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**DIRECT PAYMENTS TO EUROPEAN AGRICULTURE:
Territorial Impact of Reforms**

Vincent Chatellier^{*}, Karine Daniel^{}**

ABSTRACT

The Common Agricultural Policy reform has set new objectives for rural development. In this context, the present report focuses on the distribution of direct payments to European Union farms. On the basis of Farm Accounting Data Network figures, an analysis was first performed for 1995 (the final year of the Mac Sharry reform) according to a specific typology (all European farms were distributed into 31 production areas and 5 types of farming). The redistributive effect of Agenda 2000 was then quantified at the regional level and for different categories of farms. The future configuration of direct payment allocation suggests some improvements in redistribution of support, but the changes appear to be less marked than expected. The main conclusion is that direct payments will increase in dairy-intensive regions, while the southern part of the European Union will continue to receive fewer subsidies.

Key words : Agricultural policy – European agriculture – Direct payments – FADN – CAP reform

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1. INTRODUCTION

During forty years of existence, the Common Agricultural Policy (CAP) has shown a capacity to adapt and change in response to new challenges. The CAP reform, decided in May 1992 (known as the “Mac Sharry reform”), modified Common Market Organisation (CMO) for both arable crops and beef. This reform was based on two main elements: lowering institutional prices and offsetting the impact of these cuts on producers’ income by means of direct payments. Therefore, it significantly increased the taxpayers’ role in financing agricultural policy, but lowered duties for consumers (European Council, 1999). During the Berlin meeting (March 1999), the European Council decided to implement a new reform for the period 2000-2008, known as “Agenda 2000”, intended to prepare European agriculture for internal and external challenges in the year 2000 and beyond (Swinbank, 1999). A basis was provided for the European Union’s stance in the round of multilateral trade negotiations initiated at the beginning of 2000 within the framework of the World Trade Organisation (WTO). This new reform is intended to mark a further stage in the policy of supporting farmers rather than products and remunerating not only farmers’ output but also their additional contribution to society. The horizontal measures of Agenda 2000 (regulation No. 1259) encourage more environmentally friendly production methods relative to a “cross-compliance” principle and offer the possibility of modulating compensatory payments in each member state. The rural development policy, which represents about 10% of all expenses directed to European agriculture, has become the second pillar of the CAP. The success of this reform will depend in part on modifications in the distribution of direct payments to European farmers.

In this context, the present report compares the distribution of direct payments among European farmers in 1995 (the last year of application of the Mac Sharry reform) with that proposed by Agenda 2000. As indicated in the next section, this research was based on Farm Accounting Data Network (FADN) figures. The typology used distributes all European farms according to 31 production areas and 5 types of farming. The next section also describes the method used for simulating the conditions of Agenda 2000. The third section analyses the distribution of direct payments to European agriculture in 1995. The fourth section considers the

redistributive effect of the Agenda 2000 reform. Some statistical tests specific to spatial data analysis are used to compare the allocations of direct payments in 1995 and 2008. Quantitative estimates are provided concerning the redistributive nature of the new reform among regions and types of farms. The last section summarises the political implications of the results.

2. TOOLS AND METHODS

The analysis, based on the European FADN, required the construction of a typology representative of the variety of European agriculture. It also required a program for simulating the effects of Agenda 2000.

2.1. Typology: 31 production areas and 5 types of farming

The purpose of the FADN network is to gather accountancy data from farms for all member states of the European Union. This statistical tool is applied to structural data (such as location, areas, livestock numbers, labour force, etc.), but also to economic and financial data (such as the production value of different crops, stocks, sales and purchases, production costs, assets, liabilities, production quotas and subsidies). The annual sample covers around 58,000 holdings, representing about 3.5 million farms in the 15 member states that account for approximately 90% of total utilised agricultural area (UAA) and more than 90% of the total agricultural production of the Union.

A typology was developed to take account of the variety of European agriculture. The 3.5 million farms were distributed into 155 typological units resulting from the crossing of 31 production areas and 5 types of farming. As these two segmentation criteria were based on the stratification method of the FADN, the reliability of the typology is presumably good.

The 104 regions of the FADN were aggregated to form 31 production areas, thereby concentrating the mass of data. However, three factors were respected: national unity (only regions of the same country were merged), spatial continuity (only bordering regions were aggregated), and minimal sample size (farms). Principal component analysis (PCA) was performed on the basis of two criteria:

specialisation and farm size (Daniel, Maillard, 2001). Ten countries were not segmented into regions: Austria, Belgium, Denmark, Finland, Greece, Ireland, Luxembourg, Portugal, the Netherlands and Sweden. As shown in annex 1, regional segmentation was applied to France (7 production areas), Germany (4), Italy (3), Spain (4), and the United Kingdom (3).

Table 1 shows the contribution of these 31 production areas to European agriculture in terms of number of farms, employment, standard gross margin, acreage (usable agricultural area) and direct payments. The contribution depends on the developed production and average economic size of farms. Nearly two-thirds of European farms are small (less than 20 ESU). This proportion is greater in Portugal and Greece (more than 90%), Spain and in Italy (between 80% and 90%) and Ireland (about 70%). Farms of more than 80 ESU, representing only 6% of the European Union total, are more common in Germany-East (45% of all farms), the Netherlands (42%), the United Kingdom-East (36%) and France-North Parisian (29%). These regions, which are specialised in cereals, receive most of the direct payments.

[Insert Table 1]

The geographic distribution of direct payments depends on the relative weight of supported productions (arable crops, beef and sheep) in regional agricultural output. Farms were distributed according to five types of agriculture (by aggregation of the 17 types of farming identified in the European FADN): “Arable Farms” (TF No. 11 and 12) “Dairy Farms” (TF No. 41 and 43), “Beef Farms” (TF No. 42), “Mixed Farms” (TF No. 44, 60, 71, 72 81 and 82) and “Others”. The distribution of European professional farms according to this typology is shown in Table 2.

[Insert Table 2]

The production areas where most farms are included in the group “Others” (Spain-Mediterranean, Spain-South, Italy-South and France-South East) receive few direct payments and are, in fact, not concerned by the next CAP reform. The amount of direct payments will increase after application of Agenda 2000 in regions where there is a high proportion of dairy farms (particularly in France-West, the Netherlands, Spain-North, Germany-Bavaria, Finland and Luxembourg).

2.2. Simulation of Agenda 2000

The simulation of the Agenda 2000 reform was carried out using projections based on the 1995 FADN. Between 1995 and 2000, the amount of direct payments per hectare or animal was constant (although the amount per farm increased due to considerable restructuring). The Agenda 2000 simulation distinguishes two steps: 2004 (after the reform for both arable crops and beef) and 2008 (after the reform for milk). The simulation was based on the following assumptions:

- For the arable crops sector, compensatory payments are allocated among cereals, silage maize, oilseeds, protein crops and set-asides. For these categories, an appreciation or a depreciation was determined according to the contents of the agreement (European Commission, 2000-A). The set-aside rate is estimated at 10% for 2000-2008 *versus* 15% in 1995.

- For the beef sector (European Commission, 2000-C), the appreciation of premiums (suckler cows, bulls, steers, extensification, slaughtering) within the national allotments was more difficult to determine on the basis of European FADN 1995 because the aggregation of the direct payments variable was too large. To overcome this difficulty, the appreciation of animal premiums for each farm from 1995 to 2004 were estimated as a certain proportion of the decrease of beef output (due to a lower guaranteed price). This proportion (identified using a model developed for the French FADN) ranged between 60% and 105% for ten breeding systems and three classes of stock density¹.

- For the dairy sector (European Commission, 2000-C), the appreciation of compensatory payments (within national allotments) was estimated on the basis of the milk quota (Bouamra, Requillart, 2000).

On the basis of an identical method for all countries, the simulation was carried out assuming that structures and productivity remained constant (without farm adaptations). Restructuring in the agricultural sector would make the amount of direct payments per farm progress faster than estimated by simple static simulations.

¹ For example, an intensive specialised beef farm (stock density greater than 1.8 livestock units per hectare), in which the decrease of beef production represents 10,000 euros with Agenda 2000, has an annual premium estimation of 7,000 euros (10,000 * 70%). The estimation is close to 100% in an extensive beef farm (stock density lower than 1.4 livestock units per hectare).

The simulation does not suppose application in the member states of the subsidiarity principle concerning modulation and cross-compliance (articles 3 and 4 of the horizontal regulation). It also assumes that direct support resulting from national or local financing (such as agri-environmental measures, structural payments from the state, etc.) will remain stable throughout the period.

3. DIRECT PAYMENTS TO EUROPEAN AGRICULTURE IN 1995

Direct payments do not represent all of the public support for European agriculture (Desquilbet *et al.*, 1999), but certainly an increasing part of it. Table 3 shows the evolution of the structure of Equivalent Support to Producers (ESP) (OECD, 2000). The part of the ESP resulting from direct payments increased from 16% in 1986-88 to 40% in 1997-99.

[Insert Table 3]

According to the FADN, the total amount of direct payments to European farms increased from 6.4 billion euros in 1991 to 26.9 billion euros in 1995. The three new member states of the European Union (Austria, Finland and Sweden) received 3.4 billion euros of this budget. Therefore, the increase of direct payments in the other twelve countries amounted to about 17.1 billion euros during this period. This increase was mainly related to the compensation program in the arable crops sector. In 1995, 60% of direct payments were related to arable crops, 23% to the beef sector, and the rest to “other direct payments”. These percentages differed according to the production area.

In 1995, the 20% of farms most supported in the European Union received 73% of the direct payments, but represented only 59% of the agricultural area and 25% of the agricultural labour force. Sixty-four percent of European farms received less than 5,000 euros, and only 9% more than 20,000 euros. On average, the amount of direct payments in the Union was about 7,500 euros per farm. This average conceals large disparities depending on the production area and the type of farming (Table 4). Except for Germany-East, where farms have a particular configuration (Chatellier, Kleinhanss, 2000), the average amount of direct payments per farm was between 1,500 euros in Spain-North and 32,400 euros in the United Kingdom-East. It

was less than 5,000 euros in most of the production areas in the southern part of the European Union (Greece, Italy, Portugal, and Spain) as well as in the Netherlands (where production of milk, pigs and potatoes is highly developed). It was more than 20,000 euros in Finland, in two French production areas (Centre and North Parisian), and in the United Kingdom.

[Insert Table 4]

In 1995, the 776,000 European arable farms received, on average, 12,100 euros of direct payments (including mainly compensatory payments for arable crops). The amount was less than 5,000 euros for 54%, whereas 17% received more than 20,000 euros. Farms in the first category are well represented in southern Europe, and those of the second category are located mainly in France and the United Kingdom. These important differences are influenced by regional reference yields, the type of crops (cereals receive fewer subsidies than oilseeds) and the production method (with or without irrigation).

The 557,000 dairy farms received, on average, 8,300 euros of direct payments. Farms in this sector were not directly concerned by the Mac Sharry reform, but received direct payments for arable crops (36% of the total amount), beef production (24%), and other types (40%). Fewer than 10% of all European dairy farms received more than 20,000 euros of subsidies.

The 160,000 European beef farms (47 livestock units and 42 hectares) received, on average, 10,800 euros of direct payments in the form of animal premiums (74%), arable crops (10%), and others (16%). The production areas with a large number of beef farms were the France-Massif Central region and Ireland.

The 963,000 European "Mixed" farms received, on average, about 9,000 euros of direct payments (including half for the plant sector). In most production areas, these farms received fewer subsidies than arable ones.

The 1,118,000 European farms classified as "other type of farming" received, on average, 2,200 euros of direct payments. Specialised in horticultural, market-gardening, wine, poultry or pig production, these farms are characterised by high employee mobilisation and an economic dimension often greater than that of the other categories. Forty percent of the farms in this group received no direct

payments, and 12% (pork or poultry farms with some arable crops) received more than 5,000 euros.

The amount of direct payments per farm is heterogeneous, depending on three main criteria: farm location (reference yield, level of national subsidies), level of specialisation (in arable crops and beef production), and economic dimension (Desriers, 2000).

4. DISTRIBUTION OF DIRECT PAYMENTS AFTER AGENDA 2000

The CAP reform, adopted in March 1999, was intended to reinforce the decoupling of direct payments and to recognise the multifunctional character of European agriculture. Accordingly, this section attempts to answer the question: Does Agenda 2000 harmonise the distribution of direct payments among production areas and farmers?

4.1. An increase of direct payments for beef and dairy farms

According to our simulations, the global amount of direct payments in the European Union will have increased by about 7 billion euros from 1995 to 2008. This increase will occur in two stages: +3.9 billion euros from 1995 to 2004 (including +0.9 billion for the arable crops sector and +3 billion for the beef sector) and +3.1 billion euros from 2004 to 2008 (for the dairy sector). As noted above, this increase is smaller than that observed after application of the Mac Sharry reform (+17.1 billion euros).

For European arable farms, the average amount of direct payments will increase about 6% with Agenda 2000 (from 12,100 to 12,800 euros). This moderate increase will result from a growth in direct payments for cereal acreage (about +17%) and a decrease for oilseeds, protein crops and set-asides. In 2008, the average amount of direct payments will represent about 320 euros per hectare. Given the regional yield of reference, this will mean about 150 euros in the Spain-Centre region and 370 euros in some French regions.

[Insert Table 5]

European dairy farms will receive 55% of the total appreciation of direct payments, representing an increase on average of about 84% with Agenda 2000 (Table 5). Dairy farms in the Netherlands, the United Kingdom and France-West (where silage maize is heavily developed) will benefit most from this appreciation because of the important economic dimension (compensatory payments are related to the milk quota) and the fact that direct payments were initially low. The increase will be smaller for extensive dairy farms in mountainous regions. On average, the amount of direct payments in Europe in 2008 will be higher for dairy farms (15,900 euros per farm and 420 euros per hectare) than arable farms, although this will not be true in northern countries (France, Germany, the United Kingdom, etc.).

The appreciation of direct payments will also be marked for European “Beef” farms (+42%), estimated to be about 15,300 euros per farm and 370 euros per hectare in 2008. For “Mixed farms”, the growth in direct payments will be only half as great (+21%), and nothing will change for farms classified as “Others”.

4.2. Some contrasted changes among regions

The changes in amounts of direct payments according to production area will depend on regional specialisation. The increase will be significant where there are many dairy farms, as in the Netherlands (+202% from 1995 to 2008, *i.e.* an increase of 450 million euros), France-West (+59% or +630 millions euros) and Germany-Bavaria (+38% or +450 millions euros). The increase will also be notable in Ireland (+54%) and in France-Massif Central (+37%) because of the high proportion of beef farms. However, the increase will be limited in regions specialised in arable crops (France-Centre, Germany-East and the United Kingdom-East) and will not exceed 10% in five production areas (Spain-South, Greece, Finland, Italy-South and Spain-Centre) (Table 6).

[Insert Table 6]

Estimations of the average amount of direct payments for each production area per hectare for 1995 and 2008 showed that Agenda 2000 will not produce a profound change in the initial hierarchy (Figure 1). However, the Kolmogorov-

Smirnov statistical test² indicates that the spatial allocation of direct payments will be slightly modified. In fact, the hypothesis of the equality of the two distributions (critical value of 1%) is not borne out by this test.

[Insert Figure 1]

Even though marked differences remain, the CAP reform will tend to harmonise the level of direct payments per hectare among the regions (a coefficient of variation of 0.60 in 1995 and 0.48 in 2008). Theil indices³ confirm this probability (0.099 in 1995 and 0.077 in 2008). However, the effect of redistribution is very weak.

4.3. Distribution of direct payments among farms within the regions

Within production areas, the CAP reform will not constitute a marked change in the distribution of direct payments. There will only be a slight decrease in the level of concentration due to the reform of the dairy sector. To highlight this point, farms were classified in decreasing order relative to amounts of direct payments in 1995. On a European level, 20% of the farms received 73% of direct payments in 1995 and will receive 68% in 2008. The increase (+4,700 euros per farm from 1995 to 2008) is, on average, higher than that estimated for farms in the other eight deciles (+1,200 euros).

[insert Figure 2]

² The Kolmogorov-Smirnov test checks the hypothesis of equality among two distributions. Ten classes of direct payments per hectare (in euros) were defined: 100-150, 150-200, 200-250, 250-300, 300-350, 350-400, 400-450, 450-500, 500-550, and 550-900; and the 31 production areas were classified accordingly. F(X) is the cumulated distribution in 1995, and G(X) the cumulated distribution in 2008. The difference between F(X) and G(X), in absolute value, was calculated for the 10 classes. The maximum value of this difference (0.33 for 200-250 euros) was less than the critical value (1%) (0.184 for a sample composed of fewer than 35 units). Thus, the hypothesis of the equality of the two distributions is not borne out.

³ The Theil coefficient is an index of concentration: the greater the tendency towards 0, the less direct payments are concentrated.

$$T_{DP} = \sum_r \frac{DP_{PA_i}}{AD_{EU}} \left(\frac{DP_{PA_i} HA_{EU}}{DP_{EU} HA_{PA_i}} \right)$$

DP_{PA} = amount of direct payments in the production area "PA".

DP_{EU} = amount of direct payments in the European Union.

HA_{PA} = agricultural area within the production area "PA".

HA_{EU} = agricultural area within the European Union.

In two-thirds of the production areas, the contribution to the regional budget for direct payments of the two first deciles will decrease by less than 5 points. The decrease will be greater in the Netherlands and Spain-North because of the high relative weight of dairy farms. Nevertheless, the observed changes (Figure 2) will in fact probably be less marked, as the most supported farms are in a better position to benefit from the restructuring resulting from a decrease in the number of farmers.

5. CONCLUDING REMARKS

Since the first CAP reform in 1992, the structure of European Union expenditures in favour of agriculture has changed considerably. Direct payments, which are allocated by hectare or by animal, are calculated to compensate for the decrease of guaranteed prices. This means of allocation influences the geographic distribution of subsidies. In each region, the amount of direct payments per farm is related to the productions developed (arable crops, beef and dairy products) and the economic dimension. In 1995, 20% of European farms received 73% of direct payments, representing 25% of the farmers and 59% of the agricultural area.

During the Agenda 2000 negotiations (July 1997 to March 1999), the debates between members states were related to the future amount of direct payments (level of compensation of the decrease in guaranteed prices), the conditions for granting these payments, and their mode of financing (Butault, 1999). Except for the dairy reform aspect, Agenda 2000 does not introduce a marked change in the distribution of direct payments among European farmers. Direct payments remain linked to production factors and historical references. Moreover, the temporal decreasing scale of direct payments has not yet been determined. The increase of direct payments from 1995 to 2008 is estimated at about 7 billion euros for the entire European Union, and this increase will concern mainly the dairy and beef sectors.

The CAP reform (Agenda 2000) will modify the existing balance among the regions and tend to harmonise slightly the amount of direct payments per hectare. However, farms in the southern part of the European Union will not really be concerned by this reform, and most of them will still receive less than 5,000 euros of direct payments. This contrasts markedly with the average amount of about 20,000

euros per farm in Austria and most German and French regions and of more than 30,000 euros in Finland and the United Kingdom.

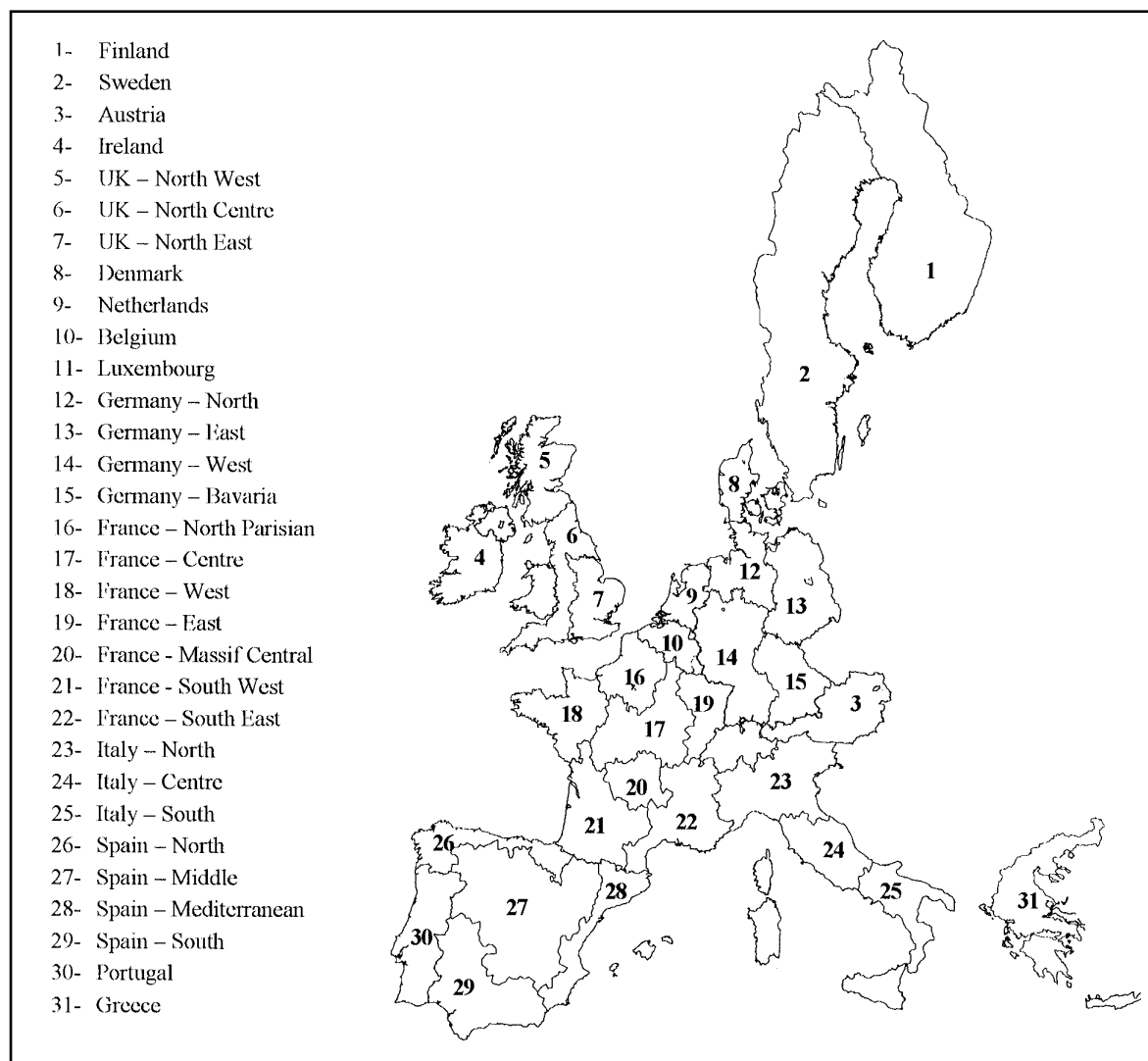
Within each production area, notably those in which dairy farming is developed, the reform will reduce slightly the level of concentration of direct payments among farmers. The high concentration level could be reduced in the future by applying two principles (not integrated into the simulations): cross-compliance (article 3 – council regulation No. 1259) and modulation of direct payments (article 4). Article 4 makes it possible for member states to implement a modulation device allowing budget savings to be used at the national level for the co-financing of actions favourable to rural development and environmental programs. Modulation can be carried out according to three criteria: the amount of direct payments, employment, and standard gross margin. To date, only two European countries (France and the United Kingdom) have decided to implement modulation.

More than forty years after the signing of the Treaty of Rome, the member states wish to open a new page for the CAP by taking the territorial, environmental and social dimensions of agriculture into account. This transition requires time. It will take place in a special context relating to certain internal difficulties of the CAP, the next enlargement of the Union, and WTO negotiations. This transition requires new reforms to reallocate direct support from the Common Market Organisation to rural development policies.

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Annex 1. 31 Production Areas for the European Union



Source : UEFADN 1995, European Commission – DG AGRI-A3 / INRA Nantes

Table 1. Contribution of the 31 Production Areas to the European agriculture

	Number of farms	Agricultural work unit	Standard gross margin	Usable agricultural area	Direct payments
Finland	1,3%	1,5%	1,2%	1,5%	4,9%
Sweden	1,0%	0,8%	1,3%	1,8%	1,6%
Austria	2,5%	3,1%	2,1%	2,1%	6,3%
Ireland	3,6%	3,0%	2,6%	4,8%	3,2%
UK – North West	1,3%	1,5%	2,4%	6,4%	3,6%
UK – Centre	1,4%	2,1%	3,8%	4,9%	3,9%
UK – East	0,9%	1,7%	3,3%	3,6%	3,8%
Denmark	1,6%	1,4%	3,9%	2,6%	3,0%
Netherlands	2,5%	3,3%	9,0%	2,0%	0,9%
Belgium	1,3%	1,4%	3,1%	1,3%	1,2%
Luxembourg	0,1%	0,1%	0,1%	0,1%	0,1%
Germany – North	2,0%	2,3%	4,3%	3,5%	3,4%
Germany – East	0,3%	2,0%	2,6%	5,0%	7,0%
Germany – West	3,4%	3,8%	5,1%	4,1%	5,1%
Germany – Bavaria	3,0%	2,8%	3,1%	3,1%	4,6%
France – North Parisian area	1,1%	1,2%	3,1%	3,1%	3,6%
France – Centre	1,8%	1,8%	4,6%	5,3%	6,3%
France – West	2,8%	2,9%	4,9%	4,6%	3,9%
France – East	0,6%	0,7%	1,2%	1,7%	1,4%
France – Massif Central	0,9%	0,9%	1,0%	2,2%	2,0%
France – South West	2,8%	3,1%	4,0%	4,9%	5,9%
France – South East	2,0%	2,5%	3,7%	2,5%	2,0%
Italy – North	7,7%	7,8%	7,7%	3,6%	3,0%
Italy – Centre	4,4%	4,3%	2,6%	2,0%	2,0%
Italy – South	12,2%	9,1%	5,2%	4,4%	3,6%
Spain – North	1,8%	1,6%	1,0%	0,8%	0,4%
Spain – Middle	4,7%	3,1%	2,6%	6,4%	3,9%
Spain – Mediterranean	3,8%	2,2%	1,5%	1,5%	0,9%
Spain – South	3,7%	3,1%	1,5%	3,1%	2,6%
Portugal	9,6%	9,1%	2,4%	4,0%	2,0%
Greece	14,0%	15,7%	5,0%	3,0%	4,5%
European Union	100%	100%	100%	100%	100%

Source : UE FADN 1995, European Commission - DG AGRI-A3 / INRA Nantes

Table 2. Distribution of EU farms according to Production Areas and types of farming

	Arable	Dairy	Beef	Mixed	Other	Total
Finland	22,6%	56,1%	2,2%	11,1%	8,0%	46 000
Sweden	37,6%	39,3%	0,0%	21,2%	1,7%	35 900
Austria	12,3%	46,3%	2,1%	26,4%	12,7%	88 900
Ireland	2,9%	33,5%	40,4%	22,9%	0,3%	129 700
UK – North West	9,9%	26,4%	20,0%	43,3%	0,4%	46 600
UK - Centre	18,4%	34,4%	7,7%	30,8%	8,7%	51 700
UK – East	55,7%	9,7%	4,4%	14,5%	15,7%	31 800
Denmark	37,0%	21,9%	0,3%	28,9%	12,0%	58 100
Netherlands	11,5%	37,2%	2,7%	16,9%	31,7%	87 800
Belgium	9,6%	31,4%	12,0%	24,2%	22,9%	45 900
Luxembourg	0,0%	66,7%	5,6%	11,1%	16,7%	1 800
Gemany – North	17,5%	38,5%	1,7%	31,7%	10,5%	71 500
Gemany – East	43,0%	12,9%	1,1%	36,6%	6,5%	9 300
Gemany – West	14,9%	27,9%	1,1%	34,1%	22,0%	120 900
Gemany – Bavaria	14,4%	56,3%	1,3%	26,3%	1,8%	106 500
France – North Parisian area	57,0%	17,0%	0,7%	22,9%	2,7%	40 700
France – Centre	45,4%	4,7%	11,6%	17,2%	21,0%	63 200
France – West	8,2%	50,5%	9,5%	20,6%	11,1%	99 500
France – East	22,8%	48,7%	2,6%	15,4%	10,1%	22 800
France – Massif Central	4,5%	35,8%	42,1%	17,0%	0,3%	33 000
France – South West	28,0%	8,7%	10,1%	37,9%	15,2%	99 700
France – South East	8,8%	14,3%	5,0%	17,8%	54,0%	70 700
Italy – North	27,3%	16,0%	1,6%	19,6%	35,5%	276 100
Italy – Centre	35,3%	2,7%	0,6%	38,5%	22,9%	158 500
Italy – South	20,3%	1,1%	0,8%	18,9%	58,8%	435 700
Spain – North	7,3%	65,5%	12,1%	13,5%	1,7%	66 100
Spain – Middle	46,4%	2,1%	4,7%	31,2%	15,7%	169 700
Spain – Mediterranean	4,4%	1,2%	0,2%	9,3%	85,0%	135 100
Spain – South	25,0%	0,1%	0,2%	17,2%	57,5%	130 700
Portugal	9,6%	3,0%	1,5%	59,8%	26,0%	341 600
Greece	28,9%	0,4%	0,3%	24,0%	46,4%	499 800
European Union	21,7%	15,6%	4,5%	27,0%	31,3%	3 575 300

Source : UE FADN 1995, European Commission - DG AGRI-A3 / INRA Nantes

Table 3. Structure of the support to European agriculture 1986/88 and 1997/99

	1986/88	1997/99
Equivalent Support to Producers (€ billion)	86,4	105,5
- Price market support (%)	84,6%	60,4%
- Direct payments (%)	15,4%	39,6%
- Based on area planted and animal numbers	2,5%	22,9%
- Based on input use	5,9%	8,1%
- Based on output	6,2%	3,3%
- Based on other payments	0,8%	4,9%

Source : OECD, 2000

Table 4. Amount of direct payments per farm according the type of farming (1995)

(euro per farm)	Arable	Dairy	Beef	Mixed	Other	All
Finland	25 400	25 700	ns	38 500	37 800	28 300
Sweden	14 500	11 000	ns	9 800	ns	12 000
Austria	30 600	14 900	19 700	22 500	16 100	19 100
Ireland	17 500	3 800	6 000	10 300	ns	6 600
UK – North West	41 200	5 400	17 100	26 900	ns	20 600
UK -Centre	38 800	6 900	ns	30 100	2 600	20 200
UK – East	46 100	8 800	ns	33 400	2 900	32 400
Denmark	14 600	11 700	ns	14 900	13 200	13 900
Netherlands	7 000	2 300	ns	3 800	400	2 600
Belgium	9 900	6 300	13 100	8 900	800	6 800
Luxembourg	ns	14 000	ns	ns	ns	13 000
Gemany – North	23 900	7 900	ns	14 100	6 200	12 600
Gemany – East	160 700	136 000	ns	308 800	12 500	200 500
Gemany – West	17 100	10 300	ns	14 600	3 900	11 400
Gemany -Bavaria	16 300	8 700	ns	14 800	9 000	11 600
France – North Parisian area	30 500	10 500	ns	20 000	300	23 800
France – Centre	39 700	12 600	21 500	29 700	1 700	26 600
France – West	16 800	8 100	13 500	15 200	6 900	10 600
France – East	26 300	10 800	ns	32 000	600	16 900
France – Massif Central	ns	9 900	18 900	19 400	ns	16 100
France – South West	25 800	8 900	14 900	15 300	3 900	15 900
France – South East	21 300	8 100	ns	13 800	2 100	7 500
Italy -North	4 700	4 700	7 000	2 900	500	2 900
Italy -Centre	5 700	700	ns	2 600	1 200	3 300
Italy -South	3 700	1 400	3 900	2 700	1 500	2 200
Spain – North	5 500	700	2 800	2 300	ns	1 500
Spain – Middle	7 200	2 200	6 100	7 500	1 000	6 100
Spain – Mediterranean	3 800	ns	ns	3 100	1 400	1 700
Spain – South	5 900	ns	ns	5 900	4 800	5 300
Portugal	2 800	4 300	4 800	1 600	600	1 600
Greece	2 000	ns	ns	3 000	2 400	2 400
European Union	12 100	8 300	10 800	9 000	2 200	7 500

ns = Less than 50 units in the sample

Source : UE FADN 1995, European Commission DG AGRI-A3 / INRA Nantes

Table 5. Variation of direct payments according to the type of farming (1995-2008)

	Arable	Dairy	Beef	Mixed	Others	Total
Number of farms (%)	21,7%	15,6%	4,5%	27,0%	31,3%	100%
Direct payments (% 1995)	34,8%	17,1%	6,4%	32,3%	9,3%	100%
Direct payments (% 2004)	32,3%	19,7%	8,0%	32,0%	8,2%	100%
Direct payments (% 2008)	29,4%	26,2%	7,3%	31,0%	7,4%	100%
1995 per farm direct payments (euro)	12 100	8 300	10 800	9 000	2 200	7 500
2004 per farm direct payments	12 800	10 900	15 300	10 200	2 250	8 600
2008 per farm direct payments	12 800	15 900	15 300	10 850	2 250	9 450
1995-2008 variation	+700	+7 000	+4 500	+1 850	+50	1 950
1995-2008 variation (%)	+6%	+84%	+42%	+21%	+2%	26%
1995 per hectare direct payments (euro)	300	230	260	250	280	265
2004 per hectare direct payments	320	300	370	290	290	305
2008 per hectare direct payments	320	420	370	300	290	335
1995-2008 variation	+20	+190	+110	+50	+10	+70

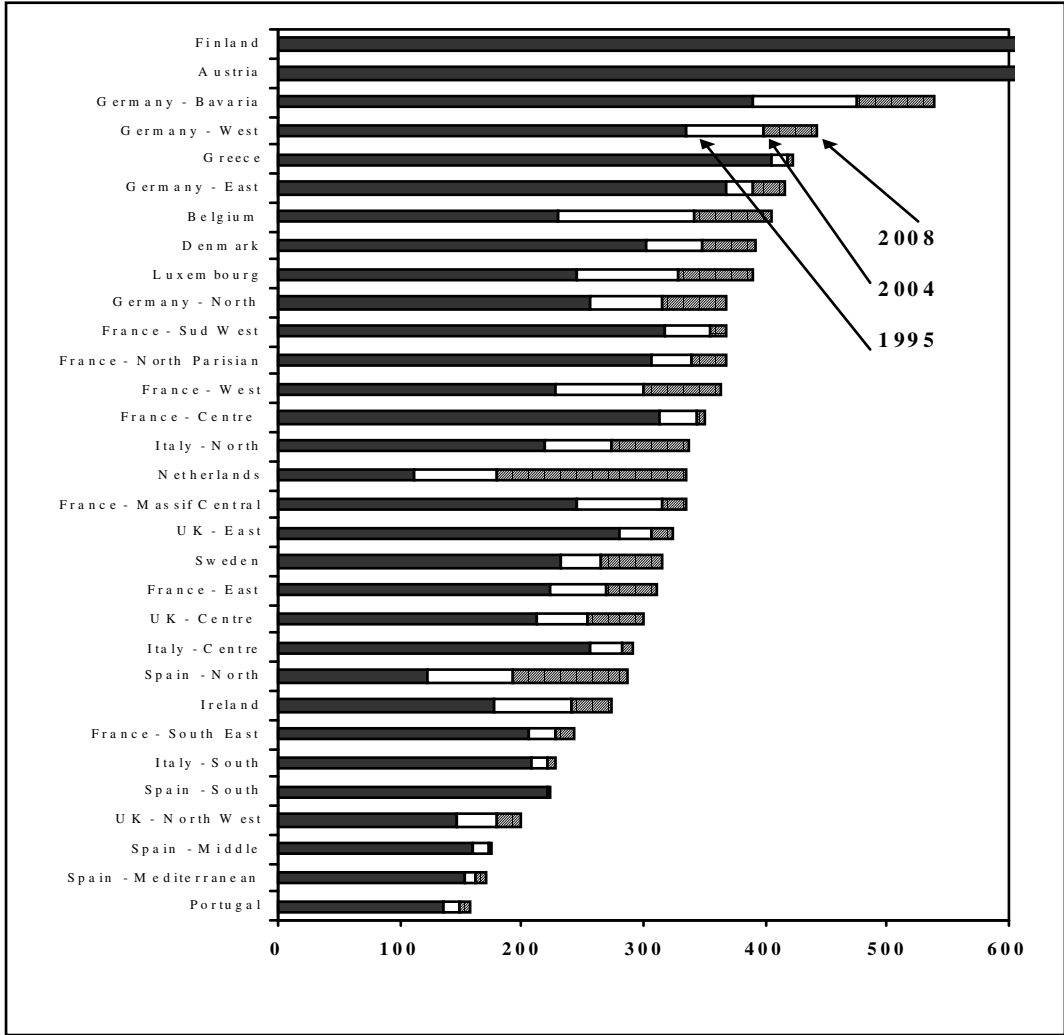
Source : 1995 EU FADN, European Commission – DG AGRI-A3 / INRA Nantes

Table 6. Variation of the direct payments between 1995 and 2008 (million € and %)

(million € and %)	1995 - 2004 Variation		1995 - 2008 Variation		2008 Amount € (Million)
	(Million €)	%	(Million €)	%	
Finland	40	3%	100	8%	1 400
Sweden	60	14%	150	35%	580
Austria	110	7%	190	11%	1 890
Ireland	310	36%	460	54%	1 310
UK - North West	210	22%	330	34%	1 290
UK - Centre	210	20%	430	41%	1 470
UK - East	100	10%	160	15%	1 190
Denmark	120	15%	240	29%	1 050
Netherlands	140	62%	450	202%	680
Belgium	150	48%	240	76%	550
Luxembourg	10	33%	10	59%	30
Germany - North	210	23%	400	44%	1 300
Germany - East	110	6%	230	13%	2 100
Germany - West	260	19%	440	32%	1 820
Germany - Bavaria	270	22%	470	38%	1 700
France - North Parisian area	110	11%	190	20%	1 160
France - Centre	160	10%	200	12%	1 880
France - West	340	32%	630	59%	1 690
France - East	80	21%	150	39%	530
France - Massif Central	150	29%	200	37%	730
France - South West	180	12%	240	15%	1 830
France - South East	60	11%	100	19%	630
Italy - North	210	26%	440	55%	1 240
Italy - Centre	50	10%	70	13%	590
Italy - South	60	6%	80	9%	1 020
Spain - North	50	56%	130	132%	230
Spain - Middle	80	8%	100	9%	1 140
Spain - Mediterranean	10	5%	20	11%	250
Spain - South	0	0%	0	0%	690
Portugal	60	11%	90	17%	630
Greece	40	3%	60	5%	1 280
European Union	3 950	15%	7 000	26%	33 890

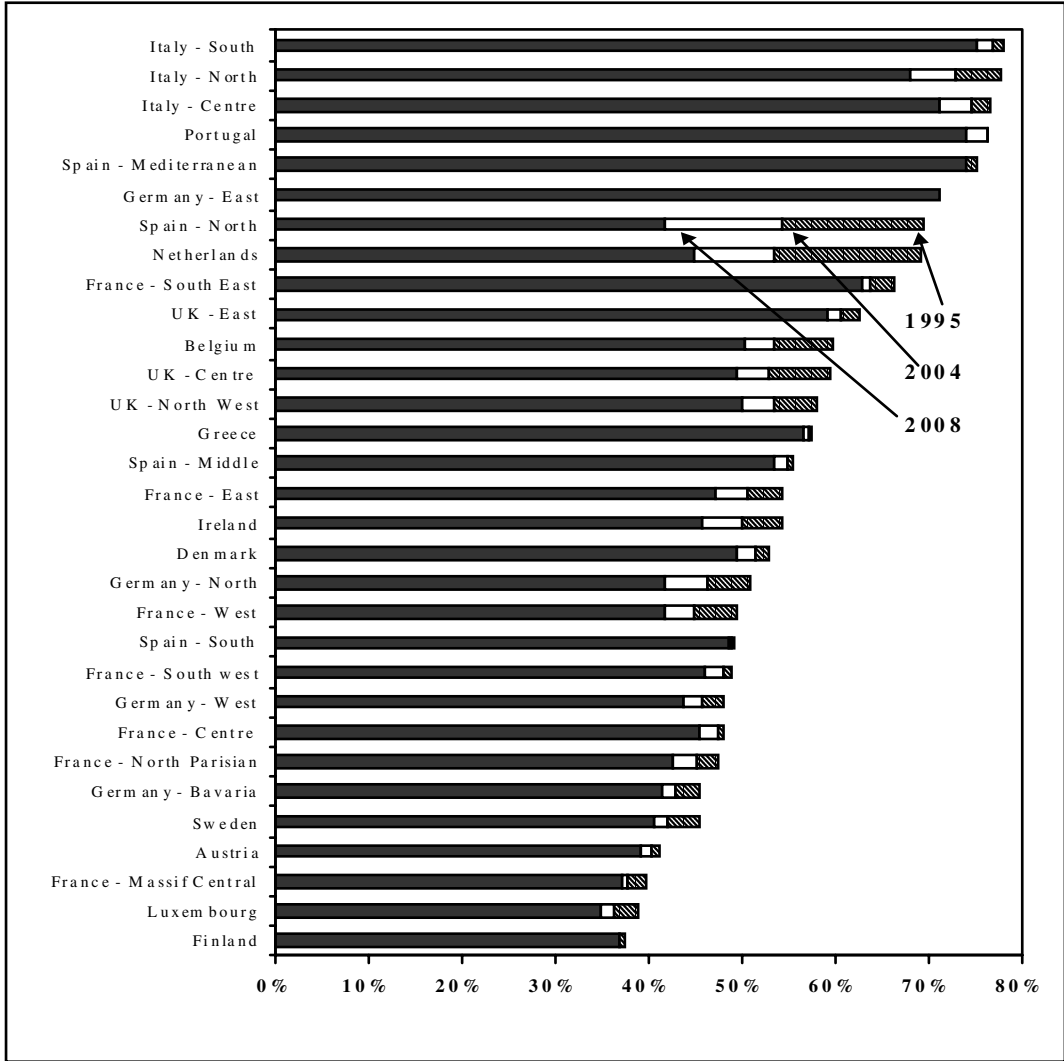
Source : 1995 EU FADN, European Commission DG AGRI-A3 /INRA Nantes

Graphic 1. Evolution of the amount of direct payments per hectare (regional average)



Source : 1995 UE FADN, European Commission DG AGRI-A3 / INRA ESR Nantes

Graphic 2. Evolution of the amount of direct payments received by the 2 first deciles



Source : 1995 UE FADN, European Commission DG AGRI-A3 / INRA ESR Nantes