



Brussels, 5 May 2020

Dear President Von der Leyen,

Farmers from Estonia, Latvia and Lithuania urge you to use the next Multiannual Financial Framework to ensure a strong and fair recovery after the COVID-19 pandemic. While the current crisis affects all parts of the economy and society, it is crucial that the recovery does not exacerbate existing inequalities among farmers across the EU.

Covid-19 has upended the way all Europeans live and work. Farmers across Europe need to adapt to a rapidly evolving food demand, increased price volatility, as well as disruptions putting our food security in danger. Direct payments under the Common Agricultural Policy serve as our safety net in times of crisis.

Nevertheless, Baltic Farmers remain exposed as we receive the lowest direct payments in the EU. Since accession to the EU in 2004, farmers from all three Baltic States have been receiving the lowest level of direct support compared to other Member States, currently only 54-60% of the European average. At the same time, our production costs are much higher than the EU average, amounting to respectively 129% (Estonia), 112% (Lithuania) and 113% (Latvia). Our income therefore depends much more on the market situation than in other countries.

This anomalous situation is due to a historic misinterpretation of the provisions of the EU Accession Treaty. Initial payment calculations were based on a reference period when the countries were undergoing major land reform while transitioning from the Soviet state ownership model to privately owned farming structures. An unprecedented drop of productivity during those years was taken as reference, leading to a historical injustice.

Seven years ago, in February 2013, the European Council unanimously agreed that, “by 2020 at the latest, all Member States should reach the level of at least EUR 196 per hectare at current prices”. Since then, we have continued to systematically receive no more than 54-60% of the European average in direct payments, despite repeated calls for an end to this unfair distribution of funding which does not reflect the realities of agriculture on the ground in the Baltic countries, and does not help us finance practices beneficial for climate and the environment.

The latest MFF proposals before COVID-19, did not seem to address this injustice. And the effects of this injustice become even more evident in times of a crisis. With dignity carrying out our mission, we are working to provide healthy, nutritious, local, fresh food to all Europeans. Nevertheless, the current first signs on the ground are raising uncertainty and anxiety, strongly resembling the effects of the 2014 Russian Embargo on EU agricultural products, which affected us disproportionately. Furthermore, we are alarmed as in the current crisis the reflex of many EU member states was overly protectionist, breaking the Single Market, at least momentarily.

We think that an ambitious recovery plan and a fair CAP **must** be a tool to bring Europe united out of this crisis.

As you are currently working towards a new budget to support Europe's recovery, this is a unique chance to fix this injustice and increase the resilience of the food supply chain as a whole. It will be key to maintain a high ambition for the future MFF, that ensures that no-one is left behind. We think that agriculture can be a way to grow out of this crisis, and we call for maintaining allocations for both pillars of CAP, enabling further market measures, and accelerating the convergence of direct payments towards a fairer system of distribution.

A chain is as strong as its weakest link. We cannot let Europe's food supply chain collapse. We ask Europe to treat all links as equal in its future budget and stop treating Baltic farmers as second class citizens.

Kind regards,
The Coalition of Baltic Farmers

Estonian Chamber of Agriculture and Commerce
Estonian Farmers Federation
Latvian Agricultural Cooperatives Association
Latvian Farmers Parliament
Latvian Farmers Federation
Latvian Agricultural Organization Cooperation Council
Latvian Agricultural Statutory Societies
Lithuanian Agricultural Council
Lithuanian Chamber of Agriculture
Lithuanian Farmers' Union
Lithuanian Association of Agricultural Companies
Lithuanian Association of Agricultural Cooperatives "Kooperacijos kelias"