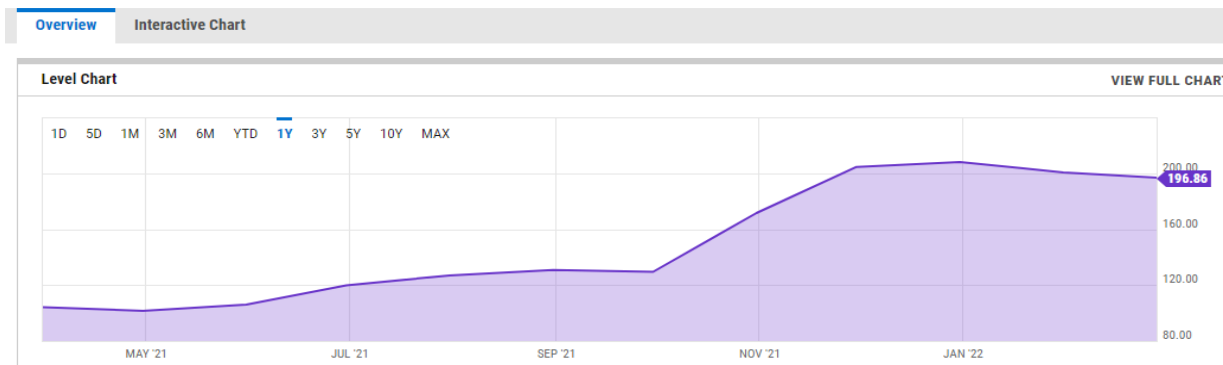
Market situation - Fertilizers

Fertilizers

- ❖ Urea in nitrogen solution (34%),
 - ❖ Potassium based fertilizers (54%)
 - ❖ Compound fertilizers (56%).
 - ❖ Impact: 2023 harvest (availability) + prices higher than 2021;
- Customs and anti-dumping duties on fertilizer imports.

Fertilizers Price Index

196.86 for Feb 2022



World Bank Fertilizer Price Index from March 2021 to March 2022. 196.86 for February 2022

2022 - prices ↗

2022/2023 - storage will start soon - What about availability?

Situation du marché – Energie

- ❖ In 2021, 46.8% of EU gas was imported from Russia (+ coal and oil) - important for fertiliser production, CO2, etc.
- ❖ Will oil and gas be included in future sanctions?



Energy costs will continue to put pressure on farmers until 2022...

...and beyond?



ICE Endex Dutch TTF Gas futures. Source: <https://www.theice.com/products/27996665/Dutch-TTF-Gas-Futures/data?marketId=5360399&span=2>



Evolution of the price of Brent oil futures contracts <https://markets.businessinsider.com/commodities/oil-price>

Market situation - Pork

Pork meat

- ❖ Prices are improving, but remain below the cost of production (€2.30-2.60 to offset costs).
- ❖ CC contributes to the reflection group on the future of EU pigmeat production.
- ❖ Private storage scheme until April 15
 - Reduced demand compared to 2016
 - Mainly: high value cuts (boneless).

PRIVATE STORAGE FOR PIGMEAT (2022) - Latest applications submitted

Commission Regulation - R. 2022/470 Art. 5

By Product	Applications submitted from Thursday 14/04/2022 to Friday 15/04/2022					CUMULATIVE applications submitted from Friday 25/03/2022 to Friday 15/04/2022					Share by Product
	60 days	90 days	120 days	150 days	TOTAL	60 days	90 days	120 days	150 days	TOTAL	
1 ex 0203 11 10 Carcases and half-carcases	-	-	-	-	-	-	400	-	-	400	1%
ex 0203 12 11 Hams	-	-	-	60	60	344	2 243	-	60	2 647	9%
2 ex 0203 12 19 Shoulders	-	-	-	-	-	152	-	-	-	152	0%
ex 0203 19 11 Fore-ends	-	-	-	-	-	-	80	-	-	80	0%
ex 0203 19 13 Loins	-	-	-	-	-	319	106	-	-	425	1%
3 ex 0203 19 55/1 Boneless high value cuts	910	40	-	282	1 232	9 520	4 511	653	2 527	17 210	56%
4 ex 0203 19 15 Bone-in bellies	-	54	-	-	54	481	410	138	-	1 029	3%
5 ex 0203 19 55/2 Boneless bellies	176	15	-	-	191	4 064	580	225	195	5 064	17%
6 ex 0203 19 55/3 Boneless middles	75	-	-	-	75	1 733	450	-	-	2 183	7%
7 ex 0209 10 11 Subcutaneous pig fat	16	-	-	-	16	1 303	-	-	15	1 318	4%
TOTAL	1 177	109	-	342	1 628	17 915	8 780	1 016	2 797	30 508	
	72%	7%	-	21%		59%	29%	3%	9%		

Source: Meat market observatory, European Commission
<https://circabc.europa.eu/sd/a/e22bd71c-bf4d-4e0b-b19d-33bd8b6c897b/PSA-pig-2022.pdf>

Copa-Cogeca requests: immediate

- * Derogations to cross-compliance
- * Derogations to greening requirements
- * Derogations to agro-environment climate measures
- * Flexibilities in dates of payment of support
- * In Pillar II, widen the application period for investments and increase the ceiling for eligible investments
- * Prolong the Temporary Crisis Framework for State Aids
- * Postpone decisions on the non-renewal of active ingredients of PPPs
- * Suspend all import tariff barriers for fertilisers
- * Administrative burden reduction



Copa-Cogeca requests: short- to medium-term

- * Derogations to enhanced conditionality
- * Derogations to eco-schemes (Pillar I) and agro-environment-climate and animal welfare commitments (Pillar II)
- * Flexibilities in dates of payment of support
- * In Pillar II, widening the application period for investments and increase the ceiling for eligible investments
- * Deploy and implement an EU protein plan



Measures taken by the Commission

- * Triggering of art. 219 (CMO regulation) Delegated Act (EU) 2022/46, (OJ L96, 24/03/2022) crisis reserve (500 m€ EU + up to 1 b€ MS)
- * Activation of art. 17 (CMO regulation) for PSA for pigmeat
- * Implementing Act (EU) 2022/484 (OJ L98, 25/03/2022) on derogations to greening obligations
- * Possibility to advance higher percentages of support (from 16th October)
- * Proposal for a new Crisis Framework for State Aids specific for agriculture and alleviate exceptionally severe increases in the price of gas and electricity (fertilizers)



Mesures prises par la Commission

Safeguarding food security and strengthening the resilience of food systems:

- ❖ Use the new CAP strategic plans to prioritise investments that reduce dependence on gas and fuel and inputs such as pesticides and fertilisers.
- ❖ European Food Security Crisis preparedness and response Mechanism (EFSCM)

RepowerEU

* Recognises the role of the livestock sector in increasing sustainable biomethane production to at least 350 TWh by 2030

* Biomethane is the most cost-effective, scalable and sustainable renewable gas available today.

Understanding the magnitude of the upscale of biomethane production as proposed by the European Commission

