

Special report 09/2023: Securing agricultural product supply chains during COVID-19

Performance audit

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FULL REPORT (OFFICIAL EU LANGUAGES)



What we assessed and why

The COVID-19 pandemic impacted agricultural product supply chains from farm to fork. The EU adopted a series of exceptional support measures. On the one hand, the responsibility for measures related to the agri-food sector lies primarily with the member states. On the other hand, the Commission issues guidelines and proposes financial measures to support the sector. Thus, the Commission and member states share management of these measures.

In this audit, we assessed whether the EU response to the threat posed to agricultural product supply chains by the pandemic was appropriate and timely and to examine whether EU support targeted those sectors and beneficiaries which were most in need.

Specifically, we focused on:

- whether the Commission and member states promptly secured the flow of goods across the EU. This included the drawing up of the Green Lane guidelines and the monitoring of their application;
- whether the Commission quickly set up direct support to farmers within the first months of the onset of the pandemic;
- whether the Commission and member states quickly introduced state aid measures to support farmers, ensuring that these measures did not distort competition and overcompensation.

We checked the implementation of the EU measures in five member states (Greece, Spain, France, Poland, and Romania) and covered 2020 and 2021, during which most measures were implemented.

With this audit, we aimed at improving the design of measures in future crises affecting agricultural product supply chains.

What we found

We found that the Commission reacted rapidly to the pandemic by issuing helpful guidelines, direct support, and market measures.





The guidelines on the movement of goods and critical workers were helpful in mitigating disruption to the agri-food sector. The authorities in all five audited member states commented positively on the Green Lanes, which they considered a practical guide to managing border crossings during COVID-19.

We found that direct support, with a budget of €712 million, was implemented quickly by reallocating unused European Agricultural Fund for Rural Development (EAFRD) funds. The member states with significant unused EAFRD budgets of the previous year mainly took up the measures.

We observed that while national budgets primarily facilitated the fiscal response to the pandemic, the Commission established procedures to ease the provision of state aid. State aid support provided by member states to selected sectors was far more significant in monetary terms than EU financing. The levels of state aid differed widely between member states. Here, we pointed out the risks of competitive distortion and overcompensation, particularly in instances where sectors received both national and EU-level financial support.

We also identified a lack of precision in targeting direct support measures by the member states and not clear enough rules of crisis distillation. While some member states extended support to all impacted farmers, others restricted it to specific sectors or beneficiaries, not necessarily based on the extent of their losses. We also observed the lack of targeted support in the implementation of crisis distillation measures, which were applied inconsistently across the audited member states.

What we concluded

We concluded that the European Commission's response to the challenges faced by the agricultural supply chains due to the COVID-19 pandemic was generally appropriate. The Commission's rapid actions and interventions were instrumental in limiting the disruption to the agricultural sector, ensuring the continued supply of products. However, we highlighted areas for improvement, particularly regarding the targeting of direct support measures.

We recommend that the Commission should:

- include in legislative proposals regarding future crisis measures clear rules to provide support based on objective and non-discriminatory criteria; and
- to be prepared for future crises, share lessons learned and good practices with member states, to target sectors and beneficiaries most in need.