



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 19 September 2012

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**AGRI 603
AGRIORG 154
AGRIFIN 165**

NOTE

from: Greek delegation

to: Council

Subject: Crisis situation in the animal husbandry sector due to significant increase in feeding stuff prices and the economic crisis
- Request from the Greek delegation

Delegations will find attached a note submitted by the Greek delegation, to be dealt with under "Any other business" at the meeting of the Council (Agriculture and Fisheries) on 24-25 September 2012.

The increase of market prices of basic feed (cereal grains, soybeans), which currently ranges between 30% and 90% (soybeans) results in a (the) considerable increase of the feeding cost in all the productive branches of stock farming. This raise documented so far (August 2012), is estimated by the Greek authorities to incur an abrupt increase of feed expenses on a yearly basis over 300 Mio €.

Considering the financial crisis and the liquidity (cash) problems of Greek banks, the pressing problem concerning feeding stuff prices in 2012 combined with the anticipated shortage, poses very serious threats for stock farming in my country. Several stock farms shall not be in position to buy the necessary feeds for the survival of their livestock. The biggest risk is faced by poultry and pig farms, due to the intensive type (form) of farming, but also cattle and sheep and goat farms face very serious problems.

The effects of this development in combination with the price increase of other production factors create a most adverse financial environment for the viability of Greek stock farming. The direct risks are mainly focused on the following:

- ✓ reduction of the number of livestock (or even shutting down of livestock farms);
- ✓ reduction of the quantity and quality of the products;
- ✓ increased risk regarding the bio-safety of the sector;
- ✓ loss of job positions both in livestock farms and in related enterprises of the secondary sector etc.;
- ✓ raise in consumer prices for basic food products in a very difficult time period.

Furthermore, the high dependence of European (community) and therefore of Greek stock farming on protein feed and soybean imports creates uncertainty both regarding the future prices of soybeans and the available quantities for import since a number of countries such as India and China demand growing quantities of soybean. The maintenance of food security in protein feed should become a main strategic choice of the Common Agricultural Policy with the enforcement of direct measures.

Adequate short term and long term measures as well have to be taken, in order to face and counterbalance the consequences of the raise in feed prices as to avoid a massive meltdown of the aforementioned sectors.

Therefore, we ask the Commission to consider all the available national and EU-level tools and specifically the following:

- A direct approach to minimize the above effects could be the implementation of a “**de minimis**” State Aid programme.
- Providing access to the EU Solidarity Fund should also be considered.
- Regarding the immediate problem of 2013 a flat-rate payment, as given to energy crop production up to 2008 (article 88, Regulation (EC) 1782/2003) would provide an impetus for the increase of the area cultivated with legume crops that can produce protein feeds.
- Considering that the cultivation of legume crops supports the greening of the Common Agricultural Policy, additional payment as an incentive for the increase of the cultivated area is also a solution. Food security regarding protein feed could be procured with a strategic intervention to the Common Agricultural Policy 2014-2020 that is currently under discussion.
- Any other measure considered adequate by the Commission to alleviate farmers’ situation.

