

The Influence of the Support for Lithuanian Farms in LFA

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Introduction

The material in this poster is the part of research carried out in 2007 Programme of Agriculture and rural development policy implementation, economical and social research in which influence of public support in less favoured areas is presented. The estimation of compensatory payments for social (demography, migration, regression of population), economical (gross margin including subsidies and other), production (yield) and structural (farm size, labour input) indicators is pointed in this material.

Authors emphasize that calculation methodology of compensatory payments in the LFA should be strictly coherent with quantifiable environmental requirements to succeed the effectiveness and evidence for LFA payments. The purpose of compensatory support in LFA has to be not only based on income increase up to determined level, but to materialize appropriate management of agricultural system.

Share of LFA in selected EU countries 2005

	Czech Republic	Germany	Spain	Finland	Greece	Italy	Lithuania	Poland	Scotland
UAA, thous. ha	4 259	1 512	24 855	2 267	9 163	361	2 590	17 737	6 115
LFA, thous. ha	706	176	7 222	2 163	5 167	45	991	9 933	5 250
Share of LFA, %	17	12	29	95	56	12	38	56	86

LFA compensatory payments in 2007-2013 and comparison with 2004-2006 programming period in selected EU countries

Country	Differentiation	Compensatory payment, Lt/ha	Compare to 2004-2006
Natural handicap payment schemes for other areas (except mountains) with natural handicaps (212)			
Czech Republic	OA	404	=
	OB	325	=
Germany (North Rhine-Westphalia)	LVZ ≤ 15	≤ 397	® -20%
	15 < LVZ ≤ 20	≤ 311	® -20%
	20 < LVZ ≤ 25	≤ 207	® -27%
	25 < LVZ ≤ 30	≤ 121	® -31%
	30 < LVZ ≤ 35	≤ 86	® -39%
Spain	Depopulated areas	197	↑ +27%
Greece	Young farmers with green certificate	224 - 518	=
	Young farmers and/or successors of early retirement	224 - 483	
	Beneficiaries Aegean islands	224 - 432	
	Other beneficiaries	224 - 380	
Italy (Umbria)	Other beneficiaries	345	® -33% / =
Lithuania	Highly unfavourable areas (HUA)	260	=
	Less unfavourable areas (HUA)	195	
Poland	I zone	163	=
	II zone	240	

Natural handicap payment schemes for areas with natural handicaps (212)				
Czech Republic	Areas affected by specific handicaps S / SX	394 / 314	100 / 85	= / 0
Spain	Areas affected by specific handicaps	414	n.a.	=
Poland	Areas affected by specific handicaps	240	60	↑ +24%

Not differentiated areas				
Finland	Support area A	518	n.a.	=
	Support area B1, B2 and C1	691		
	Support area C2, C3 and C4	725		
Scotland	More disadvantaged land standard areas	196	n.a.	® -3%
	More disadvantaged land fragile areas	199		=
	More disadvantaged land very fragile areas	268		® +10%
	Less disadvantaged land standard areas	168		® -3%
	Less disadvantaged land fragile areas	205		=

Less disadvantaged land very fragile areas	236
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↑ +10%

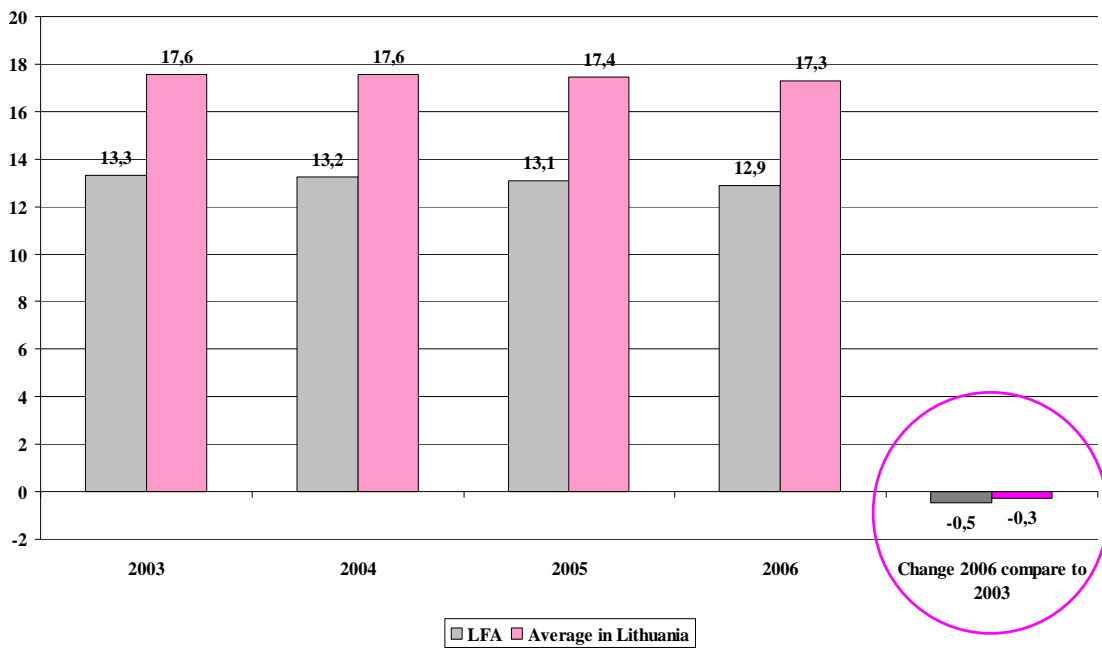
Limits (maximum and minimum) for LFA payments in selected EU countries 2007-2013

Country	Minimum criteria	Maximum criteria
Germany	-	EUR 12 271 per beneficiary
Spain	EUR 300 per holding	EUR 2 500 per holding
Lithuania	-	>150 ha, support - 100%; 151 > 250 ha, support - 85%; 251 > 500 ha, support - 70% < 501 ha support - 50%
Poland	-	1-50 ha , support - 100%; 50.01-100 ha, support– 50%; 100.01-300 ha, support – 25%; For holdings > 300 ha no support.
Scotland	EUR 577.50 per holding	-

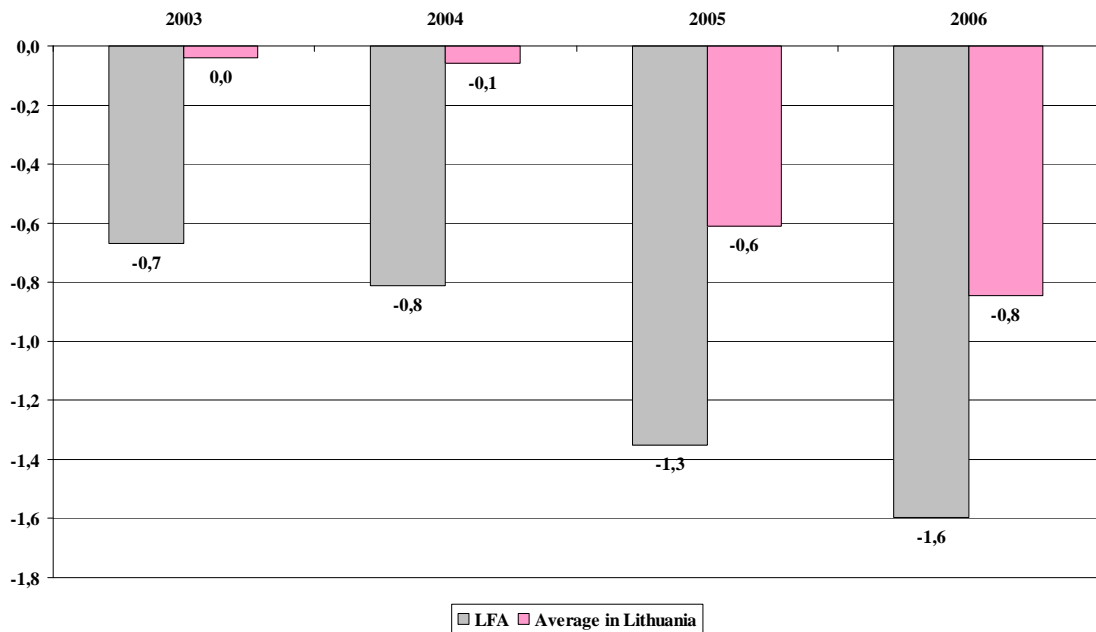
Grain yield 2004-2006 compare to 2003, %



Density of rural population 2003-2006, persons/square km



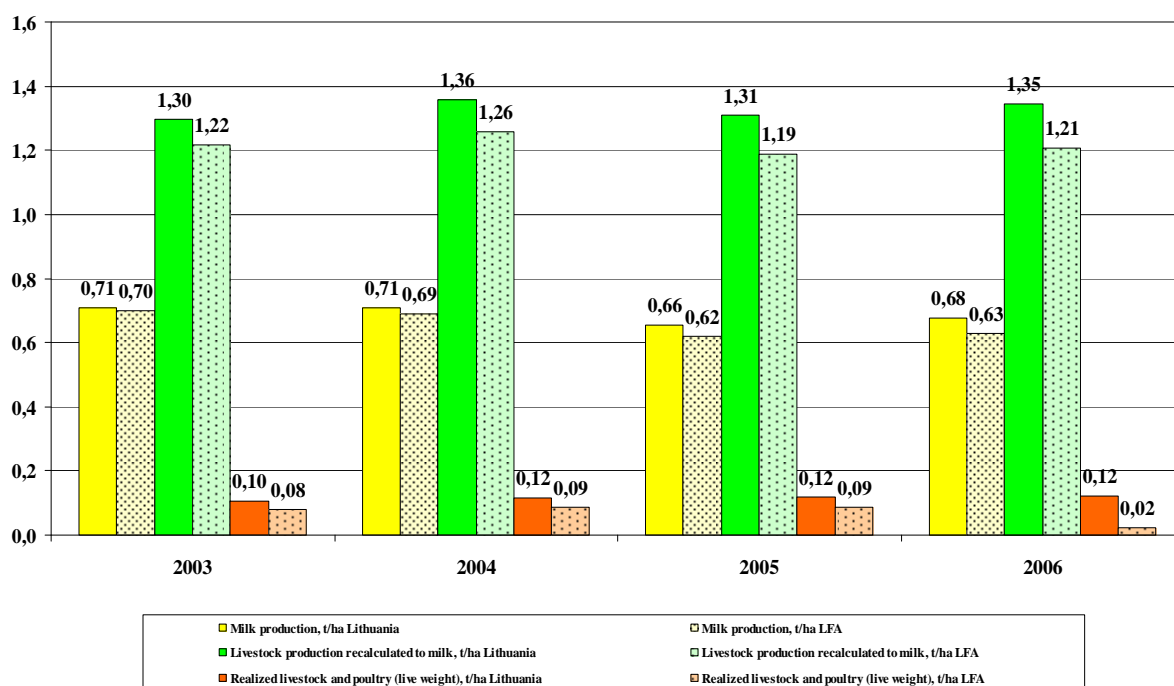
Average annual regress of rural population in 2003-2006, %



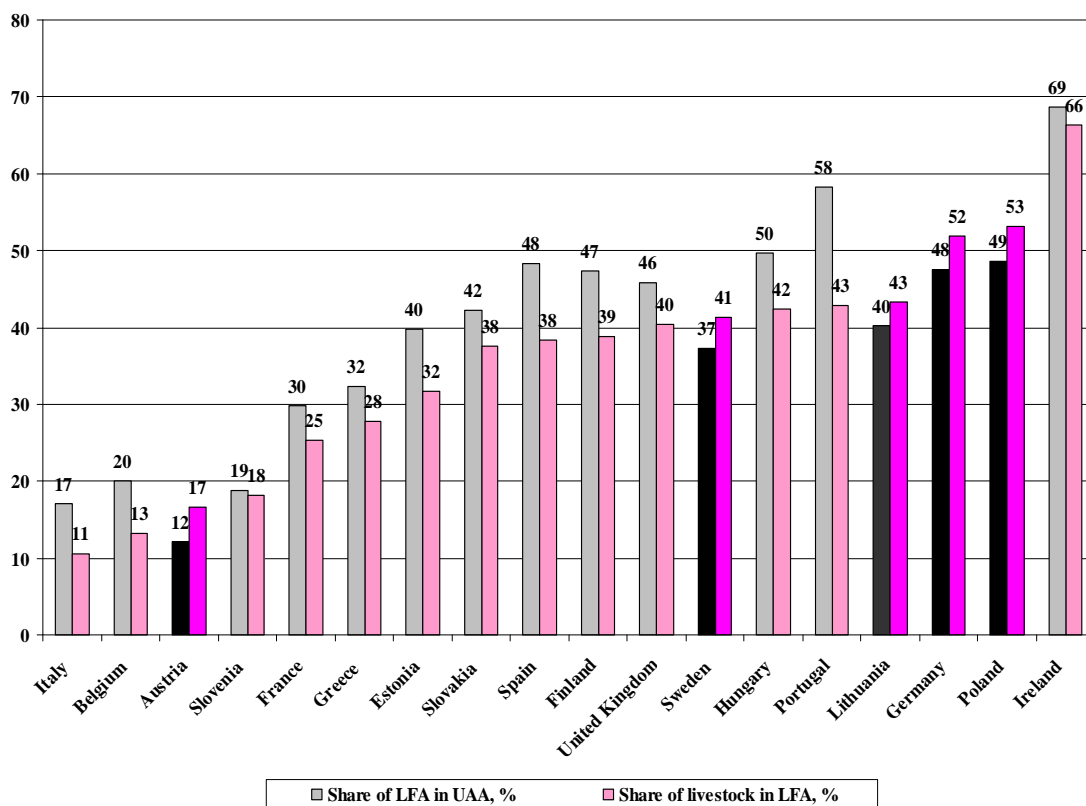
Share of livestock production in LFA in Lithuania 2003-2005, %

	2003	2004	2005
UAA in LFA	25%	25%	26%
Milk production	24%	24%	24%
Livestock production (recalculated to milk)	23%	23%	23%
Realized livestock and poultry for slaughtering (live weight)	18%	18%	18%

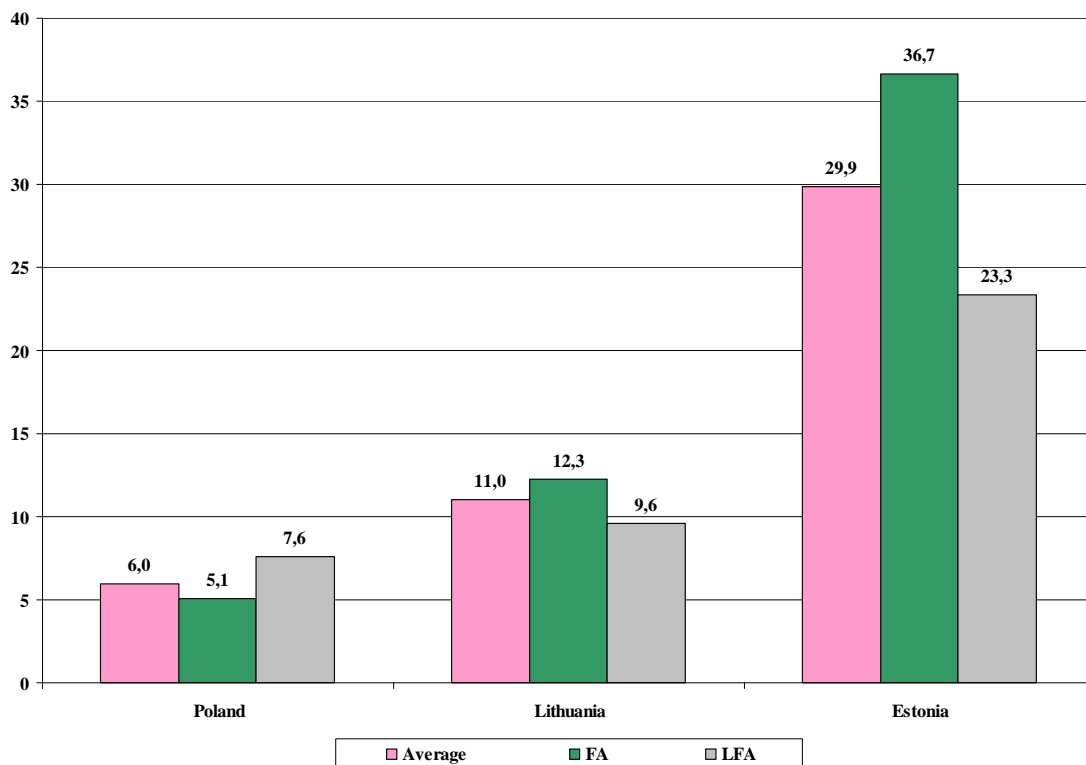
Livestock production in Lithuania 2003-2005, t/ha



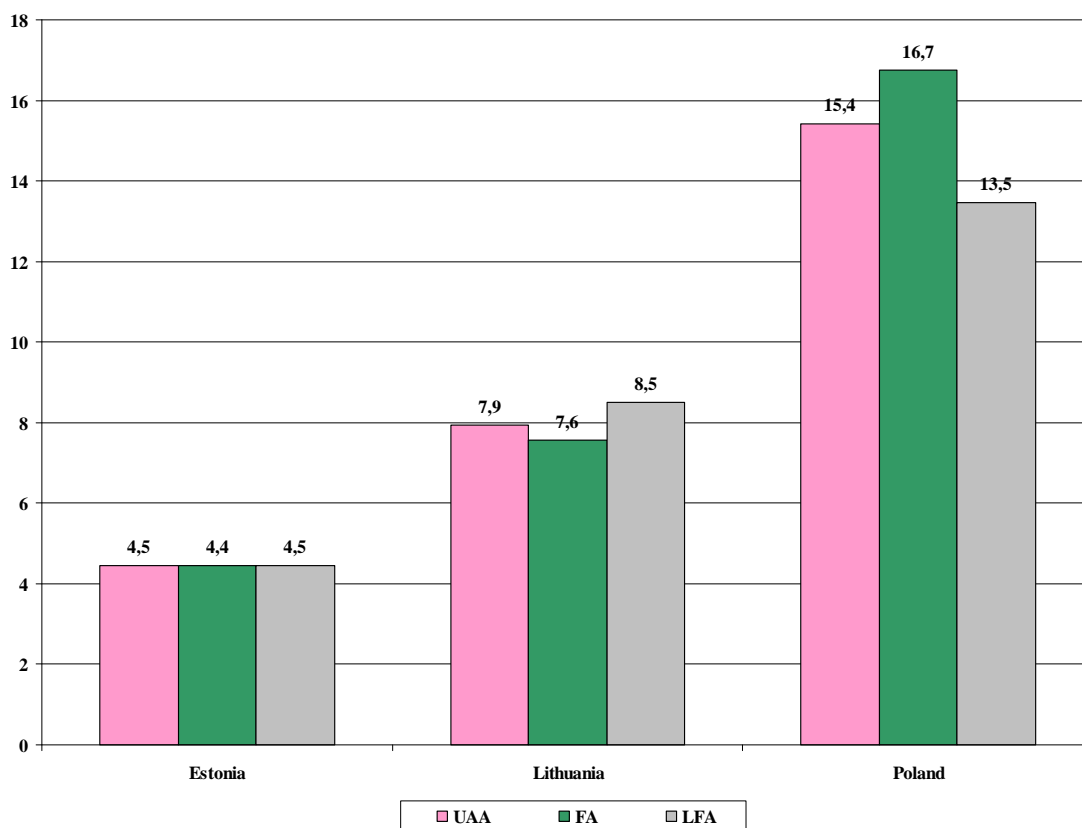
Share of UAA and livestock in LFA in selected EU countries in 2005, %



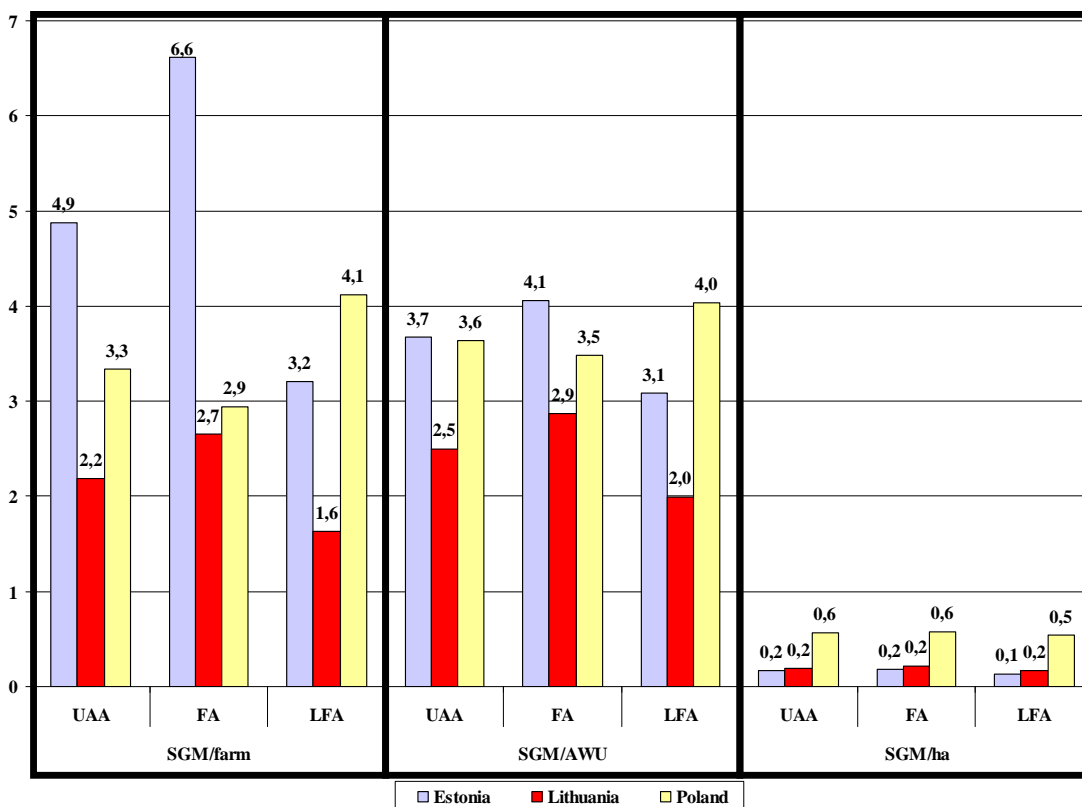
Average farm size in Lithuania, Poland and Estonia in 2005, ha



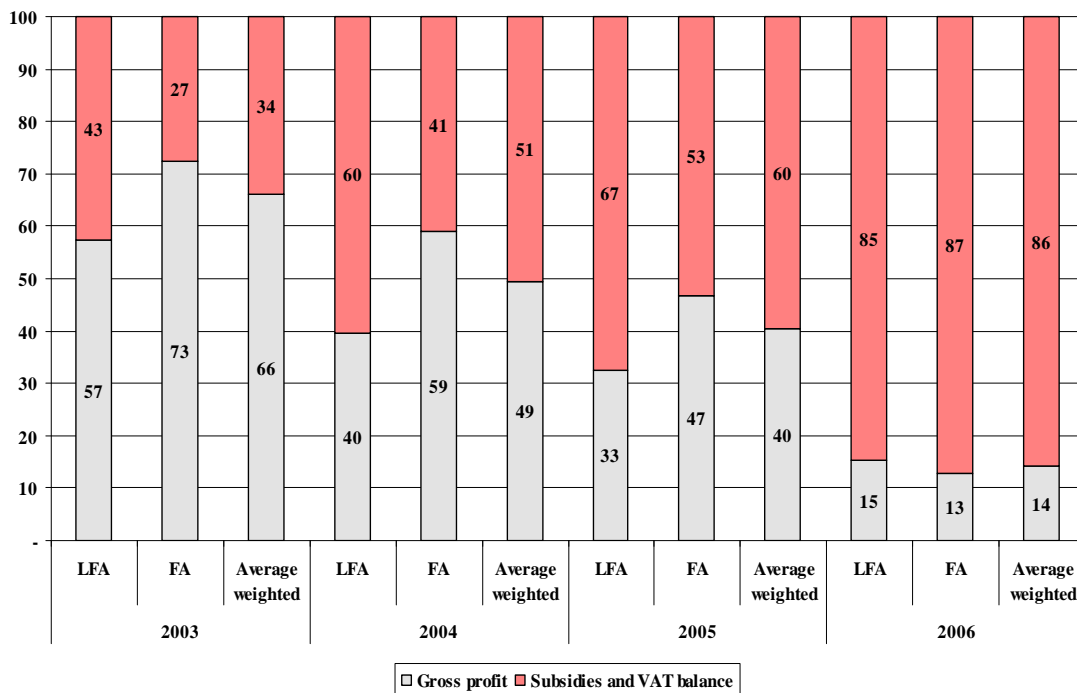
AWU per 100 ha UAA in Lithuania, Poland and Estonia 2005, AWU/100 ha



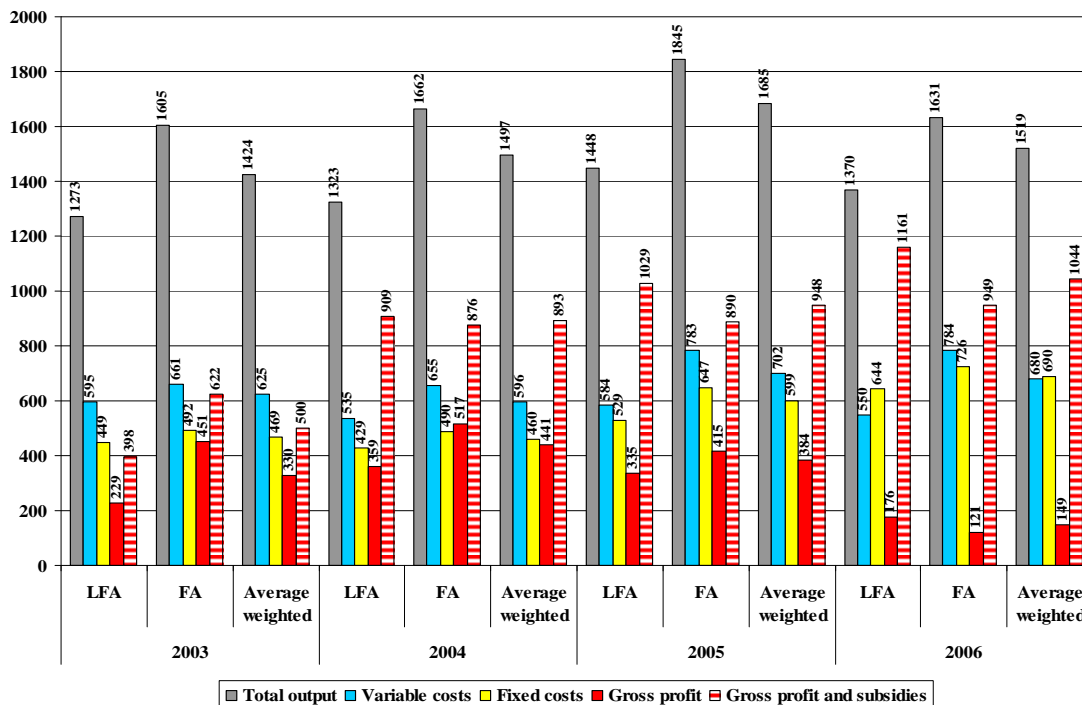
SGM in the farms of Lithuania, Poland and Estonia 2005, ESU



Structure of gross profit with subsidies 2003-2006, %



Farming results 2003-2006, Lt/ha



Conclusions

- Support for LFA partly achieved the target because of observed decreasing social and productivity indicators;
- Support didn't encourage production of agriculture;
- The purpose of compensatory support in LFA has to be not only based on income increase up to determined level, but to materialize appropriate management of agricultural system