Commission Implementing Regulation (EU) 2019/1132 of 2 July 2019 providing temporary exceptional adjustment aid to farmers in the beef and veal sector in Ireland

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providing temporary exceptional adjustment aid to farmers in the beef and veal sector in Ireland

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 1308/2013 of the European Parliament and of the Council 17 December 2013 establishing a common organisation of the markets in agricultural products and repealing Council Regulations (EEC) No 922/72, (EEC) No 234/79, (EC) No 1037/2001 and (EC) No 1234/2007[(1)], and in particular Article 221(1) thereof,

Whereas:

(1) The beef and veal sector has traditionally been the most fragile agri-food sector due to a number of factors, in particular restricted market access to third-country markets and falling domestic consumption. Additional new challenges emerge from concerns over the sector's contribution to greenhouse gas emissions

(2) The structure of the beef and veal industry makes it vulnerable, mainly due to its long life-cycle and high costs linked to extensive production. These factors have been aggravated by the prospect of the United Kingdom leaving the Union and uncertainties linked to the future United Kingdom's customs tariff once it withdraws from the Union. The United Kingdom is a premium market for beef and veal that is critical for the sustainability of the entire Union beef and veal sector. In parallel, the sector is confronted with demands of trade partners for increased market access to the Union.

(3) Those problems are more acute in the case of the Irish beef and veal sector. The latter is concentrated in small-scale holdings in the poorer regions of the country where alternative types of production are limited. After years of stagnating beef prices in Ireland, gross margins have fallen in the past year by 11 to 19 %, with suckler cow farms suffering the biggest losses.

(4) Ireland's beef and veal sector is both large and hugely dependent on exports. Five of every 6 tonnes of beef produced is exported and almost 50 % of these exports are to the United Kingdom. Uncertainty around the withdrawal of the United Kingdom is putting downward pressure on prices, deteriorating further the situation of beef producers in Ireland. This actually happened in the months preceding earlier announced dates for the withdrawal of the United Kingdom.

(5) Market adjustment is particularly slow in Ireland's extensive beef production system where animals are typically slaughtered at a later age, between 18 and 30 months of age. This particular production system is suited to the requirements of the United Kingdom's

beef market. Efforts to open new markets continue to be hampered by third-country restrictions related to outdated animal health requirements in particular.

(6) In the light of the abovementioned specific problems faced by Irish producers, it is in the interest of the market stability of the Union beef and veal sector to adopt measures that reinforce the resilience of Irish beef. In conjunction with the need to avoid that downward price pressure on Irish beef spills over to other Member States, those problems constitute specific problems within the meaning of Article 221 of Regulation (EU) No 1308/2013. Those specific problems cannot be addressed by measures taken pursuant to Article 219 or 220 of that Regulation. On the one hand, they are not specifically linked to a significant market disturbance or threat thereof. On the other hand, the measures provided for in this Regulation are not taken in a context of combatting the spread of a disease.

(7) In addition, available instruments under the common agricultural policy such as public intervention and private storage aid are not adequate measures to address the needs of the Irish beef and veal sector. It is therefore appropriate to provide Ireland with a financial grant to support farmers in that sector engaging in actions enhancing their resilience and sustainability, including the adjustment of production to markets with requirements other than the United Kingdom.

(8) The Union aid made available to Ireland should take into account the main features of its beef and veal sector, including its share of specialised beef farmers and its vulnerability to disruption of exports.

(9) Ireland should design measures aimed at production reduction and restructuring of its beef and veal sector to protect its long-term viability, based on one or more of the following activities: fostering environmental and economic sustainability, developing new markets and enhancing beef and veal quality.

(10) Ireland should distribute the aid through measures on the basis of objective and non-discriminatory criteria, while ensuring that farmers in the beef and veal sector are the ultimate beneficiaries of the aid, and avoiding any market and competition distortion.

(11) As the amount allocated to Ireland would compensate only a part of the actual cost for farmers in the beef and veal sector, Ireland should be allowed to grant additional support to those farmers, under the same conditions of objectiveness, non-discrimination and non-distortion of competition.

(12) In order to give Ireland the flexibility to distribute the aid as circumstances require, Ireland should be allowed to cumulate it with other support financed by the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development.

(13) In accordance with Article 221 of Regulation (EU) No 1308/2013, this Regulation should be limited to a period of maximum 12 months starting from its date of entry into force. Payments made by Ireland to the beneficiaries after that period should not be eligible for Union financing.

(14) In order to ensure transparency, monitoring and proper administration of the amounts available, Ireland should provide the Commission with certain information, including, in particular, information on the concrete measures to be taken, the criteria used to distribute the aid and the measures taken to avoid distortion of competition in the market concerned.

(15) In order to ensure that farmers receive aid as soon as possible, Ireland should be enabled to implement this Regulation without delay. Therefore, this Regulation should apply from the day following that of its publication.

(16) The measures provided for in this Regulation are in accordance with the opinion of the Committee for the Common Organisation of the Agricultural Markets,

HAS ADOPTED THIS REGULATION:

Article 1

1 Union aid of a total amount of EUR 50 000 000 shall be available to Ireland to provide exceptional adjustment aid to farmers in the beef and veal sector subject to the conditions set out in paragraphs 2 to 5.

2 Ireland shall use the amount available for measures referred to in paragraph 3. The measures shall be taken on the basis of objective and non-discriminatory criteria, provided that the resulting payments do not cause distortion of competition.

3 The measures taken by Ireland shall be aimed at reducing production or restructuring the beef and veal sector and one or more of the following objectives:

a implementation of quality schemes in the beef and veal sector or projects aiming at promoting quality and value added;

b boosting market diversification;

c protecting and improving the farmers' environmental, climate and economic sustainability.

4 Ireland shall ensure that, if farmers in the beef and veal sector are not the direct beneficiaries of the payments of the Union aid, the economic benefit of the Union aid is passed on to them in full.

5 Ireland's expenditure in relation to the payments for the measures referred to in paragraph 3 shall only be eligible for Union aid if those payments have been made by 31 May 2020 at the latest.

6 Measures under this Regulation may be cumulated with other support financed by the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development.

Article 2

Ireland may grant additional national support for the measures taken under Article 1 up to a maximum of 100 % of the amount set out in Article 1, on the basis of objective and non-discriminatory criteria, provided that the resulting payments do not cause distortion of competition.

Ireland shall pay the additional support by 31 May 2020 at the latest.