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### **RURAL DEVELOPMENT (2000-2006) IN EU FARMS**

#### **Executive summary**

This report provides an **overview of Rural Development (RD)** support received by EU farms during the programming period **2000-2006** based on Farm Accountancy Data Network (FADN) data. Even though FADN cannot cover the entire scope of RD policy, it can be a complementary tool to assess RD impacts on EU farm economics. It indeed includes only those farms over a minimum economic size so as to cover the most relevant part of agricultural activity in each EU Member State. However, it is the only database that allows us to analyse the relationships between policy support, income and assets using a harmonised method across the whole EU.

Based on 2000-2006 FADN data<sup>1</sup>, **RD support** in the **EU-25** corresponds on average to **€1337/AWU** or **€61/ha** (EU and national part). It is equivalent to **22 %** of ‘first pillar’ direct payments (including national aids). **Agri-environment** is the major component of RD support, representing on average 45% of total RD support, with €607/AWU. **Less Favoured Area (LFA)** support follows with €437/AWU, i.e. 33% of total RD support. **Investment subsidies** account on average for 20% of total RD support (€263/AWU). The other measures in general involve only small amounts per farm.

**35 %** of the **EU-25** farms covered by FADN are RD recipients: 23% receive LFA support, 18% agri-environment payments and 6% investment subsidies. RD recipients and non-recipients receive on average **quite similar ‘first pillar’ direct payments per ha** (€264/ha and €286/ha, respectively), and have a **similar FNVA/AWU** (farm net value added, i.e. the amount available to remunerate land, labour and capital, per annual work unit). But the **profit/AWU** (amount remaining after remuneration of all production factors) of RD recipients is **significantly lower** than that of non-recipients.

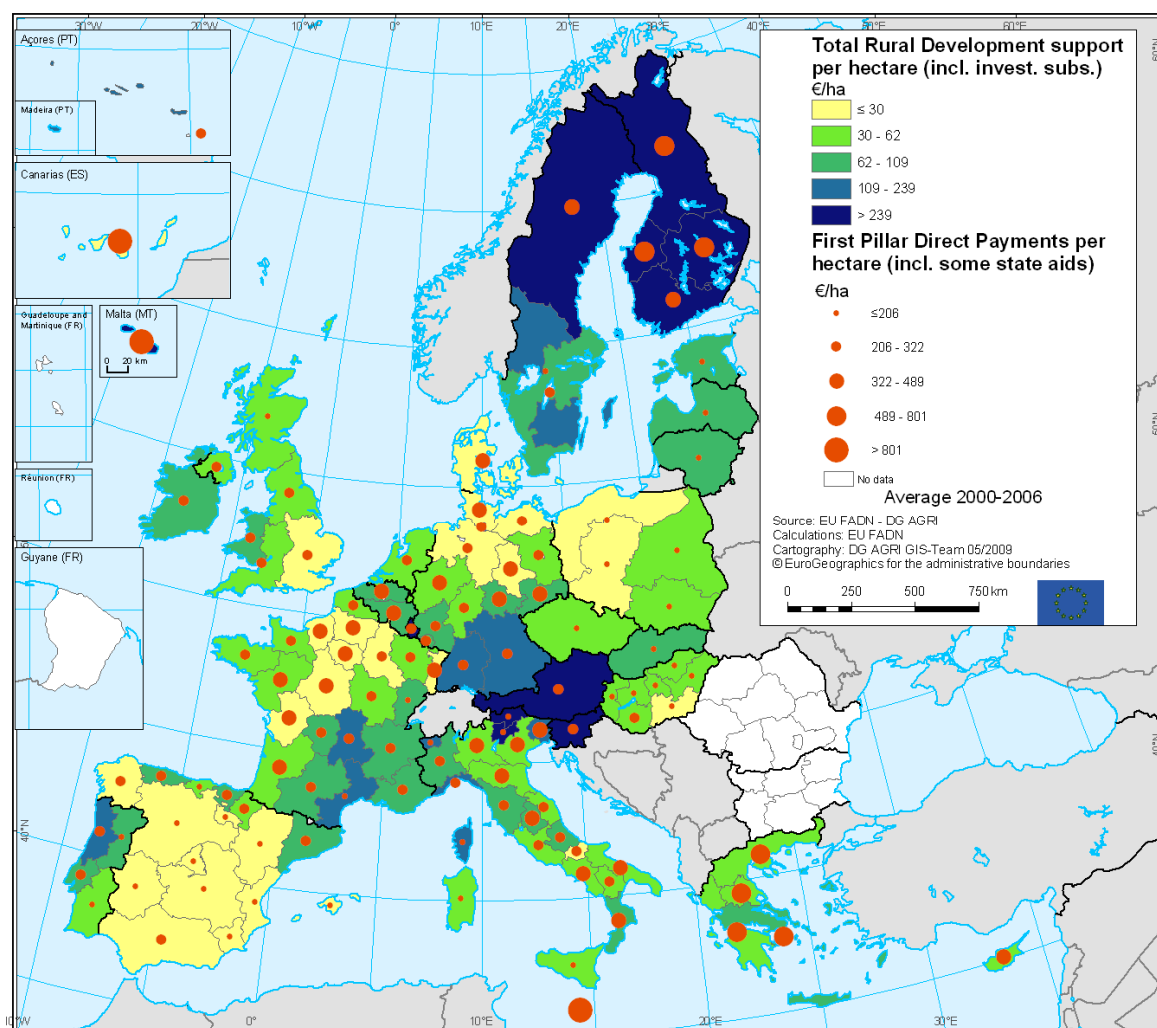
The total direct support received by RD recipients corresponds to **60 %** of their FNVA, **42 %** from the ‘**first pillar**’ (€8 094/AWU, €264/ha, including national aids) and **18 %** from the ‘**second pillar**’ (€3 530/AWU, €115/ha). This means that, all other things being equal, without any direct support, the amount available to remunerate the production

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<sup>1</sup> 2000-2006 for EU-15 and 2004-2006 for EU-10.

factors of RD recipients would otherwise be 60% lower. In comparison, the direct support received by non-recipients (€4 743/AWU, €286/ha) represents only 26% of their FNVA.

The **differences between Member States** are very large. Some have high levels of RD support, such as **Austria, Slovenia, and Luxembourg** (high proportion of RD recipients and high average RD support, greater than ‘first pillar’ support). In others, RD support accounts on average for less than 50% of total direct support, for example in **Denmark, Spain, Italy and Greece** (low proportion of RD recipients and low average RD support, less than ‘first pillar’ support). The following map illustrates total RD support compared with ‘first pillar’ direct payments. However in Spain, Greece, Italy, FADN covers a low share of total RD expenditure, as well as in the new Member States, but for the latter, it is mainly because Complementary National Direct Payments are not considered within RD support in this analysis.



Note: RD support under-represented in FADN in Greece, Spain, Italy. In the new Member States, FADN covers also a low share of total RD expenditure but it is mainly because Complementary National Direct Payments are not considered within RD support in this analysis.

RD support represents a major part of recipients' FNVA in **Lithuania** (51% of FNVA), **Finland** (57%), **Slovenia** (71%) and **Slovakia** (96%). Most are also dependent on ‘first pillar’ direct support to ensure a positive FNVA.

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## 1. INTRODUCTION

This report provides an **overview of Rural Development** support received by EU farms during the programming period **2000-2006** based on FADN data. The FADN database and RD recording are first described (section 2). Average RD support and its main components (less-favoured areas, agri-environment, and investment subsidies) are analysed at Member State and regional levels and by type of farming (section 3). In section 4, RD farm recipients are characterised in terms of structure, income, assets and direct support, at EU and Member State levels. The report is completed by tables with detailed information by Member State and RD beneficiary category (Annex II).

The main objective is to **improve knowledge of RD support received by EU farms** and the **characteristics of RD recipients**, in order to contribute to the **policy debate on rural development post 2013**. In parallel, the report should allow us to evaluate the utility of FADN as a tool to assess RD policy impacts on EU farms and to identify areas where this tool could be improved.

## 2. METHODOLOGY

### 2.1. General introduction to FADN

The **Farm Accountancy Data Network (FADN)** is a European system of sample surveys that take place each year and collect structural and accountancy data relating to farms. The aim is to monitor the income and business activities of agricultural holdings and to evaluate the impacts of the Common Agricultural Policy (CAP).

The FADN<sup>2</sup> survey includes only those farms exceeding a minimum economic size (threshold) so as to cover the most relevant part of agricultural activity in each EU Member State, i.e. at least 90% of the total Standard Gross Margin<sup>3</sup> (SGM) covered in the Farm Structure Survey (FSS, EUROSTAT). For 2006, the sample was approximately 75 000 holdings in the EU-25, representing 4 million farms out of a total of some 10 million farms included in the FSS. In 2006 FADN farms represented 43% of the farm population in the FSS, but 95% of the SGM, 93% of Utilised Agricultural Area and 94% of Livestock Units (see also Table 6 in Annex I).

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<sup>2</sup> For more information on FADN: <http://ec.europa.eu/agriculture/rca/index.cfm>.

<sup>3</sup> The Standard Gross Margin (SGM) is the difference between the standardised monetary value of gross production and the standardised monetary value of certain costs. This difference is calculated for the various crop and animal characteristics (per hectare or per animal) at the level of the survey district for each Member State and given in €. By multiplying the areas or the number of animals by the corresponding SGM and then adding the products together, the total SGM of the holding is obtained. By adding the total SGM of all holdings of a Member State, the total Member State SGM is obtained. The SGM is used for determining the economic size and type of farming in FADN and in the Farm Structure Survey (FSS) organised by EUROSTAT.

The survey aims to provide representative data along three dimensions: region, economic size and type of farming. It is the only source of micro-economic data that is harmonised, which means that accounting principles are the same in all EU Member States.

The latest FADN data available for this report are for the 2006 accounting year, owing to the time needed to collect, check and correct the data for all the EU Member States. Moreover, some information is still provisional:

- Germany: 2006 provisional;
- Spain: 2006 provisional; and Cataluña 2004 not available;
- Malta: 2004 not available yet;
- The Netherlands: 2000 data are estimates based on 1999 data.

## 2.2. Rural Development in FADN

Rural Development (RD) policy covers a broader scope than agricultural holdings (small and medium-size enterprises, producer groups, etc.), whereas FADN covers only farms above a minimum economic size. Consequently, FADN cannot cover the entire scope of RD policy. However, some RD measures are for farmers only or mainly (investment in agricultural holdings, young farmers setting up, less-favoured areas, agri-environment, etc.) and represent a major part of total public expenditure on RD policy (see Table 8 in Annex I). Moreover, FADN is the only database that allows us to analyse the relationships between policy support, income and assets using a harmonised method across the whole EU. It can thus be a complementary tool to characterise farms benefiting directly from RD support and to study RD impacts on farms.

FADN records two kinds of information concerning RD:

- **Classification** variables:
  - Less-favoured areas (LFA)<sup>4</sup>.
  - Areas with environmental restrictions<sup>5</sup>.

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<sup>4</sup> LFA classification in FADN: farms classified according to the location of the *majority* of the utilised agricultural area (UAA) of the holding in an area covered by Art. 18 to 20 of Regulation (EC) No 1257/1999 (corresponding to Art. 50 of Regulation (EC) No 1698/2005):

1 = *not* in less-favoured areas (i.e. in 'normal' areas).

2 = in less-favoured *non-mountain* areas ► Art. 19 and 20 of Regulation (EC) No 1257/1999 (corresponding to 50(3), a & b, of Regulation No 1698/2005).

3 = in less-favoured *mountain* areas ► Art. 18 of Regulation (EC) No 1257/1999 (corresponding to Art. 50(2) of Regulation No 1698/2005).

4 = *no significant areas* in the Member State or region.

Note: In the Netherlands LFAs are considered not significant for the country, which therefore does not provide data on LFA classification and payments.

<sup>5</sup> Areas with environmental restrictions in FADN: farms classified according to the location of the *majority* of the UAA of the holding (► Regulation (EC) No 1698/2005, Art. 38):

1 = the majority of the UAA of the holding is *not* situated in an area eligible for Natura 2000 payments or payments under Directive 2000/60/EC.

2 = the majority of the UAA of the holding *is situated* in an area eligible for Natura 2000 payments or payments under Directive 2000/60/EC.

- **Rural Development payments:**

- Only the amounts actually received during the accounting year are entered.
- The total subsidy is registered, without distinguishing between EU, national and private components.
- RD investment subsidies are registered separately from other support but together with possible national investment aid.
- Only some RD payments are individualised:
  - LFA,
  - agri-environment,
  - afforestation,
  - other forestry measures,
  - implementing demanding standards,
  - use of farm advisory services.
- Other measures that are not investment subsidies are grouped under the code ‘Other RD’.
- Complementary National Direct Payments (CNDPs, top-ups), part of the RD measures for the new Member States, are not registered under specific RD codes and are often recorded together with national aids.

Finally, analysis of the data has shown that the Member States did not record some of the RD payments received under the specific codes because of the small amounts concerned. The corresponding amounts were then registered under a generic code together with other measures<sup>6</sup>. The measures concerned (2000-2006) were mostly the following: implementing demanding standards, use of farm advisory services, and participation in food quality schemes. However, as of 2007, the Member States have been asked to register them systematically under the appropriate codes.

### **2.3. Rural Development measures in FADN for the period 2000-2006**

For the 2000-2006 programming period, RD measures can be divided into different categories depending on whether farmers can be recipients or not and according to the type of registration in FADN (see Table 1). FADN can *potentially* cover the measures in rows (1) and (2) and columns (A) and (B). It can therefore cover a maximum of **92 %** of total public expenditure, given that it includes only farms above a certain threshold and that farmers are not the only recipients (see Table 8 in Annex I).

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<sup>6</sup> The generic code often used is J950.

The amounts attributable to RD in FADN during the period 2000-2006 in the EU-25 correspond to **49%** of total rural development expenditure (see Table 7 in Annex I). However, this coverage varies considerably from Member State to Member State.

High coverage (Finland, Belgium) may be explained by:

- the inclusion of national aids in total RD support,
- the effects of selection and weighting (methodology),
- mistakes in FADN recording.

Low coverage (Spain, Greece, Italy, new Member States) can be linked to:

- the fact that FADN farms may not be the main recipients of RD support, which may target more small farms or non-farm recipients<sup>7</sup>,
- for the new Member States,
  - the CNDPs are not taken into account in the FADN amounts attributable to RD because they cannot be sufficiently distinguished from other support,
  - the recipients of the measure (ab) *Semi-subsistence farms undergoing restructuring*, specifically for the EU-10, are most probably not covered by the FADN survey,
- some RD payments for the 2000-2006 programming period may be received later and are not captured in the 2000-2006 accounting years,
- the effects of selection and weighting (methodology),
- inappropriate recording in FADN.

**Table 1: Classification of RD measures 2000-2006**

RD measures 2000-2006	Registered separately in FADN (A)	Registered in FADN but together with other support (B)	Not in FADN (C)
Measures for farmers (1)	(e1) Less-favoured areas (e2) Areas with environmental restrictions (x) Implementing demanding standards, (y) Use of farm advisory services (z) Participation in food quality schemes <sup>8</sup>	(a) Investment in agricultural holdings (b) Young farmers setting up (c) Training	(d) Early retirement (ab) Semi-subsistence farms undergoing restructuring (probably farms under the threshold)
Measures for	(f) Agri-environment	(g) Improving processing and	

<sup>7</sup> According to FSS 2005, in Spain 70% of the farms below the FADN threshold (2 ESU in 2000-2006) are located in LFAs and are potential recipients of LFA payments. In Greece, this proportion is 56%.

<sup>8</sup> In theory, the amounts granted for participation in food quality schemes could be recorded together with Article 69 payments (the same code is used for registration). But in practice the Member State using Article 69 (Greece, Spain, Italy, Portugal, Sweden, Finland and the United Kingdom) did not record these payments with RD payments.

RD measures 2000-2006	Registered separately in FADN (A)	Registered in FADN but together with other support (B)	Not in FADN (C)
which farmers may be recipients (2)	(h) Afforestation of agricultural land (i) Other forestry measures	marketing of agricultural products (j) Land improvement (k) Reparcelling (m) Marketing of quality agricultural products and setting up of quality schemes (o) Renovation and development of villages and protection and conservation of rural heritage (p) Diversification of agricultural activities (q) Agricultural water resources management (s) Encouragement for tourist and craft activities (t) Protection of the environment in connection with agriculture, forestry and landscape conservation as well as improvement of animal welfare (u) Restoring agricultural production potential damaged by natural disasters and introducing appropriate prevention instruments	
Measures for recipients other than farmers (3)	Not in FADN		
	(l) Setting up of farm relief and farm management services (n) Basic services for the rural economy and population (r) Development and improvement of infrastructure (v) Financial engineering (w) Management of integrated rural development strategies by local partners (aa) Promotion of quality products (ac) Producer groups		

## 2.4. Definition of the main variables studied

In this report, the main variables studied relate to structure, income, assets and direct support, especially RD support (in terms of averages per holding). The following structure indicators are used:

- **Economic size** (ESU): this is calculated based on the concept of Standard Gross Margin (SGM). SGM is the difference between the standardised monetary value of gross production and the standardised monetary value of certain costs. This difference is calculated for the various crop and animal characteristics (per hectare or per animal), at the level of the survey district for each Member State and given in €. By multiplying the areas or the number of animals by the corresponding SGM and then adding the products together, the economic size of the holding is obtained. It is expressed in terms of European Size Unit (ESU), which has been € 1200 since 2002.
- **Total labour** (AWU): this corresponds to the total labour input of the holding expressed in annual work units (AWU) = full-time person equivalents.



- **Family labour** (AWU): this records the labour performed by family members (unpaid labour).
- **Utilised Agricultural Area (UAA)** (ha): this consists of owner-occupied land, rented land, and land under share-cropping (remuneration linked to output from the land available).

The income indicators studied are the following (expressed per AWU to take account of differences in the labour force on holdings):

- **Farm Net Value Added (FNVA)**: the FNVA is the amount available to remunerate land, labour and capital (whether owned or not). It equals total output plus subsidies (excluding investment subsidies) minus intermediate consumption, taxes and depreciation.
- **Profit**: this is the amount remaining after remuneration of all production factors. Profit equals FNVA plus investment subsidies minus taxes, wages, rent paid and cost of own factors (labour, land and capital).

For assets, the following items are presented (they are expressed per AWU to take account of differences in the total remunerated labour force on holdings):

- **Total assets**: this corresponds to the closing value of fixed assets (land, permanent crops, quotas, buildings, machinery, breeding livestock) and current assets (non-breeding livestock, stocks of agricultural products, other circulating capital). Only owned assets are taken into account.
- **Total liabilities**: this equals the closing value of total loans (long-, medium- or short-term) still to be repaid.
- **Gross investment in fixed assets**: this corresponds to purchases minus sales of fixed assets plus changes in the value of breeding livestock.

As regards direct support indicators<sup>9</sup>, some assumptions and choices are necessary given the nature of registration in FADN. They are expressed per AWU or per ha as necessary.

- **Total RD (or ‘second pillar’) support**:
  - **Rural Development payments**: RD support excluding investment subsidies,
    - **LFA**: less-favoured area payments (measure e1),
    - **Agri-environment**: agri-environment payments (measure f),
    - **Other RD**: other RD support excluding investment subsidies (for example the following measures: (e2) areas with environmental restrictions, (x) implementing demanding standards, (y) use of farm advisory services, (z) participation in food quality schemes, (h) afforestation of agricultural land, (i) other forestry measures, etc.),

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<sup>9</sup> Only direct payments and investment subsidies are taken into account here. Indirect measures like price support or support for producers’ organisations are not included.

- **Investment subsidies:** all subsidies for investment in farm assets (agricultural land, buildings, rights, forest land, machinery and equipment) received during the accounting year. They also include any subsidies on interest rates. In addition, they may include national (or regional) investment aids.
- **‘First pillar’ direct payments:** total subsidies for current operations (not investment) except RD. They cover subsidies for crops, livestock, intermediate consumption, external factors (wages, rent and interests), decoupled payments, and subsidies for disasters. They include national (and regional) aids<sup>10</sup>.

### 3. AVERAGE RURAL DEVELOPMENT SUPPORT

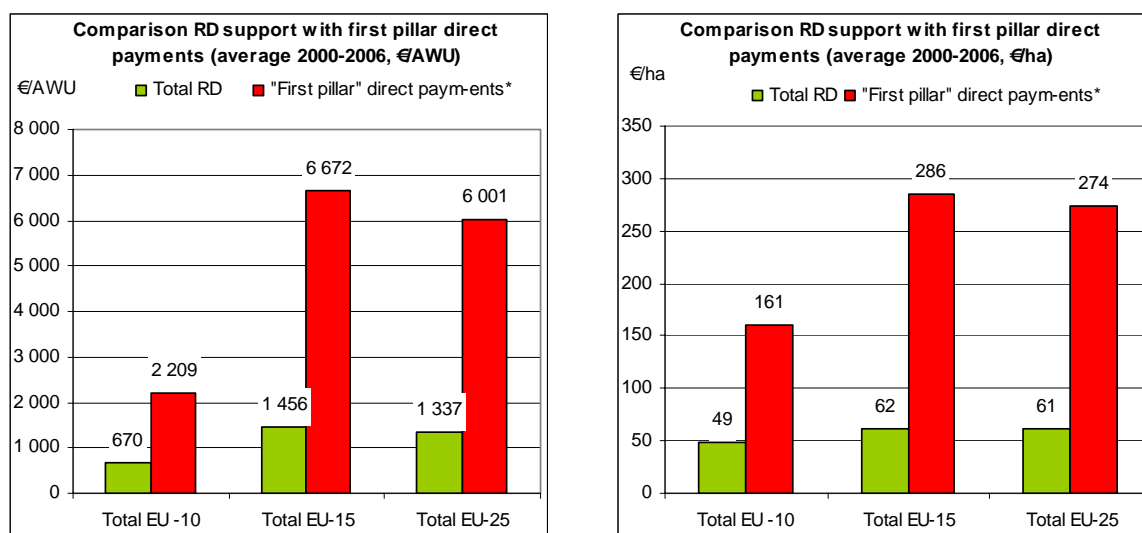
This section gives an overview of the average RD support received by EU-25 farms, in comparison with ‘first pillar’ direct payments, by Member State and by type of farming. In parallel, it provides insight into the representativeness and quality of FADN data for the analysis of RD policy impacts on farms.

#### 3.1. Total Rural Development support

##### 3.1.1. EU level

Based on 2000-2006 FADN data, **total RD support** in the **EU-25** corresponds on average to **€1337/AWU** or **€61/ha** of UAA (see Figure 1). It is equivalent to **22 %** of average ‘first pillar’ direct payments (including national aids).

**Figure 1**



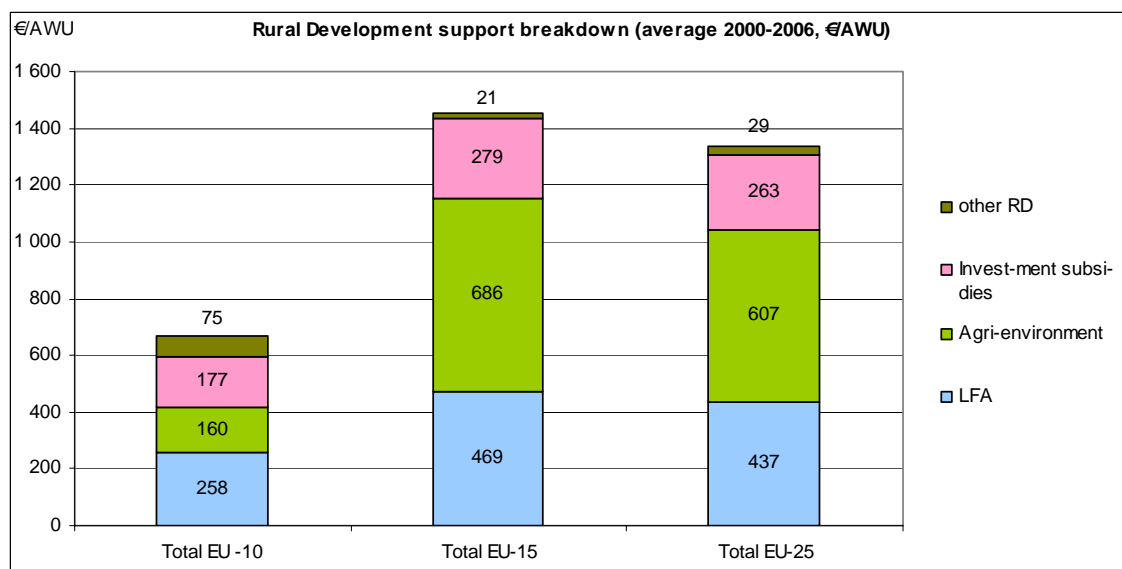
Source: EU FADN — DG AGRI.

Both total RD support and ‘first pillar’ direct payments are significantly lower in the EU-10 than in the EU-15. The difference is more pronounced in the case of ‘first pillar’ direct payments, given their gradual implementation in the new Member States.

<sup>10</sup> It is indeed not possible to distinguish them in the database.

On average in the EU-25, **agri-environment** is the major component of RD support, representing 45% of total RD support, with €607/AWU (see Figure 2). **LFA** follows with €437/AWU, i.e. 33% of total RD support. **Investment subsidies** account on average for 20% of total RD support (€263/AWU). The other measures in general involve only small amounts per farm. Therefore, as previously mentioned, they are not always registered under the appropriate code in FADN and cannot be identified as RD in this analysis. Consequently, the amounts spent on these measures may be under-represented.

**Figure 2**



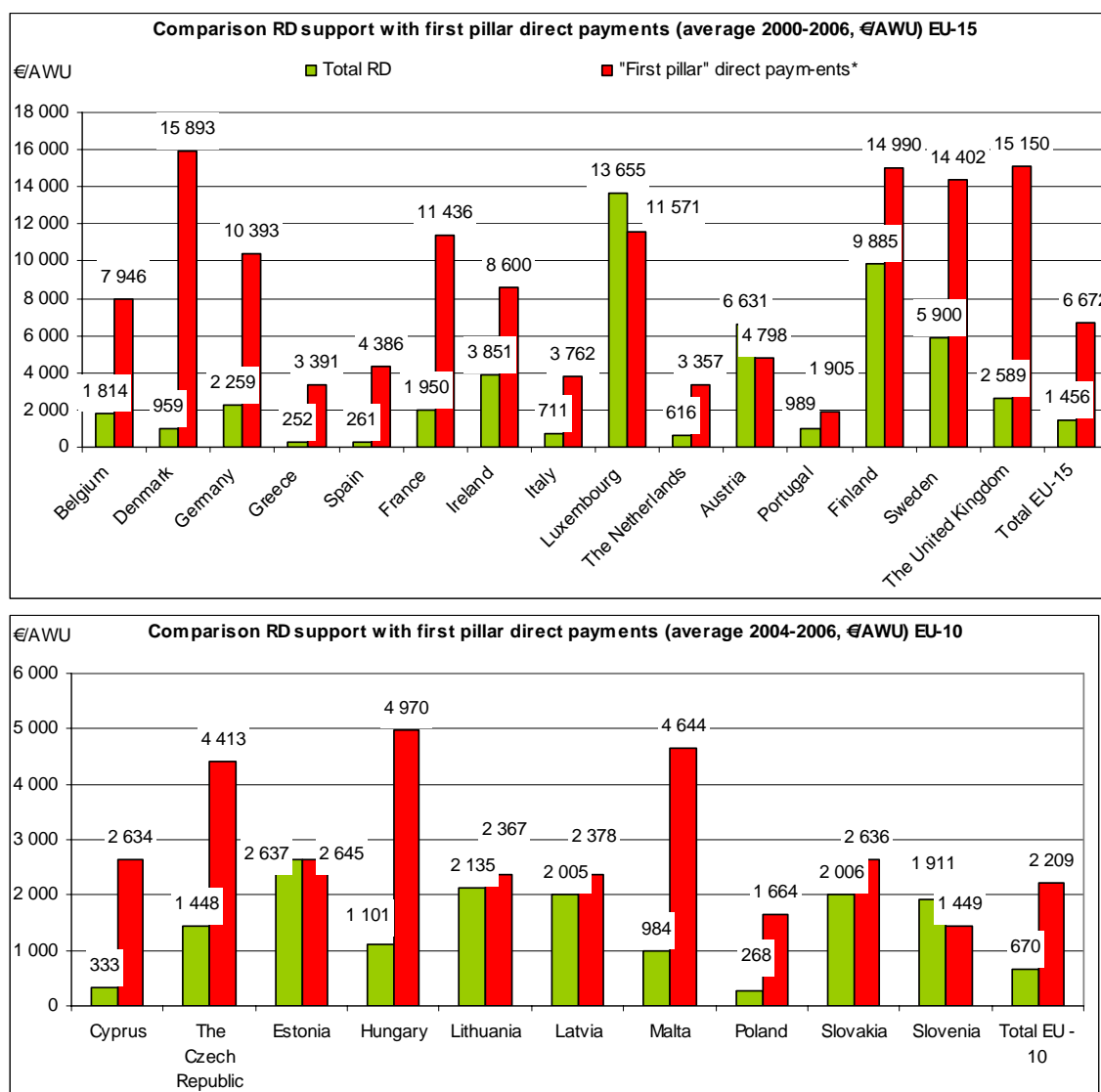
Source: EU FADN — DG AGRI.

### 3.1.2. National level

At Member State level, total RD support is not always significantly lower than ‘first pillar’ direct payments (see Figure 3 and Figure 4). Indeed, it is larger in **Austria** (corresponding to 138% of ‘first pillar’ support), **Slovenia** (132%) and **Luxembourg** (118%). In contrast, RD compared with ‘first pillar’ support is especially low in **Denmark** (6%), **Spain** (6%) and **Greece** (7%). In Denmark, this is due to the very high absolute value of ‘first pillar’ payments in €/AWU (€15 893/AWU), which is the highest in the EU-25. In Spain, Greece, (and also Italy), FADN covers a low share of total RD expenditure and this might have different reasons (see 2.3).

**Average RD support per AWU** is particularly high in Luxembourg (€13 655/AWU), Finland (€9 885/AWU), Austria (€6 631/AWU) and Sweden (€5 900/AWU). It is in general relatively low in southern European countries (Greece, Spain, Italy, Portugal, and Cyprus). In the Baltic countries, average RD support is close to the ‘first pillar’ amount.

**Figure 3**



Source: EU FADN — DG AGRI.

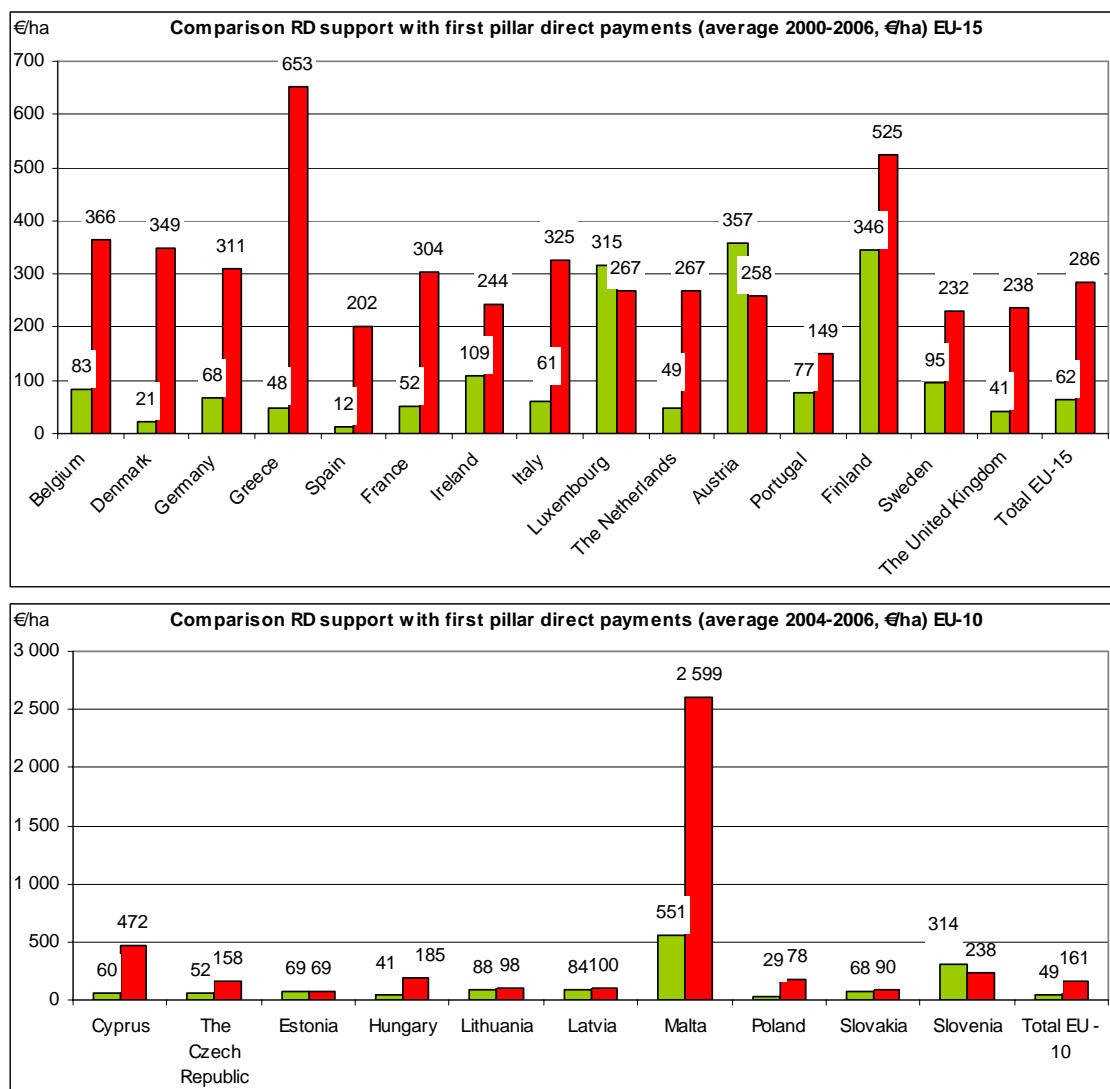
The **averages per ha** show different trends, especially as regards **'first pillar' direct payments** (see Figure 4). In **Greece** and **Malta**, the 'first pillar' average amount per ha of UAA is extremely high (€653/ha and €2 599/ha, respectively). In Greece, considerable use is made of common land, which is not counted in UAA, which can partly explain the high amount per ha. Moreover, Greece produced some crops with very high support per ha during the reference period (measured in €/ha of UAA), mainly tobacco, olive oil and cotton. In Malta, the transitional national aids<sup>11</sup> represent large amounts: on average for the 2004-2006 period, €7.5 million/year were devoted to crops and €11.5 million/year to animal products.

Malta also has the highest **average RD support per ha** in the EU-25, with €551/ha, followed by Austria (€357/ha), Finland (€346/ha) and Luxembourg (€315/ha). Spain and

<sup>11</sup> Transitional national aids were introduced when Malta joined the EU to compensate for removal of the levies and to help restructuring. They will be phased out in the coming years (2010 for animal products and 2014 for crops).

Denmark have the lowest average RD support per ha (€12/ha and €21/ha respectively) (for low coverage of RD in Spain, see 2.3).

**Figure 4**



Source: EU FADN — DG AGRI.

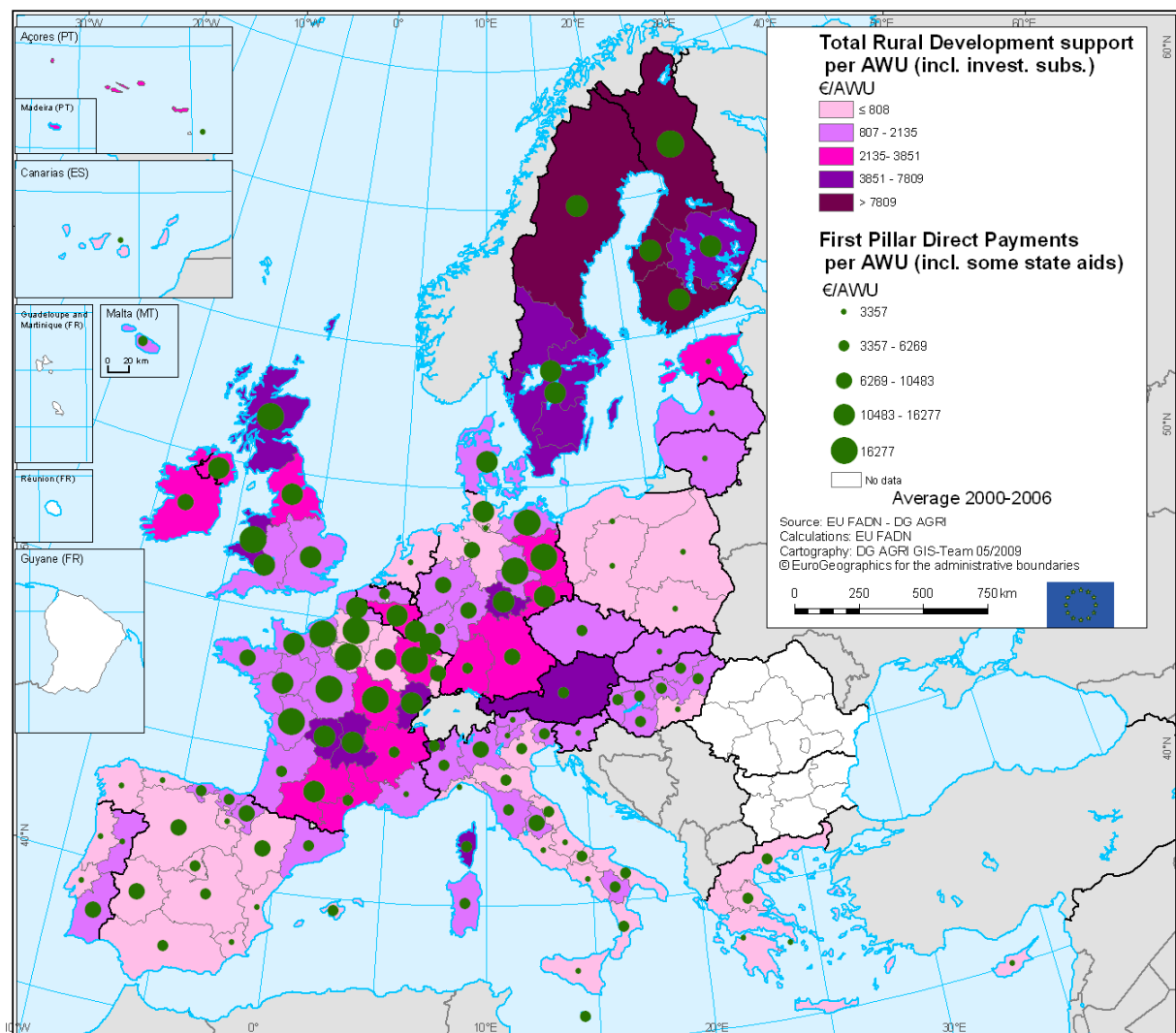
### 3.1.3. Regional level

The following map presents the same comparison of RD and ‘first pillar’ direct support **per AWU at regional level** (see Map 1<sup>12</sup>). Northern Finland (*Pohjois-Suomi*) and Sweden (*Lan i norra*) have both high RD support and high ‘first pillar’ direct payments (including national aids). This is also the case, but to a lesser extent, in *Scotland, Wales* (the United Kingdom), *Auvergne, Limousin, Franche-Comté* (France) and *Thüringen* (Germany). These regions are indeed mainly classified as LFAs with mostly grazing livestock production, receiving ‘first pillar’ direct payments for milk, beef and sheep.

<sup>12</sup> See also Map 7 and Map 8 in Annex I.

Some regions are characterised by low RD support and high ‘first pillar’ direct payments, such as *Ile-de-France*, *Picardie* and *Champagne-Ardenne* (France), where farms specialise more in arable crops. New Member States and southern European regions receive relatively low RD and ‘first pillar’ support per AWU. The low ‘first pillar’ amounts can be explained for the EU-10 by the gradual implementation of EU direct payments. However, the Complementary National Direct Payments are included in the ‘first pillar’ amount in this analysis (and not within RD support). For southern Europe, low ‘first pillar’ can be explained by the higher proportion of Mediterranean products, which are often more supported by measures not captured in FADN (e.g. for producer groups). However, as already mentioned, RD support in Spain, Greece and Italy is under-represented in FADN (see 2.3).

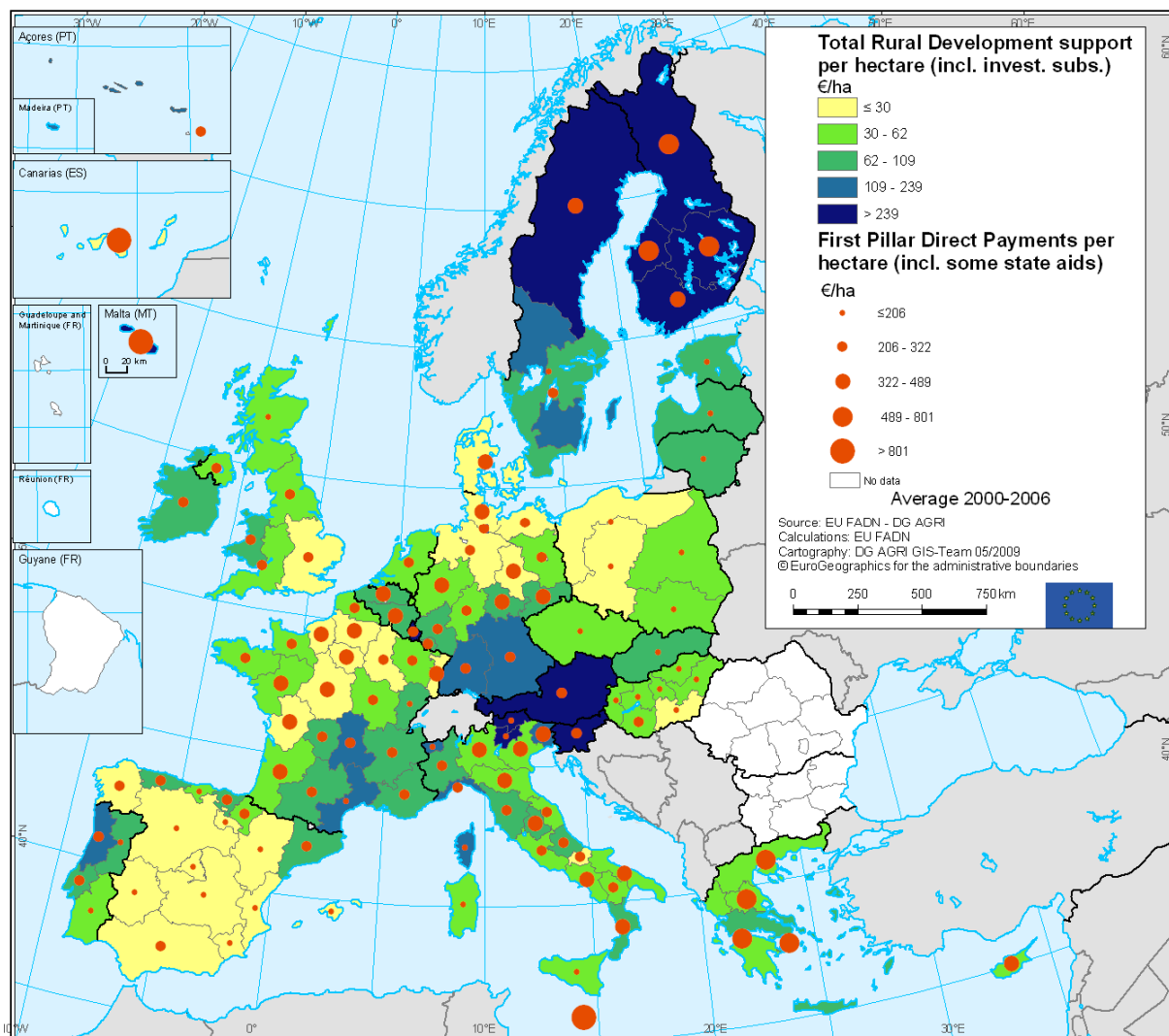
**Map 1**



Note: RD support under-represented in FADN in Greece, Spain, Italy. In the new Member States, FADN covers also a low share of total RD expenditure but it is mainly because Complementary National Direct Payments are not considered within RD support in this analysis (see 2.3).

Map 2 illustrates the average RD and ‘first pillar’ direct support **per ha at regional level**. It shows a slightly different picture of the level of support because of differences in labour and area intensity by farm in Member States. Portugal, Italy and Greece have a higher level of support in €/ha due to lower average UAA. Slovenia, *Trentino* and *Alto-Adige* (Italy) also have a high level of RD support per ha, whereas the average RD support per AWU is in the medium-low category.

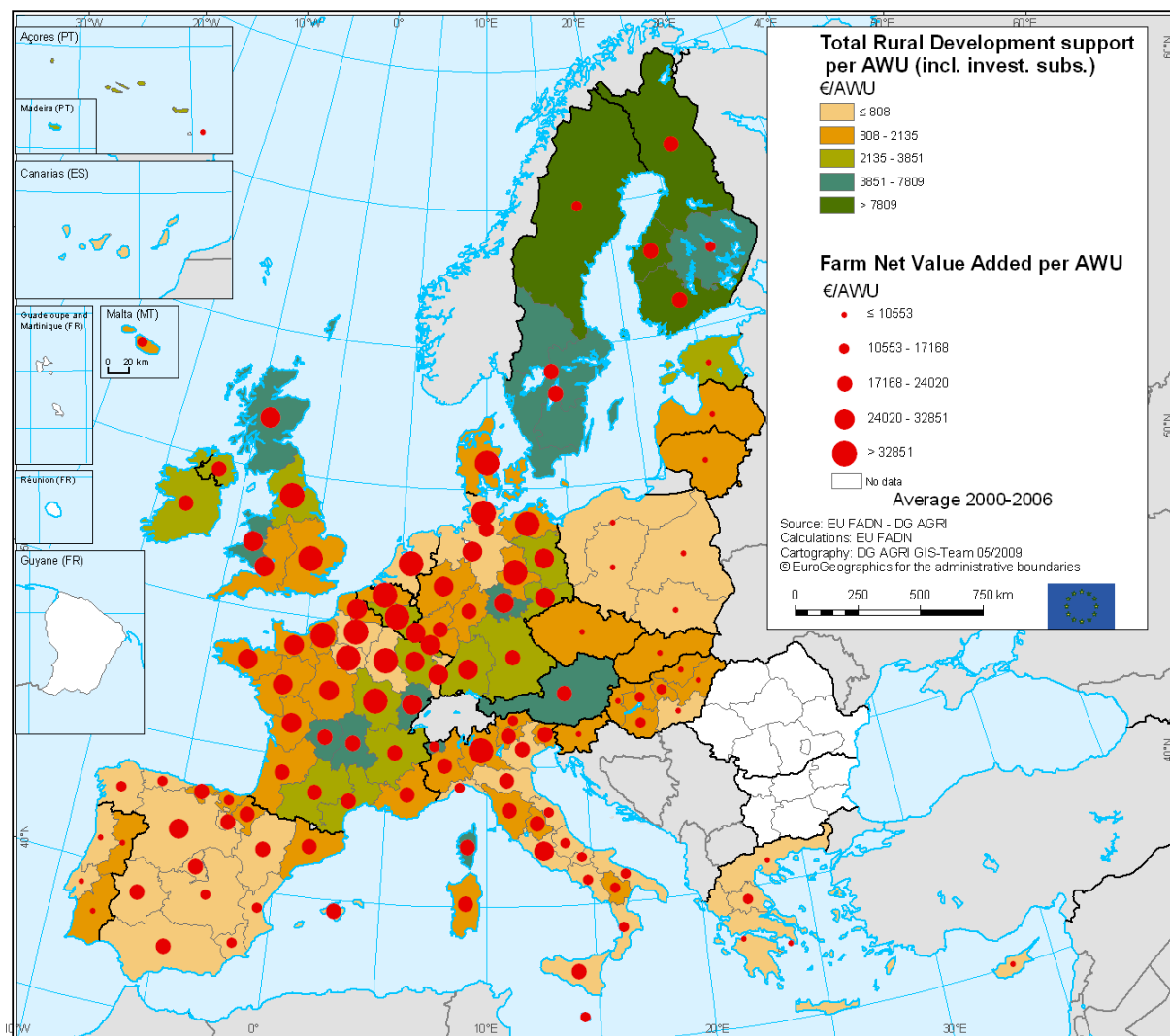
Map 2



Note: RD support under-represented in FADN in Greece, Spain, Italy. In the new Member States, FADN covers also a low share of total RD expenditure but it is mainly because Complementary National Direct Payments are not considered within RD support in this analysis (see 2.3).

Average regional **RD support per AWU** and **FNVA/AWU** are summarised on Map 3. Regions with the highest FNVA/AWU often have low to medium RD support per AWU. Regions with the lowest FNVA/AWU receive low to moderate RD support per AWU in general (except Estonia). Regions with the highest RD support per AWU (Finland, Sweden, Austria, *Scotland, Wales, Auvergne, Limousin, Franche-Comté* and *Thüringen*) are in general in the medium income category (FNVA/AWU).

Map 3



Note: RD support under-represented in FADN in Greece, Spain, Italy. In the new Member States, FADN covers also a low share of total RD expenditure but it is mainly because Complementary National Direct Payments are not considered within RD support in this analysis (see 2.3).

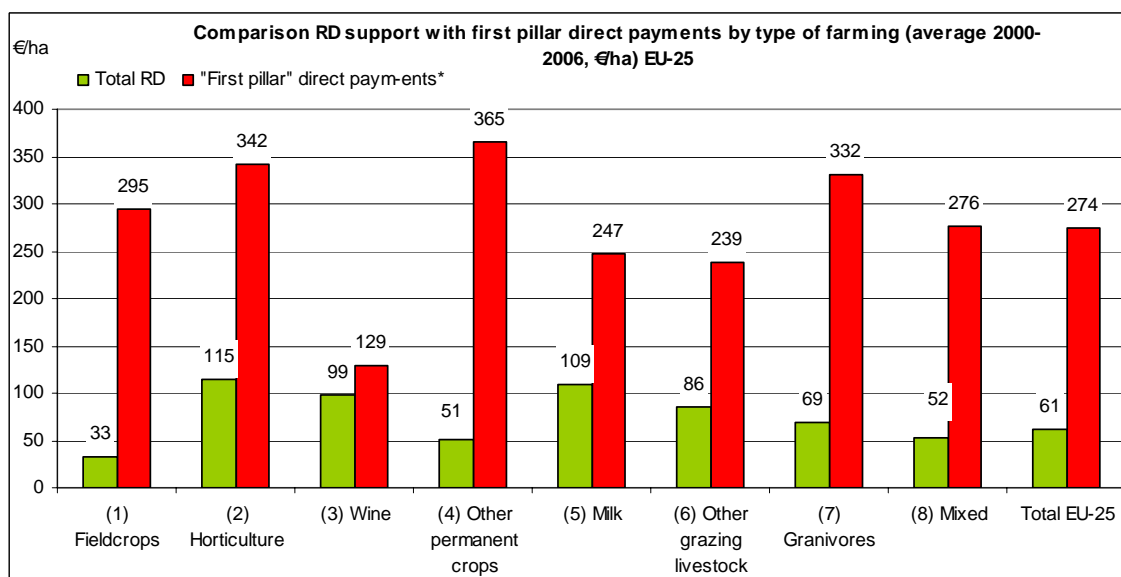
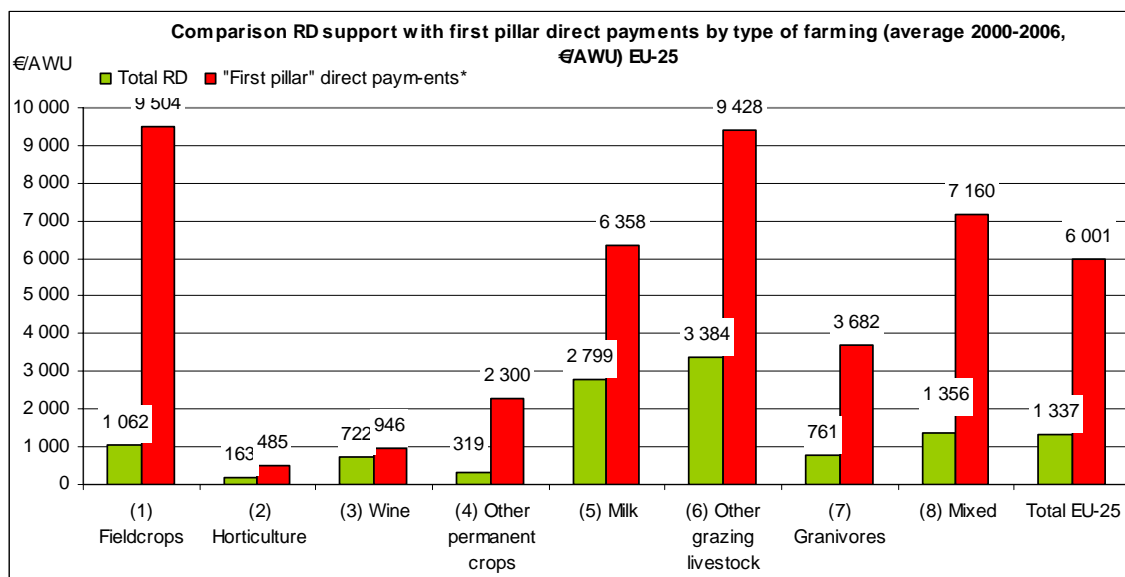
### 3.1.4. Analysis by type of farming

On average for the EU-25, farms specialised in **Other grazing livestock** and **Milk** receive the highest RD support per AWU (€3384/AWU and €2799/AWU, respectively). It corresponds to 36% and 44%, respectively, of their average ‘first pillar’ direct payments, which are also rather high in €/AWU compared to other types of farming, given the characteristics of direct support for these products. However, the highest average ‘first pillar’ direct payments are received by **Fieldcrops** farms (€9504/AWU).

**Horticulture** farms receive the lowest average RD support per AWU (€163/AWU), but the highest per ha (€115/ha). This type of farming is indeed characterised by high labour input and small UAA. Figure 6 shows that the main RD component for **Horticulture** is investment subsidies (€90/ha, 78% of total RD). They are also important for **Wine** and **Granivores** farms (52% and 42% of total RD, respectively). For other types of farming, the main components of RD support are agri-environment and LFA.



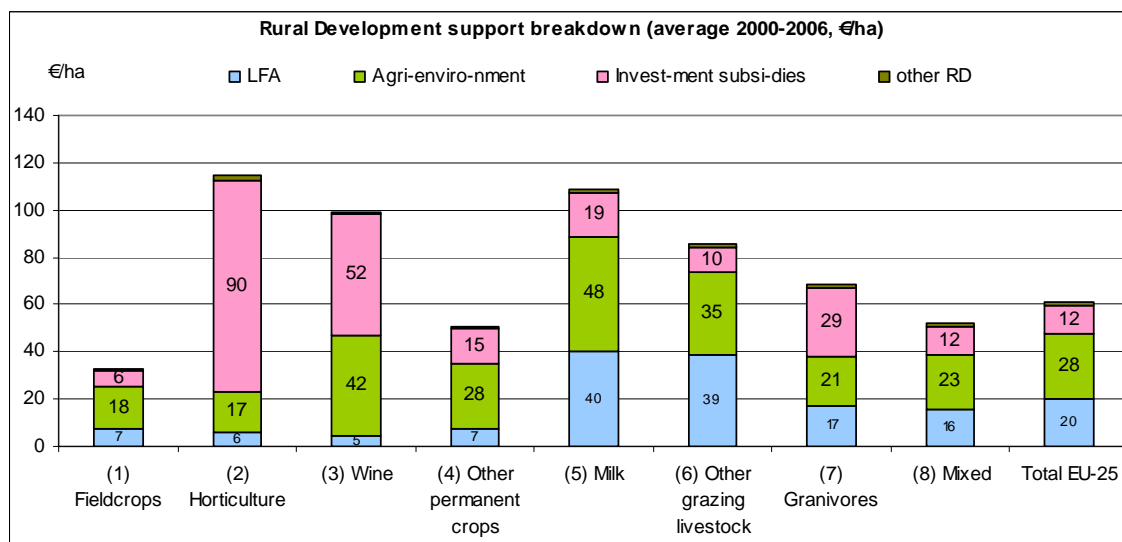
**Figure 5**



Source: EU FADN — DG AGRI.

**Milk** farms receive on average €109/ha in RD support, of which €48/ha in agri-environment payments (44% of RD support), €40/ha in LFA payments (37%) and €19/ha in investment subsidies (18%). LFA and agri-environment are also the main elements of RD support received by **Other grazing livestock** farms, with €39/ha and €35/ha, respectively.

**Figure 6**



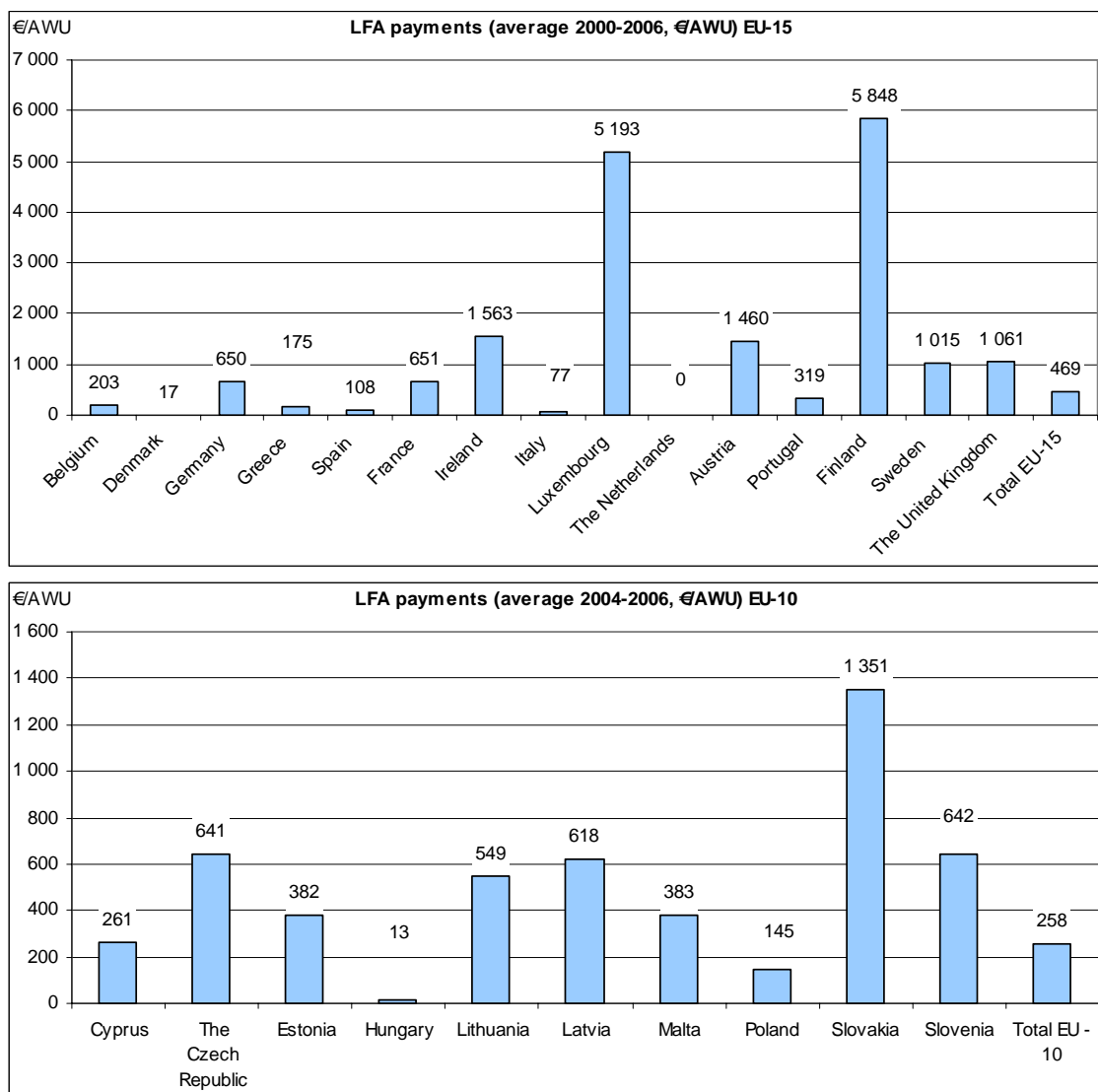
Source: EU FADN — DG AGRI.

### 3.2. Less-favoured area (LFA) support

The average **LFA payment per AWU** is €469/AWU in the EU-15 and €258/AWU in the EU-10 (see Figure 7). It ranges from €13/AWU<sup>13</sup> in Hungary (very few recipients) to €5 848/AWU in Finland and €5 193/AWU in Luxembourg. In the last two Member States, both the proportion of LFA recipients and LFA support are very high. The average amount per AWU is also high in Ireland (€1 563/AWU), Austria (€1 460/AWU) and Slovakia (€1 351/AWU).

<sup>13</sup> Excluding the Netherlands, which does not provide data on LFA classification and payments because LFAs are not considered significant in the country.

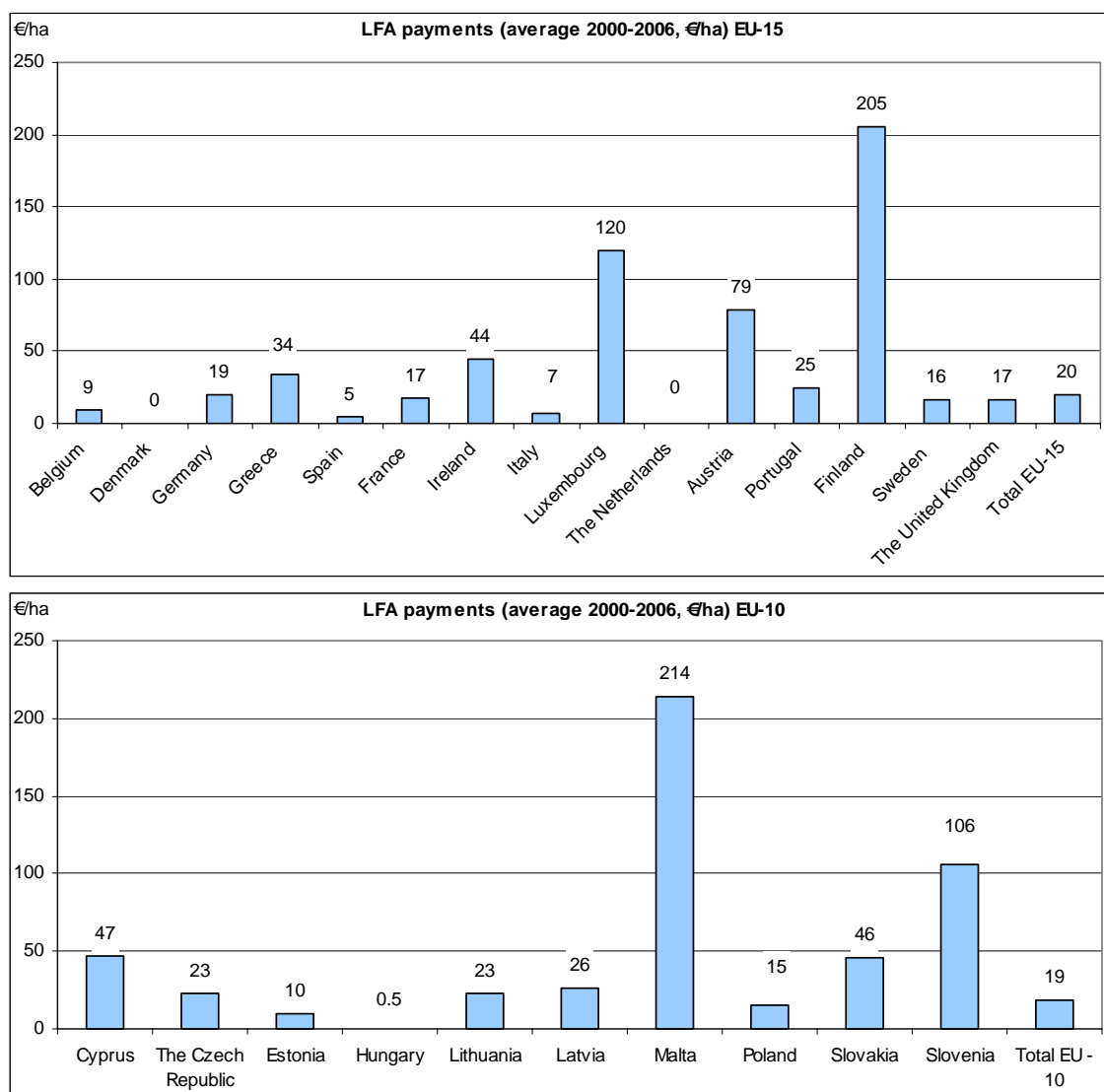
**Figure 7**



Source: EU FADN — DG AGRI. Note: In the Netherlands LFAs are not considered significant for the country, which therefore does not provide data on LFA classification and payments.

**Per ha** there is much less difference between EU-15 and EU-10: the average LFA payment per ha is €20/ha in the EU-15 and €19/ha in the EU-10 (Figure 8). It ranges from €0.5/ha in Hungary (very few recipients) to €214/ha in Malta (high proportion of recipients and very small average UAA). Finland is close behind with €205/ha, and Luxembourg follows at €120/ha.

**Figure 8**



Source: EU FADN — DG AGRI. Note: In the Netherlands LFAs are not considered significant for the country, which therefore does not provide data on LFA classification and payments.

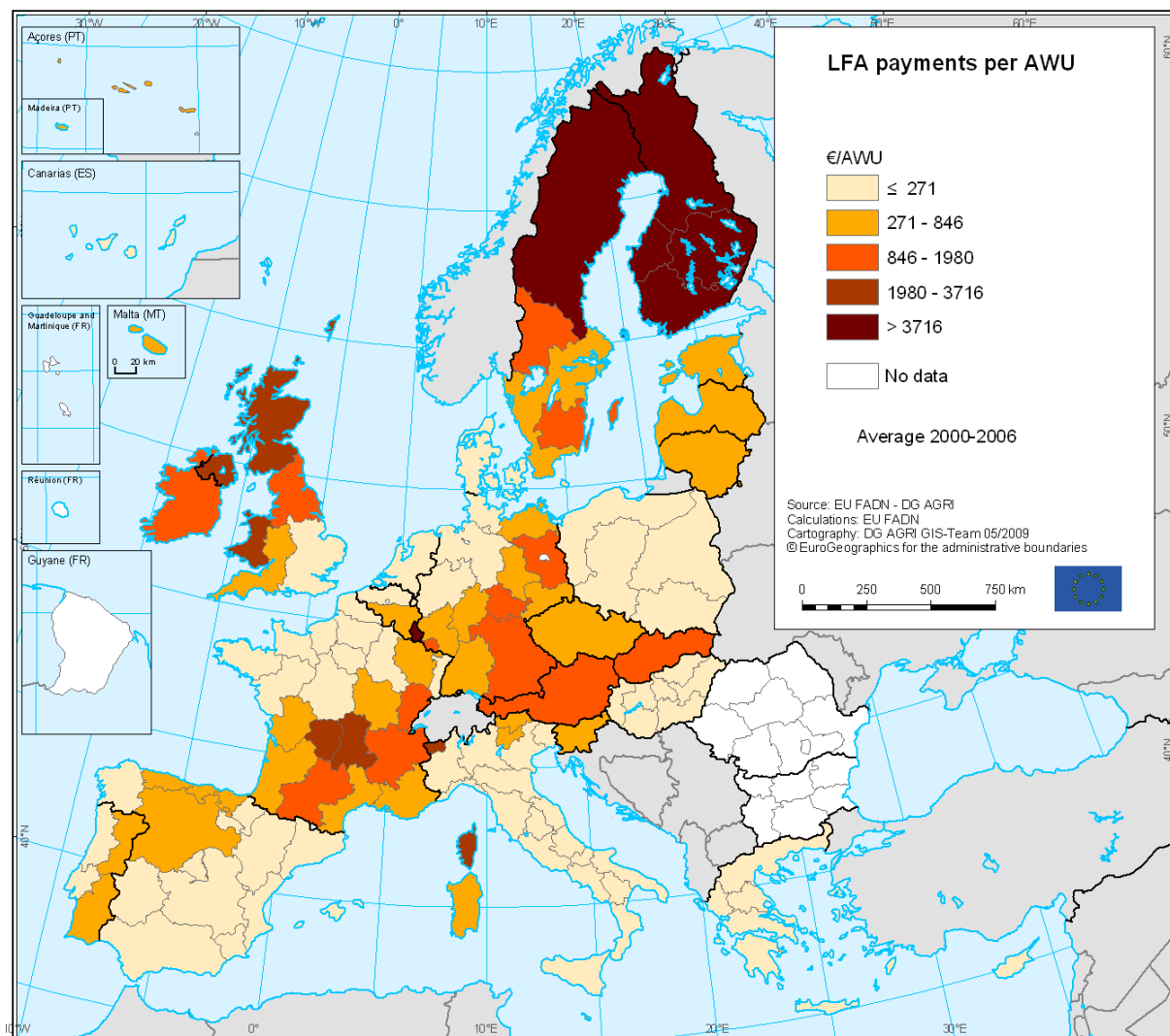
The following map illustrates the average LFA payment per region in €/AWU during the period 2000-2006. The Finnish regions, Northern Sweden (*Lan i norra*) and Luxembourg have the highest regional values. The LFA payment per AWU is also very high, but to a lesser extent, in *Scotland, Wales, Northern Ireland* (the United Kingdom), *Auvergne, Limousin, Corse* (France) and *Valle d'Aoste* (Italy) (see Map 4).

For further analysis of LFA, please see the following reports available on the FADN website:

[http://ec.europa.eu/agriculture/analysis/fadn/reports/rd0101\\_overview\\_lfa.pdf](http://ec.europa.eu/agriculture/analysis/fadn/reports/rd0101_overview_lfa.pdf)

[http://ec.europa.eu/agriculture/analysis/fadn/reports/rd0102\\_focus\\_lfa.pdf](http://ec.europa.eu/agriculture/analysis/fadn/reports/rd0102_focus_lfa.pdf)

**Map 4**



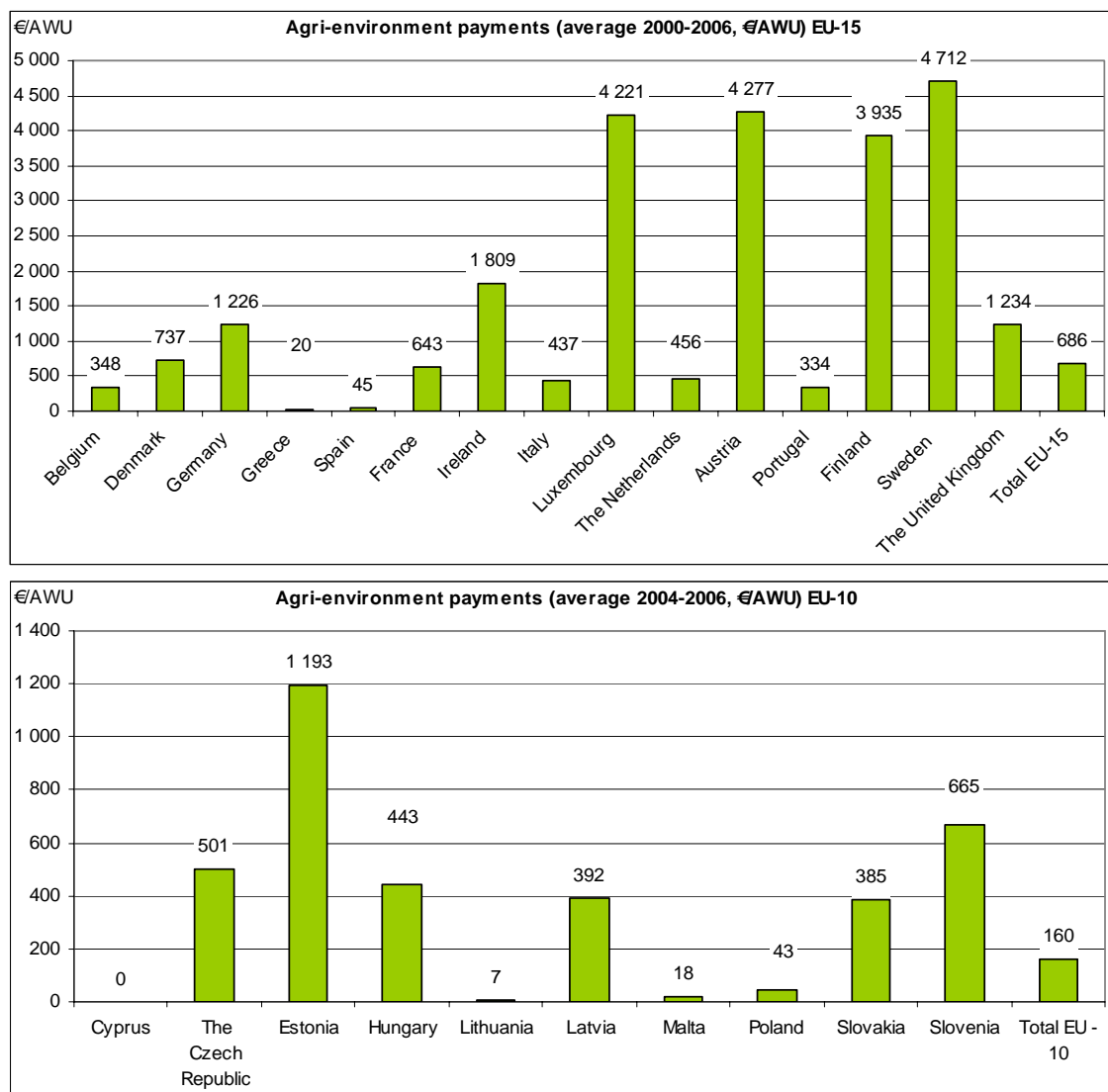
Note: RD support under-represented in FADN in Greece, Spain, Italy. In the new Member States, FADN covers also a low share of total RD expenditure but it is mainly because Complementary National Direct Payments are not considered within RD support in this analysis (see 2.3). In the Netherlands LFAs are not considered significant for the country, which therefore does not provide data on LFA classification and payments.

### 3.3. Agri-environment support

The average **agri-environment payment per AWU** is €686/AWU in the EU-15 and €160/AWU in the EU-10 (see Figure 9). It is as low as €7/AWU<sup>14</sup> in Lithuania (very few recipients) and as high as €4712/AWU in Sweden, far above the average, along with Austria (€4277/AWU), Luxembourg (€4221/AWU), and Finland (€3935/AWU). In these Member States, both the proportion of recipients and the level of agri-environment support are very high. In the EU-10, the highest average agri-environment payment per AWU is in Estonia (€1193/AWU), because of a high proportion of recipients (65%) and relatively high support.

<sup>14</sup> Excluding Cyprus, which did not provide specific information on agri-environment payments, but at the time of writing was studying the possibility to provide the missing information.

**Figure 9**

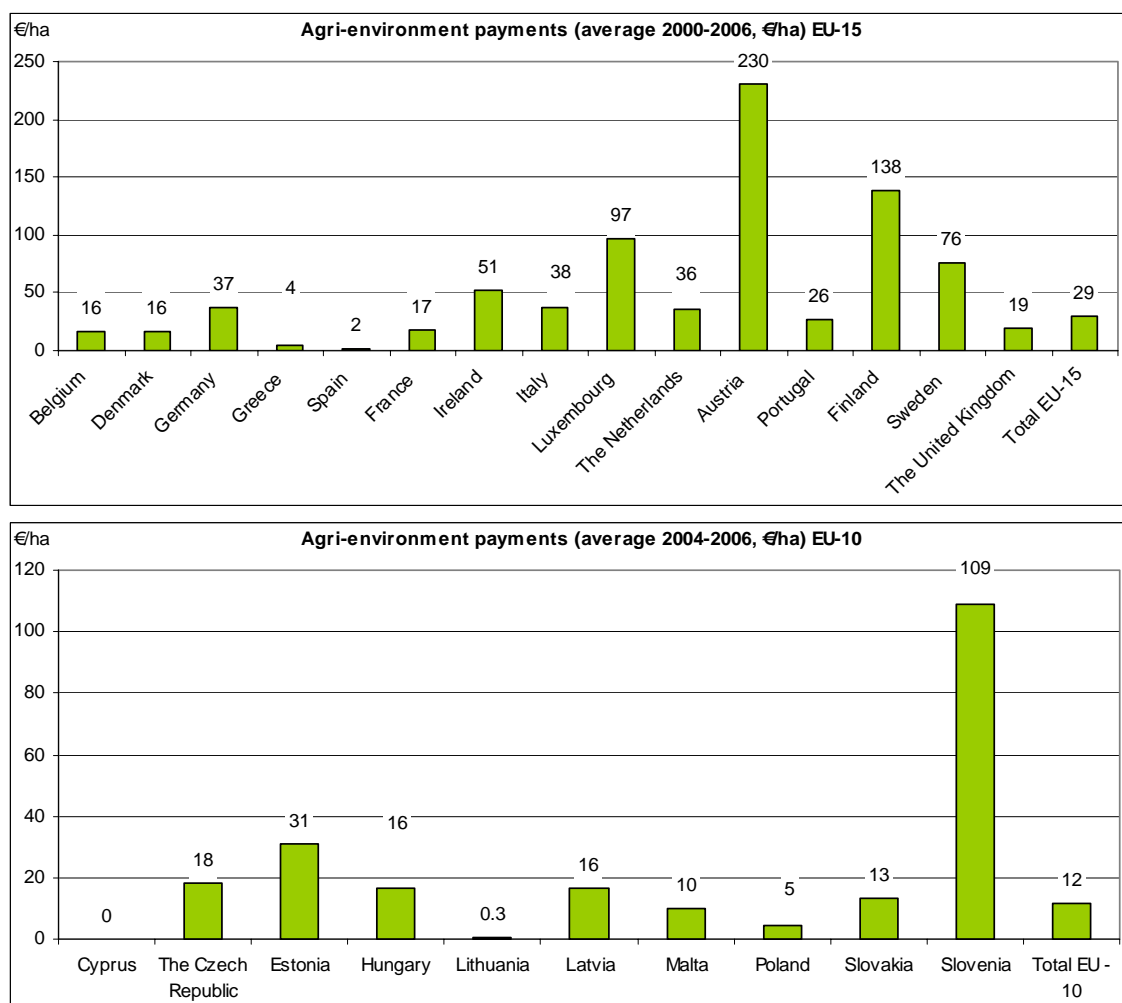


Source: EU FADN — DG AGRI. Note: Cyprus did not provide specific information on agri-environment payments, but at the time of writing was studying the possibility to provide the missing information.

The average **agri-environment payment per ha** is €29/ha in the EU-15 and €12/ha in the EU-10 (see Figure 10). It ranges from €0.35/ha<sup>15</sup> in Lithuania to €230/ha in Austria (high proportion of recipients and very high support per ha). In the EU-10, the highest average agri-environment payment per ha is in Slovenia (€109/ha), because of a high proportion of recipients (71%) and relatively high support.

<sup>15</sup> Excluding Cyprus, which did not provide specific information on agri-environment payments, but at the time of writing was studying the possibility to provide the missing information.

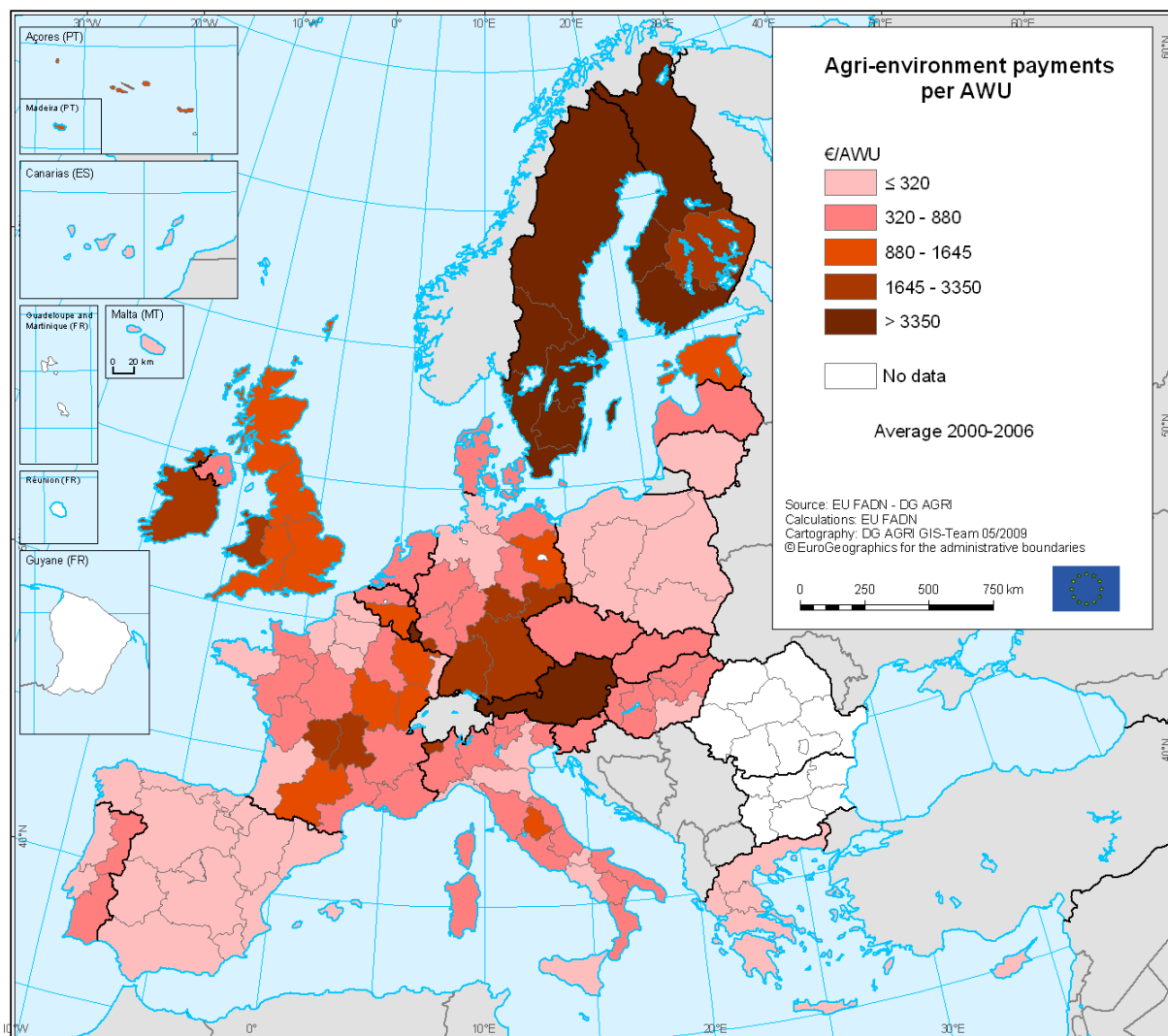
**Figure 10**



Source: EU FADN — DG AGRI. Note: Cyprus did not provide specific information on agri-environment payments, but at the time of writing was studying the possibility to provide the missing information.

The average **agri-environment payment per region in €AWU** is presented on the following map. *Pohjois-Suomi, Pohjanmaa, Etela-Suomi*, (Finland), the Swedish regions, Austria and Luxembourg have the highest regional values (see Map 5). The agri-environment payment per AWU is also high, but to a lesser extent, in Ireland, *Wales* (the United Kingdom), *Auvergne, Limousin* (France), *Valle d'Aoste* (Italy), *Saarland, Baden-Württemberg, Bayern, Thüringen, and Sachsen* (Germany). The average agri-environment payment per region in €/ha is presented in Map 9 in Annex I.

Map 5



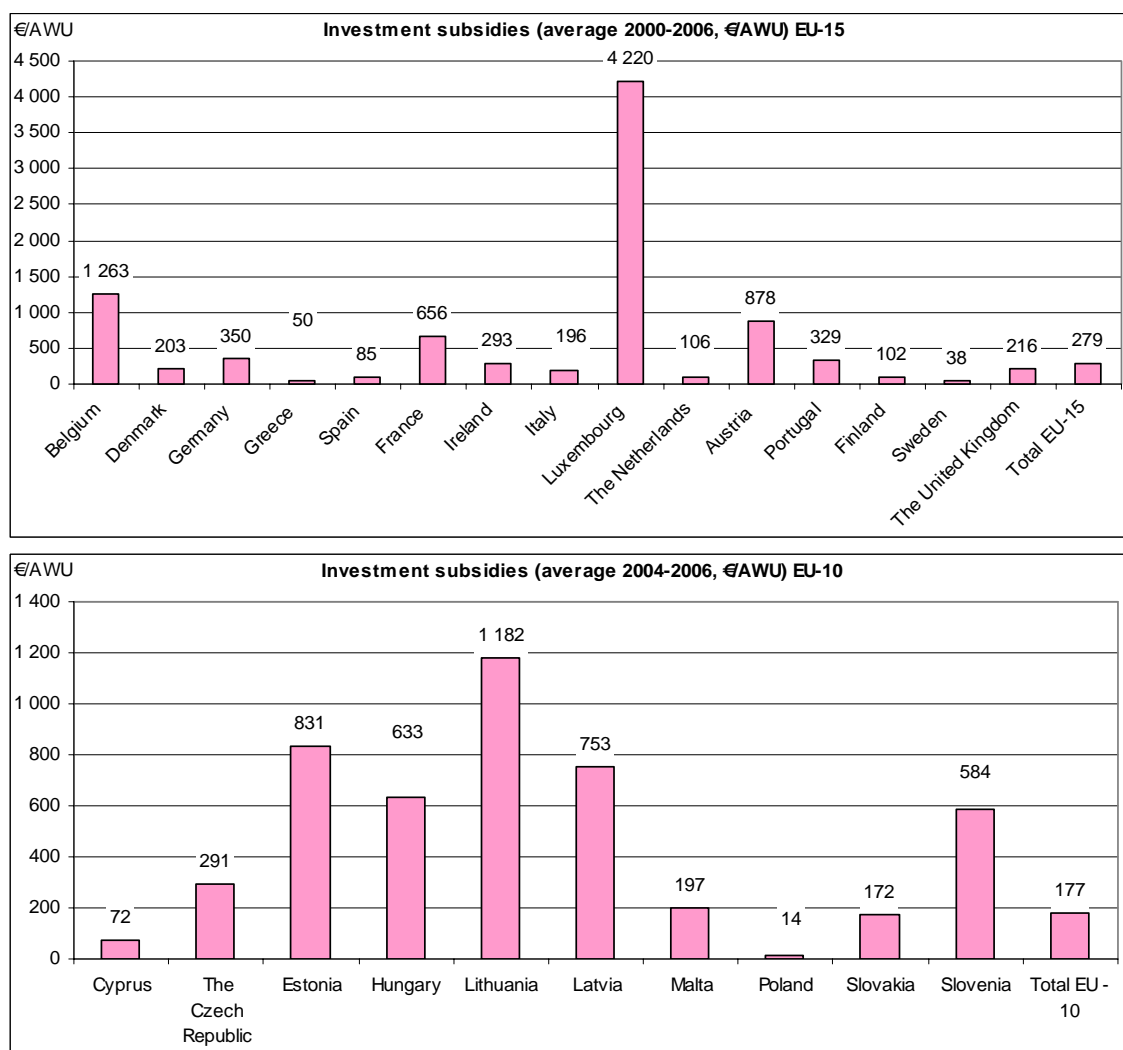
Note: RD support under-represented in FADN in Greece, Spain, Italy. In the new Member States, FADN covers also a low share of total RD expenditure but it is mainly because Complementary National Direct Payments are not considered within RD support in this analysis (see 2.3).

### 3.4. Investment subsidies

The average **investment subsidy per AWU** is €279/AWU in the EU-15 and €177/AWU in the EU-10 (see Figure 11). It varies from €14/AWU in Poland (very few recipients, 1% of farms only) to €4220/AWU in Luxembourg, far above all the other national averages. This very high amount is due to a high proportion of recipients (89%) and to high support. A long way behind comes Belgium, with €1263/AWU, where the proportion of recipients is also high (74%), but the level of support slightly lower. In the EU-10, the Baltic countries have rather high average investment subsidies per AWU. In these Member States, the proportion of recipients is low (7% in Estonia) to moderate (19% in Lithuania), but average support is high.



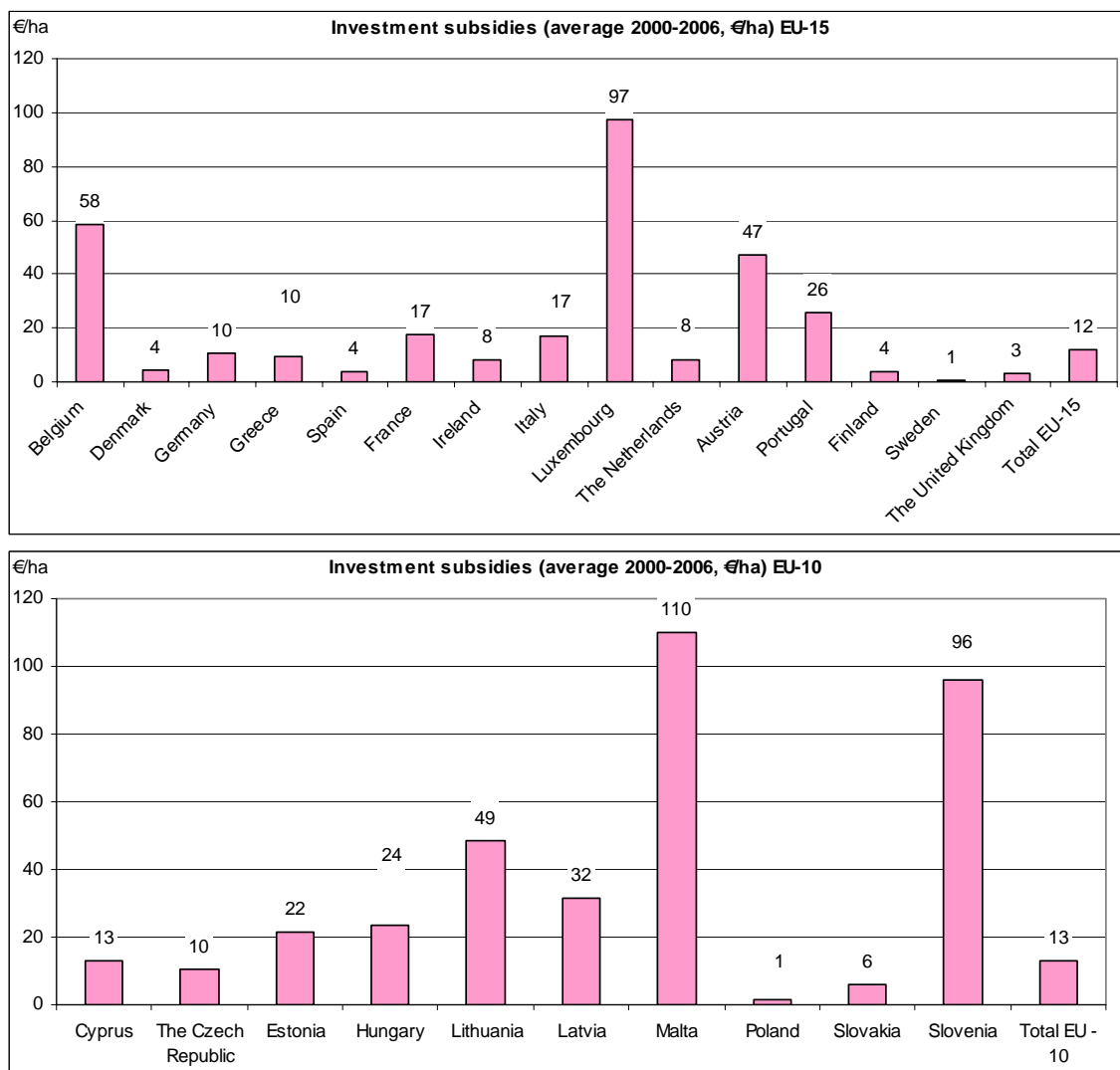
**Figure 11**



Source: EU FADN — DG AGRI.

**Per ha** there is much less difference between EU-15 and EU-10: the average **investment subsidy** is €12/ha in the EU-15 and €13/ha in the EU-10 (see Figure 12). It ranges from €1/ha in Sweden (very few recipients and low support) and Poland to €110/ha in Malta (very few recipients, but very high support and very small average UAA). The average subsidy per ha is also high in Luxembourg (€97/ha) and Slovenia (€96/ha).

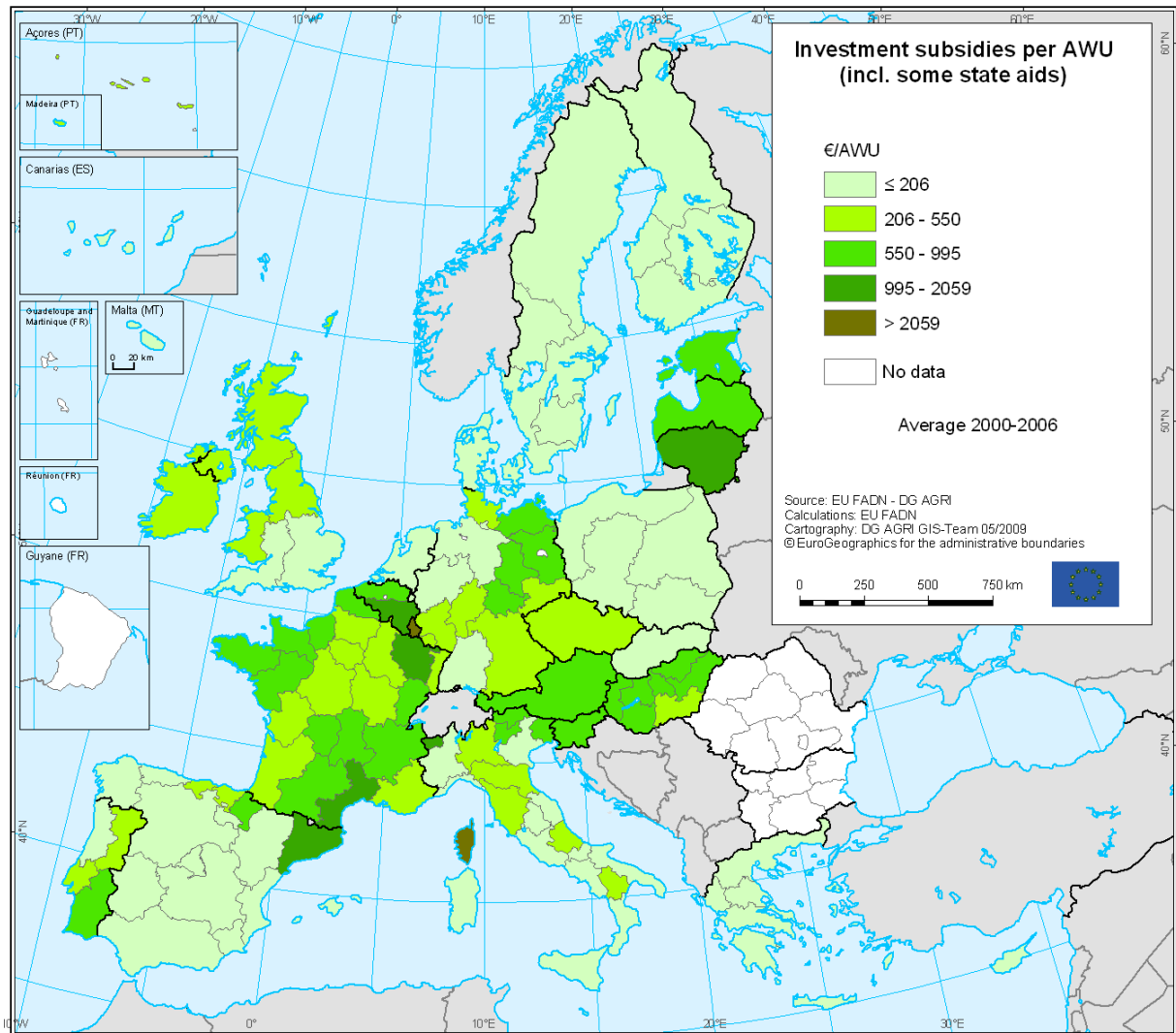
**Figure 12**



Source: EU FADN — DG AGRI.

The following map illustrates the **regional average investment subsidy per AWU**. It shows a slightly different ‘geography’ of support than for LFA and agri-environment. In particular, investment support is less strong in Sweden and Finland. However, Luxembourg again records the highest average, as for the other RD measures studied.

**Map 6**



Note: RD support under-represented in FADN in Greece, Spain, Italy. In the new Member States, FADN covers also a low share of total RD expenditure but it is mainly because Complementary National Direct Payments are not considered within RD support in this analysis (see 2.3).

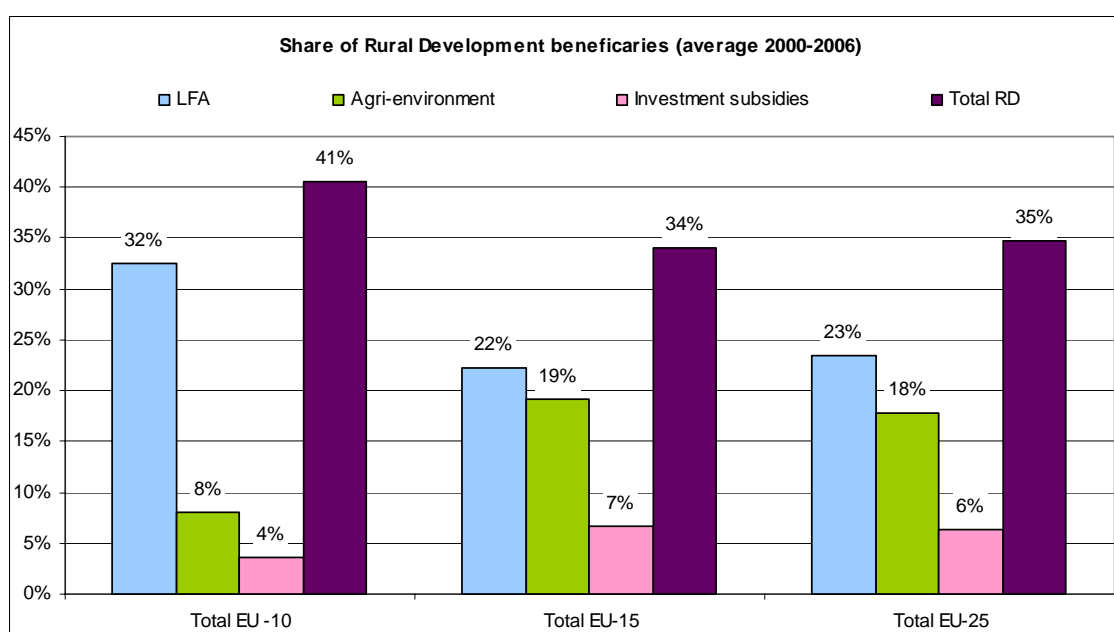
## 4. RURAL DEVELOPMENT FARM RECIPIENTS

This section presents RD recipients and analyses their economic situation in comparison with non-recipients. The main indicators are presented below (Annex II provides more detailed information and illustrations).

### 4.1. Share of recipients

Based on 2000-2006 FADN data, **35 %** of the farms covered by FADN in the **EU-25** are RD recipients (see Figure 13). 23% receive LFA payments, 18% agri-environment payments and 6% investment subsidies. The overall proportion of RD recipients is slightly higher in the EU-10 (41%) than in the EU-15 (34%).

**Figure 13**



Source: EU FADN — DG AGRI.

However, the EU averages conceal big **differences between Member States**. The proportion of RD recipients ranges from **17%** in **Spain** and **Italy** to **100%** in **Luxembourg**. It is also low in the Netherlands (22%) and Greece (24%). Conversely, the share is high in Austria (99%), Finland (96%) and Slovenia. Recipients of the **LFA** scheme account for 0.3%<sup>16</sup> of farms in Hungary and 96% in Finland. The share of **agri-environment** recipients ranges from 1%<sup>17</sup> in Greece to 98% in Luxembourg. For **investment subsidies**, it varies from 0.4%<sup>18</sup> in Greece to 89% in Luxembourg. These broad ranges illustrate the differences in the orientation of RD in the Member States. They

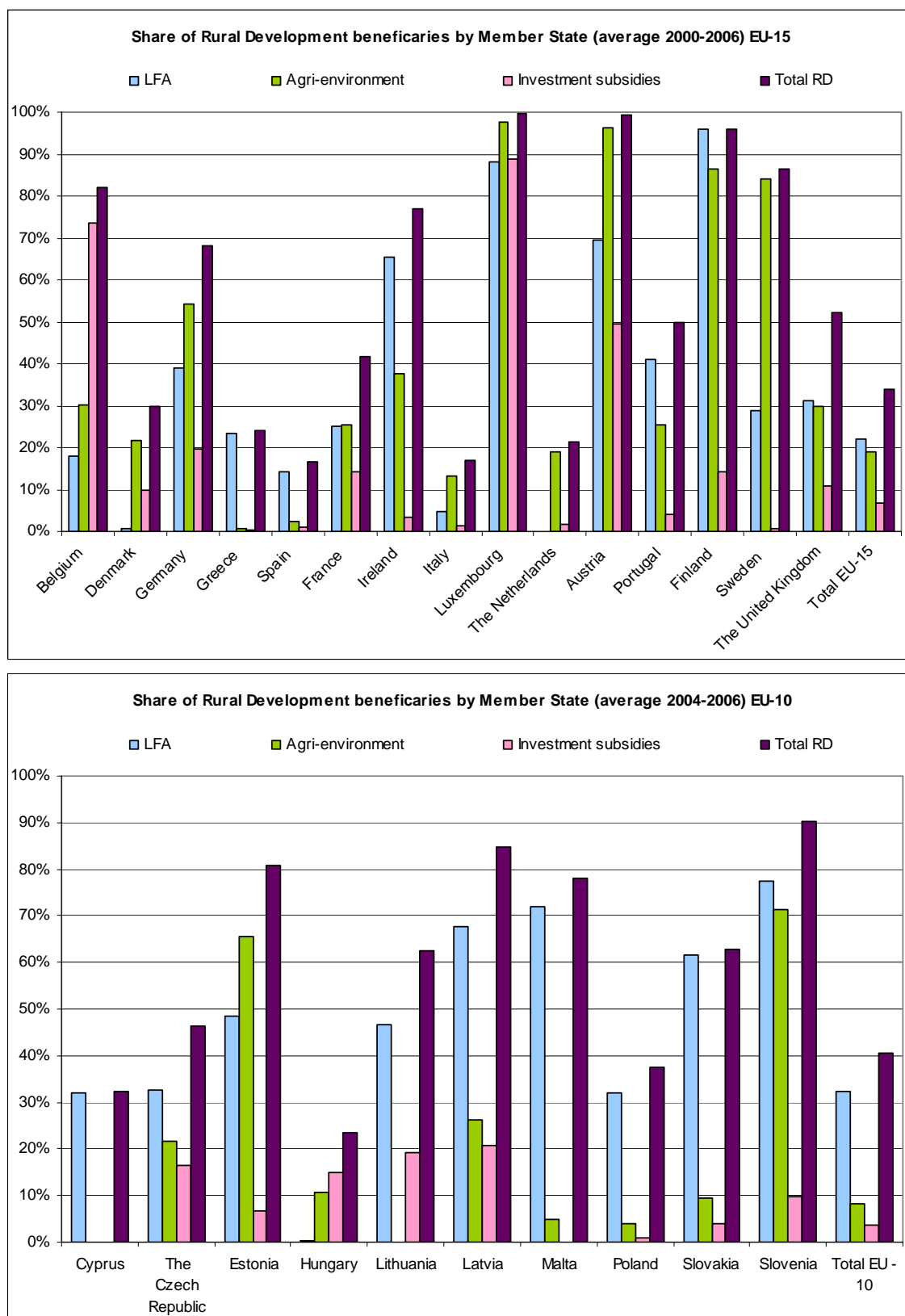
<sup>16</sup> Excluding the Netherlands, which does not provide data on LFA classification and payments because LFAs are considered not significant in the country.

<sup>17</sup> Excluding Cyprus, which did not provide specific information on agri-environment payments, and Lithuania, for which there are not enough farms in the sample to provide an estimate.

<sup>18</sup> Excluding Cyprus and Malta, for which there are not enough farms in the sample to provide data.

also allow a better understanding of the national averages presented in the previous section.

**Figure 14**



Source: EU FADN — DG AGRI. Note: Cyprus did not provide specific information on agri-environment payments, but at the time of writing was studying the possibility to provide the missing information. In the Netherlands LFAs are not considered significant for the country, which therefore does not provide data on LFA classification and payments.

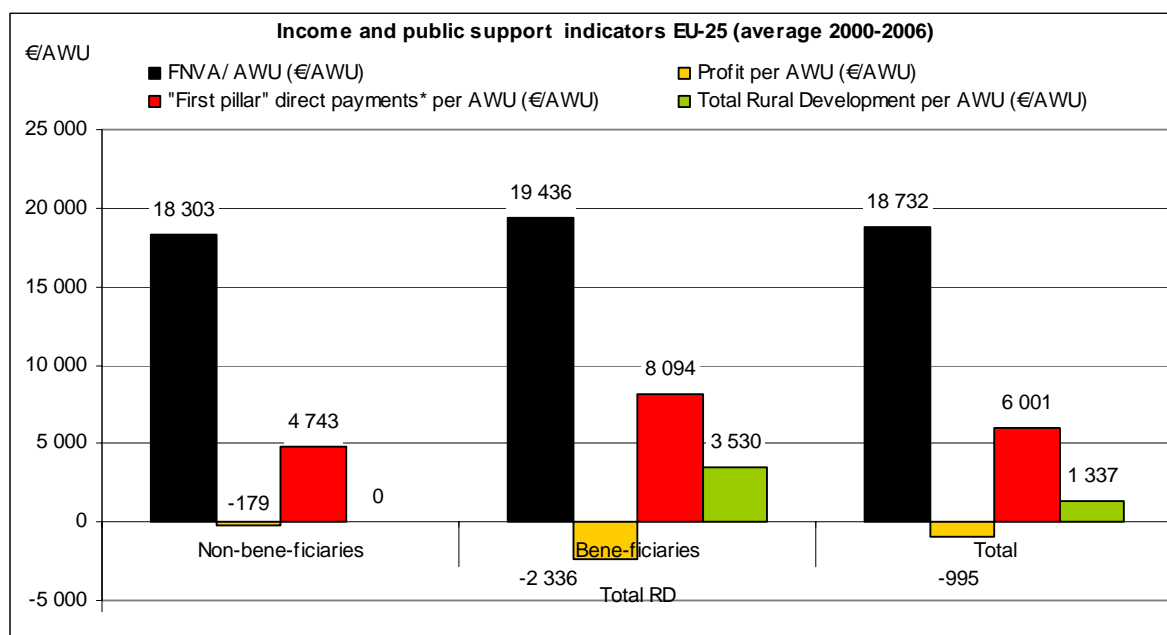
## 4.2. EU-25 averages

### 4.2.1. Total RD

On average in the EU-25, RD farm recipients tend to be **bigger** farms than non-recipients (40 ESU compared to 31 ESU<sup>19</sup>, 52 ha compared to 24 ha, see Table 2). Their **FNVA/AWU** (€19436/AWU) is **similar** to that of non-recipients (€18303/AWU), but their **profit/AWU** is significantly **lower**, at -€2336/AWU compared to -€179/AWU for non-recipients (see Figure 15). The total assets of recipients per AWU are 20% higher than those of non-recipients. Recipients rely slightly more on liabilities (17% of their assets) than non-recipients (13%). Their average investment in fixed assets is only slightly higher (4% of total assets compared to 2% for non-recipients), and their return on assets slightly lower, but these differences are not great.

RD farm recipients receive on average €8094/AWU in ‘**first pillar**’ direct payments (including national and regional aids), which is 71% higher than what non-recipients receive. However, when expressed in €/ha of UAA, the amounts are closer and the ranking is reversed (€264/ha for recipients and €286/ha for non-recipients). ‘First pillar’ direct payments correspond to 42% of the FNVA of RD recipients, whereas the figure is 26% for non-recipients.

**Figure 15**



Source: EU FADN — DG AGRI.

This reflects the following characteristics:

- The main **types of farming** pursued by recipients and non-recipients. Among the EU-15 RD recipients, 25% specialise in *Other grazing livestock* and 23% in *Fieldcrops*. This explains the high level of ‘first pillar’ direct payments (these farms are the main

<sup>19</sup> See 2.4 for the definitions.

recipients of the bovine premia and arable crop payments) and the low profit/AWU<sup>20</sup>. In the EU-10, 43% are *Mixed* and 24% are *Fieldcrops*. *Horticulture* is more represented in the non-recipients group, which may partly explain the higher profit/AWU.

- **Member States** with the highest number of recipients and non-recipients. Poland (19%), France and Germany (10%) have the most RD recipients, whereas Italy (24%) and Spain (21%) have the most non-recipients. The latter Member States are characterised by a relatively better profit/AWU in comparison with other Member States.

**Table 2: Main indicators by RD beneficiary category**

EU-25	Total RD		
	Non-recipients	Recipients	Total
Average data (EU-15: 2000-2006, EU-10: 2004-2006)			
Sample farms (average per year)	43 505	33 441	76 946
Farms represented (average per year)	2 721 186	1 498 006	4 219 193
<b>Structure</b>			
Economic size (ESU)	31	40	34
Total labour (AWU)	1.47	1.69	1.55
% Family labour in total labour	78 %	78 %	77 %
Utilised Agricultural Area (ha)	24	52	34
<b>Income</b>			
FNVA/ AWU (€/AWU)	18 303	19 436	18 732
% Difference of FNVA/AWU from the total average	-2 %	4 %	0 %
Profit per AWU (€/AWU)	-179	-2 336	-995
<b>Assets</b>			
Total assets per AWU (€/AWU)	180 390	217 232	193 926
% Liabilities in assets	13 %	17 %	15 %
% Investment in fixed assets in total assets	2 %	4 %	3 %
Return on assets (FNVA/Total assets, %)	10 %	9 %	10 %
<b>Direct support</b>			
'First pillar' direct payments* per AWU (€/AWU)	4 743	8 094	6 001
% 'First pillar' direct payments* in FNVA	26 %	42 %	32 %
'First pillar' direct payments* per ha (€/ha)	286	264	274
Total RD per AWU (€/AWU)	0	3 530	1 337
% Total RD in FNVA	0 %	18 %	7 %
Total RD per ha (€/ha)	0	115	61
LFA payments per AWU (€/AWU)	0	1 154	437
% LFA in FNVA	0 %	6 %	2 %
LFA payments per ha (€/ha)	0	38	20
Agri-environment payments per AWU (€/AWU)	0	1 604	607
% AE in FNVA	0 %	8 %	3 %
Agri-environment payments per ha (€/ha)	0	52	28
Other RD payments (excl. invest. subs.) (€/AWU)	0	77	29
% Other RD in FNVA	0.0 %	0.4 %	0.2 %
Investment subsidies (RD & state aids) per AWU (€/AWU)	0	695	263
% Investment subsidies in FNVA	0 %	4 %	1 %

Source: EU FADN — DG AGRI. Note: \* 'First pillar' direct payments include national (and/or regional) aids.

Recipients receive on average €3 530/AWU in **RD support**, corresponding to 18% of their FNVA. In €/ha (€115/ha), the amount is somewhat less than a half of what they

<sup>20</sup> Other grazing livestock is indeed the type of farming with the lowest average profit/AWU; see the report *EU Farm economics overview FADN 2006*, available on our website: [http://ec.europa.eu/agriculture/analysis/fadn/reports/report\\_2006.pdf](http://ec.europa.eu/agriculture/analysis/fadn/reports/report_2006.pdf).

receive from the ‘first pillar’. RD support comprises €1 154/AWU for LFA (€38/ha), €1 604/AWU for agri-environment (€52/ha), €695/AWU for investment subsidies and €77/AWU for other RD measures.

On average for the EU-25, the total direct support received by RD recipients corresponds to **60 %** of their FNVA, **42 %** from the ‘**first pillar**’ and **18 %** from the ‘**second pillar**’. This means that, all other things being equal, without direct support, the amount available to remunerate the production factors of RD recipients would otherwise be 60% lower. On the other hand, the direct support received by RD non-recipients represents only 26% of their FNVA.

#### 4.2.2. LFA

On average in the EU-25, **LFA** recipients have a **smaller economic size** than non-recipients (27 ESU compared to 37 ESU). However, their **UAA** is bigger: 52 ha compared to 24 ha (see Table 3). Their **FNVA/AWU** (€15 317/AWU) is **23 % lower** than that of non-recipients (€19 778/AWU). Moreover, their **profit/AWU** is also significantly **lower**, at -€3 223/AWU compared to -€314/AWU for non-recipients. The assets of recipients per AWU are 11% lower than those of non-recipients. LFA recipients rely slightly less on liabilities (12% of assets) than non-recipients (15%). The average proportion of fixed-asset investment in total assets is the same as for non-recipients (3%).

LFA recipients receive on average €7453/AWU in ‘**first pillar**’ **direct payments** (including national and regional aids), which is 34% higher than what non-recipients receive. These payments represent 49% of the FNVA for LFA recipients, whereas they represent 28% for non-recipients. However, again when expressed in €/ha of UAA, the ranking is reversed: LFA recipients receive on average €242/ha while non-recipients get €290/ha.

LFA recipients mainly specialise in *Other grazing livestock* (26%) and *Mixed* production (22%), which might also explain the low profit/AWU<sup>21</sup>. They are mostly located in Poland (23%), Greece (11%) and Spain (10%).

Recipients receive on average €3 833/AWU in **RD support**, corresponding to 25% of their FNVA. In €/ha (€124/ha), this is approximately half of what they receive from the ‘first pillar’. RD support comprises €1 871/AWU for LFA (€61/ha), €1 477/AWU for agri-environment (€48/ha), €423/AWU for investment subsidies and €62/AWU for other RD measures.

On average for the EU-25, LFA recipients receive direct support amounting to **74 %** of their FNVA: **49 %** from the ‘**first pillar**’ and **25 %** from the ‘**second pillar**’. The dependence of LFA recipients on direct support is therefore very high on average.

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<sup>21</sup> *Other grazing livestock* is indeed the type of farming with the lowest average profit/AWU; see the report *EU Farm economics overview FADN 2006*, available on our website: [http://ec.europa.eu/agriculture/analysis/fadn/reports/report\\_2006.pdf](http://ec.europa.eu/agriculture/analysis/fadn/reports/report_2006.pdf).



**Table 3: Main indicators by LFA beneficiary category**

EU-25	LFA		
	Non-recipients	Recipients	Total
Average data (EU-15: 2000-2006, EU-10: 2004-2006)			
Sample farms (average per year)	56 387	20 559	76 946
Farms represented (average per year)	3 182 699	1 036 493	4 219 193
<b>Structure</b>			
Economic size (ESU)	37	27	34
Total labour (AWU)	1.55	1.55	1.55
% Family labour in total labour	75 %	86 %	77 %
Utilised Agricultural Area (ha)	30	48	34
<b>Income</b>			
FNVA/ AWU (€/AWU)	19 778	15 317	18 732
% Difference of FNVA/AWU from the total average	6 %	-18 %	0 %
Profit per AWU (€/AWU)	-314	-3 223	-995
<b>Assets</b>			
Total assets per AWU (€/AWU)	198 818	177 879	193 926
% Liabilities in assets	15 %	12 %	15 %
% Investment in fixed assets in total assets	3 %	3 %	3 %
Return on assets (FNVA/Total assets, %)	10 %	9 %	10 %
<b>Direct support</b>			
'First pillar' direct payments* per AWU (€/AWU)	5 559	7 453	6 001
% 'First pillar' direct payments* in FNVA	28 %	49 %	32 %
'First pillar' direct payments* per ha (€/ha)	290	242	274
Total RD per AWU (€/AWU)	576	3 833	1 337
% Total RD in FNVA	3 %	25 %	7 %
Total RD per ha (€/ha)	30	124	61
LFA payments per AWU (€/AWU)	0	1 871	437
% LFA in FNVA	0 %	12 %	2 %
LFA payments per ha (€/ha)	0	61	20
Agri-environment payments per AWU (€/AWU)	342	1 477	607
% AE in FNVA	2 %	10 %	3 %
Agri-environment payments per ha (€/ha)	18	48	28
Other RD payments (excl. invest. subs.) (€/AWU)	19	62	29
% Other RD in FNVA	0.1 %	0.4 %	0.2 %
Investment subsidies (RD & state aids) per AWU (€/AWU)	215	423	263
% Investment subsidies in FNVA	1 %	3 %	1 %

Source: EU FADN — DG AGRI. Note: \* 'First pillar' direct payments include national (and/or regional) aids.

#### 4.2.3. Agri-environment

**Agri-environment** recipients are **bigger** than non-recipients (48 ESU compared to 31 ESU, 62 ha compared to 28 ha, see Table 4). Their **FNVA/AWU** (€22 224/AWU) is **24 % higher** than that of non-recipients (€17 857/AWU). However, their **profit/AWU** is significantly **lower**, with -€4 211/AWU compared to -€189/AWU for non-recipients. The assets of recipients per AWU are 55 % higher those of non-recipients. Agri-environment recipients rely somewhat more on liabilities (17 % of their assets) than non-recipients (14 %). Their average investment in fixed assets is slightly higher (4 % of total assets compared to 2 % for non-recipients), and their return on assets slightly lower, but these differences are not great.

On average, agri-environment recipients receive €9 459/AWU in **'first pillar' direct payments**, which is 84 % higher than what non-recipients receive. However, again when expressed in €/ha of UAA, the ranking is reversed: agri-environment recipients receive on

average €267/ha while non-recipients get €278/ha. Agri-environment recipients have in fact on average a much higher UAA (62 ha) than non-recipients (28 ha).

Agri-environment recipients in the EU-25 mostly specialise in *Milk* (24%), *Fieldcrops* (24%) and *Other grazing livestock* (21%), which explains the high level of ‘first pillar’ direct payments. They are mostly located in Germany (16%), Italy (15%) and France (13%).

**Table 4: Main indicators by agri-environment beneficiary category**

EU-25	Agri-environment		
	Non-recipients	Recipients	Total
Average data (EU-15: 2000-2006, EU-10: 2004-2006)			
Sample farms (average per year)	59553	17393	76946
Farms represented (average per year)	3520002	699191	4219193
<b>Structure</b>			
Economic size (ESU)	31	48	34
Total labour (AWU)	1.51	1.74	1.55
% Family labour in total labour	77%	78%	77%
Utilised Agricultural Area (ha)	28	62	34
<b>Income</b>			
FNVA/ AWU (€/AWU)	17857	22224	18732
% Difference of FNVA/AWU from the total average	-5%	19%	0%
Profit per AWU (€/AWU)	-189	-4211	-995
<b>Assets</b>			
Total assets per AWU (€/AWU)	174414	271056	193926
% Liabilities in assets	14%	17%	15%
% Investment in fixed assets in total assets	2%	4%	3%
Return on assets (FNVA/Total assets, %)	10%	8%	10%
<b>Direct support</b>			
‘First pillar’ direct payments* per AWU (€/AWU)	5129	9459	6001
% First pillar direct payments* in FNVA	29%	43%	32%
First pillar direct payments* per ha (€/ha)	278	267	274
Total RD per AWU (€/AWU)	414	5014	1337
% Total RD in FNVA	2%	23%	7%
Total RD per ha (€/ha)	22	141	61
LFA payments per AWU (€/AWU)	200	1382	437
% LFA in FNVA	1%	6%	2%
LFA payments per ha (€/ha)	11	39	20
Agri-environment payments per AWU (€/AWU)	0	3028	607
% AE in FNVA	0%	14%	3%
Agri-environment payments per ha (€/ha)	0	85	28
Other RD payments (excl. invest. subs.) (€/AWU)	25	45	29
% Other RD in FNVA	0.1%	0.2%	0.2%
Investment subsidies (RD & state aids) per AWU (€/AWU)	189	559	263
% Investment subsidies in FNVA	1%	3%	1%

Source: EU FADN — DG AGRI. Note: \* ‘First pillar’ direct payments include national (and/or regional) aids.

Agri-environment farms receive on average €5014/AWU in **RD support**, corresponding to 23% of their FNVA. It comprises €1382/AWU for LFA (€39/ha), €3028/AWU for agri-environment (€85/ha), €559/AWU for investment subsidies and €45/AWU for other RD measures.

On average for the EU-25, the total direct payments and subsidies (EU, national and regional) received by agri-environment recipients correspond to **66%** of their FNVA: **43%** from the ‘**first pillar**’ and **23%** from the ‘**second pillar**’. The dependence of agri-environment recipients on direct support is therefore also relatively high on average.

#### 4.2.4. Investment subsidies

On average in the EU-25, the farms benefiting from investment subsidies are **bigger** than non-recipients (77 ESU compared to 32 ESU, 79 ha compared to 31 ha, see Table 5). Their **FNVA/AWU** (€24 627/AWU) is **36 % higher** than that of non-recipients (€18 069/AWU). Moreover, their **profit/AWU** is also significantly **bigger**, at €891/AWU compared to -€1 208/AWU for non-recipients. The total assets of recipients per AWU are 14% higher than those of non-recipients. The share of liabilities in assets is greater than for non-recipients (25% compared to 13%). The proportion of investment in assets and the return on assets are also better.

**Table 5: Main indicators by category of investment subsidy recipients**

EU-25	Investment subsidies (RD & state aids)		
	Non-recipients	Recipients	Total
Average data (EU-15: 2000-2006, EU-10: 2004-2006)			
Sample farms (average per year)	67 551	9 395	76 946
Farms represented (average per year)	3 968 205	250 988	4 219 193
<b>Structure</b>			
Economic size (ESU)	32	77	34
Total labour (AWU)	1.48	2.48	1.55
% Family labour in total labour	80%	62%	77%
Utilised Agricultural Area (ha)	31	79	34
<b>Income</b>			
FNVA/ AWU (€/AWU)	18 069	24 627	18 732
% Difference of FNVA/AWU with the total average	-4%	31%	0%
Profit per AWU (€/AWU)	-1 208	891	-995
<b>Assets</b>			
Total assets per AWU (€/AWU)	192 106	218 581	193 926
% Liabilities in assets	13%	25%	15%
% Investment in fixed assets in total assets	2%	6%	3%
Return on assets (FNVA/Total assets, %)	9%	11%	10%
<b>Direct support</b>			
'First pillar' direct payments* per AWU (€/AWU)	5 649	9 385	6 001
% First pillar direct payments* in FNVA	31%	38%	32%
First pillar direct payments* per ha (€/ha)	271	293	274
Total Rural Development per AWU (€/AWU)	915	5 130	1 337
% Total RD in FNVA	5%	21%	7%
Total RD per ha (€/ha)	44	160	61
LFA payments per AWU (€/AWU)	380	962	437
% LFA in FNVA	2%	4%	2%
LFA payments per ha (€/ha)	18	30	20
Agri-environment payments per AWU (€/AWU)	506	1 531	607
% AE in FNVA	3%	6%	3%
Agri-environment payments per ha (€/ha)	24	48	28
Other RD payments (excl. invest. subs.) (€/AWU)	29	30	29
% Other RD in FNVA	0.2%	0.1%	0.2%
Investment subsidies (RD & state aids) per AWU (€/AWU)	0	2 606	263
% Investment subsidies in FNVA	0%	11%	1%

Source: EU FADN — DG AGRI. Note: \* 'First pillar' direct payments include national (and/or regional) aids.

The farms benefiting from investment subsidies receive on average €9 385/AWU in **'first pillar' direct payments**, corresponding to 166% of what non-recipients receive. The amount expressed in €/ha of UAA is also bigger for recipients (€293/ha compared to €271/ha).

They receive on average €5 130/AWU in **RD support**, corresponding to 21% of their FNVA. Their investment subsidies amount to €2 606/AWU and correspond to 11% of FNVA, representing the majority of RD support. These farms mostly specialise in *Milk* (24%) and *Fieldcrops* (21%). They are mainly located in France (21%), Germany (17%) and Austria (15%).

On average for the EU-25, the farms benefiting from investment subsidies receive direct support representing **59%** of their FNVA: **38%** from the **‘first pillar’** and **21%** from the **‘second pillar’**.

### 4.3. Main features by Member State

This chapter sums up the main features of RD recipients for each Member State in comparison with the EU average presented in the previous section. It should be recalled that the coverage of total RD expenditure in FADN varies considerably depending on the Member State considered (see Table 7 in Annex I). In Spain, Poland and Greece, FADN covers a low share of total RD expenditure, because of a higher proportion of RD recipients below the FADN threshold and/or delays in payments and/or unspecific recording by Member States (see 2.3).

The first noticeable element for **Belgium** is that the proportion of LFA and agri-environment recipients is relatively limited (below 30%), whereas farms benefiting from **investment subsidies** represent 74% of the farms covered by FADN. These farms, and agri-environment and RD recipients in general, have on average a better income than non-recipients. However, LFA recipients have lower income indicators and a lower return on assets (15% instead of 19% for non-recipients). On average for RD recipients, the share of total direct support in FNVA is moderate (27%) in comparison with the EU average (60%). Similarly, the share of RD support in FNVA is low (5%).

In **Denmark**, the share of RD recipients is slightly lower than the EU average (30%); 10% of farms receive investment subsidies and 22% agri-environment payments. A particular feature in comparison with the EU average is that the two income indicators for recipients are better than those of non-recipients. The share of RD support in FNVA is low (5%), but that of ‘first pillar’ direct payments is significant (33%).

RD recipients in **Germany** represent 68% of farms, which is significantly higher than the EU average. More than half of German farms (54%) receive **agri-environment** payments, but the average amount received (€2 320/AWU or €64/ha) is lower than the EU average (€3 028/AWU or €85/ha). RD support represents on average 12% of FNVA, which is also somewhat lower than the EU average.

**Greece** is characterised by one of the lowest shares of RD recipients (24%), mainly LFA recipients (23%). However, FADN covers only a low share of total RD expenditure in Greece (24%). FADN farms may indeed not be the main recipients of RD support, which may target more small farms or non-farm recipients<sup>22</sup>. Moreover, RD payments for the 2000-2006 programming period may have been received after 2006 and are not captured

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<sup>22</sup> According to FSS 2005, in Greece 56% of the farms below the FADN threshold (2 ESU during 2000-2006) are located in LFAs and are potential recipients of LFA payments.

in this analysis. Finally, it could be linked to the methodology of farms' selection, weighting, and/or inappropriate recording (see 2.3)<sup>23</sup>. Only 1% of the Greek farms represented in FADN receive agri-environment payments, which seems low according to the information on the programme implementation. But the amount received is quite large (€3 317/AWU or €337/ha). One particular feature is that RD recipients have on average a better income (both FNVA/AWU and profit/AWU) than non-recipients. RD support represents on average 9% of FNVA and 'first pillar' direct payments 36%, which is in both cases lower than the EU average.

**Spain** has the lowest proportion of RD recipients (17%)<sup>24</sup>. Most (14%) benefit from the LFA scheme, and only 2% from agri-environment payments. Like in Greece, however, FADN covers a particularly low share of total RD expenditure in Spain (12%) (see 2.3)<sup>25</sup>. The LFA support received is relatively low in comparison with other Member States: €930/AWU and only €21/ha. Like in Greece, RD recipients have on average a better income (both FNVA/AWU and profit/AWU) than non-recipients. RD support represents on average 8% of FNVA and 'first pillar' direct payments 33%, which is in both cases lower than the EU average.

In **France**, 42% of the farms covered by FADN benefit from RD support: 25% receive LFA payments, 25% agri-environment payments and 14% investment subsidies. The particular feature of French RD recipients is their relatively higher **dependence** on direct support in general compared to the EU average (measured as the share of direct support in FNVA, 74% on average). For example, direct support corresponds to 97% of FNVA for LFA recipients (67% in 'first pillar' direct payments and 30% in RD support).

In **Ireland**, a high proportion of farms receive RD payments (77%). Like in France, the share of direct support in FNVA is particularly high for RD recipients (83% on average — 52% from 'first pillar' and 31% from RD support) compared to non-recipients (40%). For agri-environment recipients (38% of farms), direct support represents as much as 99% of FNVA, of which 46% comes from RD. The average agri-environment support received by recipients is very high (€5 179/AWU).

**Italy** has (with Spain) the lowest proportion of RD recipients (17%)<sup>26</sup>. But unlike Spain, most receive agri-environment payments (13%) and only 5% get LFA payments. Average agri-environment support is relatively high, especially per ha (€198/ha). However, the proportion of direct support in FNVA for RD recipients is rather limited: 38% compared to 60% for the EU average. But this is also generally the case in Italy (direct support corresponds to 18% of FNVA for non-recipients). The recipients of investment subsidies (1% of Italian farms) are an exception: RD support represents 29% of their FNVA. The amount of investment subsidies per AWU is indeed one of the highest in the EU (€8 313/AWU).

In contrast, **Luxembourg** has the highest proportion of RD recipients given that almost all farms receive RD support: 98% agri-environment payments, 89% investment subsidies and 88% LFA support. One particular feature compared to the other Member States is that

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<sup>23</sup> Further investigation will be carried out to improve this situation.

<sup>24</sup> As well as Italy.

<sup>25</sup> Further investigation will be carried out to improve this situation.

<sup>26</sup> The RD coverage in FADN for Italy is also relatively low (34%) (see 2.3).

farms receive on average more RD support per AWU (€13 633/AWU) than ‘first pillar’ direct payments (€11 547/AWU). The total RD amount is also particularly high given that farms receive more types of RD payments: €5 185/AWU under the LFA scheme, €4 214/AWU in the form of agri-environment payments and €4 213/AWU in investment subsidies.

**The Netherlands** has a low proportion of RD recipients (22%). Most receive agri-environment payments (19%) and 2% investment subsidies. Otherwise, the average amount of RD support received (€3 899/AWU) is just slightly above the EU average (€3 530/AWU).

In **Austria**, as in Luxembourg, almost all farms (99%) are RD recipients: 96% receive agri-environment payments, 70% LFA support and 49% investment subsidies. Agri-environment support is one of the highest (€4 436/AWU, €234/ha). Like in Luxembourg, farms receive on average more RD support per AWU (€6 684/AWU) than ‘first pillar’ direct payments (€4 8167/AWU). However, the proportion of direct support in FNVA (55%) is slightly lower than the EU average (60%).

50% of FADN farms benefit from RD support in **Portugal**: 41% receive LFA support, 25% agri-environment payments and 4% investment subsidies. A particular feature is that, like in Greece and Spain, RD recipients have on average a better income (both FNVA/AWU and profit/AWU) than non-recipients. The average amount of RD support received by recipients (€1 959/AWU) is lower than the EU average (€3 530/AWU). However, given the low average FNVA, the proportion of RD support in FNVA (32%) is fairly high and the total share of direct support represents 70% of FNVA (38% in ‘first pillar’ direct payments).

**Finland**, with Luxembourg and Austria, is in the top group in terms of the proportion of recipients (96%): 14% receive investment subsidies, 87% agri-environment payments and 96% LFA support. Both average ‘first pillar’ direct payments (€15 744/AWU and €497/ha) and RD support (€10 975/AWU and €347/ha) are high, also representing a very large share of FNVA: 82% for ‘first pillar’ direct payments and 57% for RD support. This means that without any direct support, all other things being equal, FNVA would otherwise be negative.

In **Sweden**, 86% of FADN farms receive RD support, 29% LFA payments, 84% agri-environment payments and 1% investment subsidies. It is noticeable that all types of RD recipients (LFA, agri-environment) have on average a better profit per AWU than non-recipients. The average agri-environment payment received by recipients is the highest observed per AWU (€5 289/AWU). However, the amount per ha corresponds to the EU average (€85/ha). The proportion of direct support in FNVA is overall very high for all farms in Sweden: 100% for RD recipients and 98% for non-recipients. RD support corresponds to 31% of FNVA, comprising mainly agri-environment support (25%).

**The United Kingdom** has a relatively high share of RD recipients (52%): 31% of farms benefit from the LFA scheme, 30% receive agri-environment payments and 11% get investment subsidies. A particular feature is that the recipients of investment subsidies have significantly lower income indicators (both FNVA/AWU and profit/AWU). On average for RD recipients, ‘first pillar’ direct payments represent a high share of FNVA (63%), but RD support corresponds to the EU average (18%). The shares are particularly high for LFA recipients, for which ‘first pillar’ payments represent 83% of FNVA and RD support 31%.

In the new member States, RD coverage is low in general (especially for Cyprus, Malta and Poland). It can be due to the fact that the CNDPs are not taken into account in the FADN amounts attributable to RD (see 2.3). Moreover the recipients of the measure (*ab*) *Semi-subsistence farms undergoing restructuring*, specifically for the EU-10, are most probably not covered by the FADN survey. Some RD payments may be received later than 2006. Finally, it can be linked to the effects of selection and weighting (methodology) and/or inappropriate recording in FADN<sup>27</sup>.

For **Cyprus**, based on the current FADN data<sup>28</sup>, 32% of farms benefit from RD support (LFA). The share of direct support in FNVA (70%) is higher than the EU average (60%).

46% of **Czech** farms receive RD support: 33% benefit from the LFA scheme, 22% receive agri-environment payments and 16% get investment subsidies. The average amount of RD support received by recipients (€1 788/AWU) is lower than the EU average (€3 530/AWU), but the share in FNVA corresponds to the average (18%).

**Estonia** is one of the new Member States (with the other Baltic countries) with a high share of RD recipients (81%): 49% receive LFA support, 65% agri-environment payments and 7% investment subsidies. A particular feature is that, like in Greece, Portugal and Spain, RD recipients have on average a better income (both FNVA/AWU and profit/AWU) than non-recipients. Like in Luxembourg and Austria, farms receive on average more RD support (€3 212/AWU, €78/ha) than ‘first pillar’ direct payments (€2 876/AWU, €70/ha). The average amount of investment subsidies received by recipients is relatively high (€4 532/AWU). Finally, the proportion of direct support in FNVA (72%) is relatively high for RD recipients.

**Hungary** has a rather low proportion of RD recipients (23%). Most receive investment subsidies (15%) while 11% receive agri-environment payments. Like in Greece, Portugal, Spain and Estonia, RD recipients have on average a better income (both FNVA/AWU and profit/AWU) than non-recipients. The proportion of direct support in FNVA is in general high (61% on average), but this comes mainly from the ‘first pillar’ (50%).

In **Lithuania**, RD recipients represent 62% of farms: 47% receive LFA support and 19% investment subsidies. The particular feature is that for RD recipients, the share of direct support (87%) is much higher than for non-recipients (42%). Moreover the main part of this direct support comes from RD (51%). The recipients of investment support receive on average €4 793/AWU, which is especially high and accounts for a good part of their FNVA (59%).

**Latvia** has one of the highest shares of RD recipients (85%) in the EU-10 together with Slovenia: 68% receive LFA support, 26% agri-environment payments and 21% investment subsidies. One particular feature is that, like in Greece, Portugal, Spain and Estonia, RD recipients have on average a better income (both FNVA/AWU and profit/AWU) than non-recipients. However, this is not the case for LFA recipients. Average RD support (€2 347/AWU) is rather moderate in comparison with other Member States. However, it represents a high proportion of FNVA (43% on average for RD recipients). For LFA recipients, total RD support corresponds to 51% of FNVA as do

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<sup>27</sup> Further investigation will be carried out to improve this situation.

<sup>28</sup> Cyprus did not provide specific information on agri-environment payments, but at the time of writing, it was studying the possibility to provide missing information.

'first pillar' direct payments. This means that without any direct support, all other things being equal, the FNVA would otherwise be negative.

78% of **Maltese** FADN farms benefit from RD support: 72% LFA and 5% agri-environment. The particular feature is that direct support for RD recipients in general represents a limited share of FNVA in comparison with the other Member States: 'first pillar' direct payments represent 34% of FNVA and RD support only 11%. The RD support per AWU is indeed modest (€1362/AWU) but the amount per ha is very high (€639/ha) because of the very small UAA of Maltese farms.

In **Poland** 38% of FADN farms receive RD support, which is close to the EU average (35%): 32% receive LFA support, 4% agri-environment, and 1% investment subsidies, which seems low according to the information on the programme implementation.. The average RD support received by recipients is rather low (in €/AWU and €/ha, below the EU average) and represents a moderate part of FNVA (14%).

In **Slovakia** 63% of FADN farms benefit from RD support, mainly LFA (62%), but also agri-environment (9%) and investment subsidies (4%). The share of direct support in FNVA is extremely high: for RD recipients: 'first pillar' direct payments correspond to 95% of FNVA and RD support to 96% of FNVA. This dependence is even higher for agri-environment recipients ('first pillar' and RD support represent 115% and 201% of FNVA, respectively).

**Slovenia** is the new Member State with the highest share of RD recipients (90%): 77% of farms receive LFA support, 71% agri-environment payments and 10% investment subsidies. Slovenian RD recipients have on average a better FNVA/AWU but also a better profit/AWU. RD support represents a higher share of FNVA (71%) than 'first pillar' direct payments (49%). The dependence is even higher for investment subsidy recipients, for which RD support corresponds to 148% of FNVA.

## 5. CONCLUSION

This report shows first that **FADN** contains a lot of information on RD and may be a **complementary tool to assess RD impacts on EU farms**. Even though it has some limitations because it covers only farms exceeding a minimum economic size, FADN is the only database that allows us to analyse the relationships between policy support, income and assets at farm level using a harmonised method across the whole EU.

Based on 2000-2006 FADN data, **RD support** in the **EU-25** corresponds on average to **€1337/AWU** or **€61/ha**. It is equivalent to **22%** of 'first pillar' direct payments (including national aids). **Agri-environment** is the major component of RD support, representing on average 45% of total RD support, with €607/AWU. **LFA** follows with €437/AWU, i.e. 33% of total RD support. **Investment subsidies** represent on average 20% of total RD support (€263/AWU). The other measures in general involve only small amounts per farm.

**35%** of **EU-25** farms covered by FADN are RD recipients: 23% receive LFA support, 18% agri-environment payments and 6% investment subsidies. RD recipients and non-recipients receive on average **quite similar 'first pillar' direct payments per ha**



(€264/ha and €286/ha, respectively), have a **similar FNVA/AWU** (Farm Net Value Added, i.e. amount available to remunerate land, labour and capital, per annual work unit). But the **profit/AWU** (amount remaining after remuneration of all production factors) of RD recipients is **significantly lower** than that of non-recipients.

The total direct support received by RD recipients corresponds to **60 %** of their FNVA: **42 %** from the **‘first pillar’** (€8 094/AWU, €264/ha, including national aids) and **18 %** from the **‘second pillar’** (€3 530/AWU, €115/ha). This means that without any direct support, all other things being equal, the amount available to remunerate the production factors of RD recipients would otherwise be 60% lower. In comparison, the direct support received by non-recipients (€4 743/AWU, €286/ha) represents only 26 % of their FNVA.

The **differences between Member States** are considerable. Some focus more on RD like **Austria, Slovenia, and Luxembourg** (high proportion of RD recipients and high average RD support, higher than ‘first pillar’ support). In others, RD support is on average less than half of total direct support, as in **Denmark, Spain, Italy and Greece** (low proportion of RD recipients and low average RD support, lower than ‘first pillar’ support). The following map illustrates total RD support compared with ‘first pillar’ direct payments. However, in Spain, Greece and also Poland, FADN covers only a low share of total RD expenditure (because of a higher proportion of RD recipients below the FADN threshold, and/or delays in payments and/or unspecific recording by the Member States).

## Annex I

**Table 6: Maximum FADN coverage 2006 (in comparison with FSS 2005)**

Member State	2006 Threshold (ESU)	Number of holdings	Total Standard Gross Margin	Livestock units	Utilised Agricultural Area (ha)
Austria	8	45 %	91 %	87 %	65 %
Belgium	16	67 %	97 %	96 %	93 %
Cyprus *	2	46 %	93 %	99 %	86 %
Czech Republic	4	34 %	98 %	97 %	97 %
Denmark	8	76 %	98 %	99 %	96 %
Estonia	2	24 %	87 %	93 %	84 %
Finland	8	63 %	94 %	99 %	87 %
France	8	70 %	98 %	98 %	96 %
Germany *	16	52 %	95 %	94 %	90 %
Greece	2	64 %	95 %	98 %	94 %
Hungary	2	13 %	86 %	80 %	91 %
Ireland	2	87 %	99 %	99 %	96 %
Italy	4	43 %	93 %	98 %	88 %
Latvia	2	15 %	73 %	75 %	60 %
Lithuania	2	21 %	68 %	63 %	64 %
Luxembourg	8	75 %	98 %	98 %	97 %
Malta	8	13 %	63 %	84 %	41 %
Netherlands	16	77 %	98 %	98 %	95 %
Poland	2	31 %	89 %	91 %	80 %
Portugal	2	44 %	92 %	94 %	89 %
Romania		29 %	76 %	75 %	74 %
Slovakia	6	5 %	92 %	91 %	94 %
Slovenia	2	52 %	88 %	88 %	77 %
Spain	2	77 %	99 %	99 %	92 %
Sweden	8	38 %	92 %	87 %	79 %
United Kingdom	16 (8 for Northern Ireland)	33 %	95 %	88 %	77 %
<b>EU-25</b>	<b>-</b>	<b>45 %</b>	<b>95 %</b>	<b>94 %</b>	<b>88 %</b>

Source: FSS 2005 and Commission Regulation 1859/82. \*Threshold changed for Cyprus (from 1 to 2 ESU) and Germany (from 8 to 16 ESU) between 2005 and 2006.

**Table 7: Comparison of RD subsidies in FADN with RD total expenditures**

	FADN			DG AGRI	
	Farms above a minimum threshold of economic size			All beneficiaries	
EU-10: 2004-2006, EU-15: 2000-2006	Total EU + national + private received			Total public expenditures 2000-2006	
Member State	Rural development payments (excluding investments subsidies)	All investments subsidies (RD and other national schemes)	Total RD (A)	EAGGF-G + EAGGF-O + SAPARD + TRDI (B)	(A)/(B)
Cyprus	22 441 899	6 163 510	28 605 409	268 720 433	11%
The Czech Republic	438 389 969	110 088 341	548 478 309	1 782 579 772	31%
Estonia	114 515 090	52 739 967	167 255 057	568 525 703	29%
Hungary	219 717 931	297 390 357	517 108 287	2 320 556 970	22%
Lithuania	186 749 493	231 720 090	418 469 583	1 705 681 700	25%
Latvia	188 410 354	113 316 524	301 726 877	1 150 439 889	26%
Malta	3 743 746	935 953	4 679 699	66 262 543	7%
Poland	1 032 860 575	55 345 559	1 088 206 134	10 034 301 727	11%
Slovakia	375 248 404	35 203 534	410 451 937	1 548 771 609	27%
Slovenia	287 889 161	126 751 333	414 640 494	824 536 471	50%
<b>Total EU -10</b>	<b>2 869 966 621</b>	<b>1 029 655 166</b>	<b>3 899 621 787</b>	<b>20 270 376 817</b>	<b>19%</b>
Belgium	254 091 690	582 614 164	836 705 854	770 640 787	109%
Denmark	301 606 248	81 166 191	382 772 439	555 213 636	69%
Germany	6 208 494 159	1 138 894 900	7 347 389 059	15 099 357 816	49%
Greece	874 953 921	219 482 689	1 094 436 610	4 628 606 107	24%
Spain	1 141 386 006	549 132 176	1 690 518 182	14 054 702 269	12%
France	6 422 527 174	3 255 656 048	9 678 183 222	12 386 662 798	78%
Ireland	3 357 411 854	276 373 535	3 633 785 389	3 702 281 587	98%
Italy	3 452 335 470	1 316 833 401	4 769 168 871	14 049 965 121	34%
Luxembourg	195 621 949	87 485 738	283 107 687	296 791 169	95%
The Netherlands	582 519 839	121 167 704	703 687 543	1 107 002 884	64%
Austria	5 301 475 861	809 459 498	6 110 935 360	6 339 411 661	96%
Portugal	1 137 562 954	566 462 022	1 704 024 976	4 636 797 088	37%
Finland	4 869 901 885	50 921 935	4 920 823 821	4 053 855 289	121%
Sweden	1 779 896 609	11 422 821	1 791 319 430	2 897 356 719	62%
The United Kingdom	3 871 903 682	351 657 579	4 223 561 261	4 432 816 569	95%
<b>Total EU-15</b>	<b>39 751 689 302</b>	<b>9 418 730 402</b>	<b>49 170 419 704</b>	<b>89 011 461 501</b>	<b>55%</b>
<b>Total EU-25</b>	<b>42 621 655 923</b>	<b>10 448 385 567</b>	<b>53 070 041 491</b>	<b>109 281 838 318</b>	<b>49%</b>

Source: DG AGRI. \*

**Table 8: Rural Development 2000-2006 and FADN**

Articles of Regulation 1257/1999	Measure code	Measure	Potential recipients include farmers (yes/no)	Support for investment (yes/no)	Registration in FADN	Code for the measure (yes/no)	Total public expenditure* in €	%
Art. 4-7	a	Investment in agricultural holdings	yes, only	yes	G94SU (95, 96, 97, 98, 99), G101SU	no	8 194 580 450	10%
Art. 8	b	Young farmers setting up	yes, only	possibly	if single premium G99SU; if interest rate subsidy J89 (Instructions from 2007: if single premium J953; if interest rate subsidy G99SU)	no	2 852 445 210	3%
Art. 9	c	Training	yes	no	J953 (training costs in F84)	together with other RD measures	486 250 312	1%
Art. 10-12	d	Early retirement	yes	no	not in FADN (retired farmers)	(-)	2 462 350 692	3%
Art. 13-15, 18-20.	e.1	Less-favoured areas	yes, only	no	J820	yes	14 573 941 850	17%
Art. 16	e.2	Areas with environmental restrictions	yes, only	no	J810	yes		
Art. 22-24	f	Agri-environment	yes	no	J800	yes	25 059 253 425	30%
Art. 22-24 (?)		Breeds in danger of being lost to farming						
Art. 25-28	g	Improving processing and marketing of agricultural products	yes	yes	G94SU (95, 96, 97, 98, 99), G100SU, G101SU, total G103SU	no	4 907 221 475	6%
Art. 31 & Art. 30(1) first indent	h & i (partly)	Afforestation of agricultural land and other afforestation	yes	possibly	J900 (Art. 31 afforestation of agricultural land) or investment subsidies: G100SU, G101SU	yes	3 181 330 160	4%
Art. 30(1), second and third indents (invest.), fourth, fifth, sixth indents (support)	i.2	Other forestry measures	yes	possibly	investment subsidies: G100SU, G101SU; support: J910	no	4 093 143 173	5%
Art. 33, first indent	j	Land improvement	yes	possibly	G97SU (or included in G94SU) or J953	no	260 711 018	0%
Art. 33, second indent	k	Reparcelling	yes	possibly	G97SU (or included in G94SU) or J953	no	1 701 465 589	2%
Art. 33,	l	Setting up of farm relief and farm management	no	(-)	not in FADN	(-)	231 528 234	0%

Articles of Regulation 1257/1999	Measure code	Measure	Potential recipients include farmers (yes/no)	Support for investment (yes/no)	Registration in FADN	Code for the measure (yes/no)	Total public expenditure* in €	%
third indent		services						
Art. 33, fourth indent	m	Marketing of quality agricultural products and setting up of quality schemes	yes	possibly	J953 or GXXXSU	?	432 107 562	1%
Art. 33, fifth indent	n	Basic services for the rural economy and population	no	(-)	not in FADN	(-)	704 965 392	1%
Art. 33, sixth indent	o	Renovation and development of villages and protection and conservation of rural heritage	yes	possibly	J953 or GXXXSU	no	3 400 001 695	4%
Art. 33, seventh indent	p	Diversification of agricultural activities	yes	possibly	J953 or GXXXSU	no	996 041 896	1%
Art. 33, eighth indent	q	Agricultural water resources management	yes	possibly	J953 or GXXXSU	no	3 137 373 381	4%
Art. 33, ninth indent	r	Development and improvement of infrastructure	no	(-)	not in FADN	(-)	2 684 817 677	3%
Art. 33, 10th indent	s	Encouragement for tourist and craft activities	yes	possibly	J953 or GXXXSU	no	714 489 099	1%
Art. 33, 11th indent	t	Protection of the environment in connection with agriculture, forestry and landscape conservation as well as improvement of animal welfare	yes	possibly	J953 or GXXXSU	no	1 500 456 778	2%
Art. 33, 12th indent	u	Restoring agricultural production potential damaged by natural disasters and introducing appropriate prevention instruments	yes	possibly	J953 or GXXXSU (not J998 disaster payments)	no	513 581 353	1%
Art. 33, 13th indent	v	Financial engineering	no	no	not in FADN	(-)	153 829 597	0%
Art. 33, 14th indent	w	Management of integrated rural development strategies by local partners	no	(-)	not in FADN	(-)	39 663 763	0%
Art. 21b & 21c	x.1	Implementing demanding standards	yes, only	no	J830	yes (with x2)	482 557 597	1%
Art. 33l	x.2	Implementing demanding standards	yes, only	no	J830	yes (with		0%

Articles of Regulation 1257/1999	Measure code	Measure	Potential recipients include farmers (yes/no)	Support for investment (yes/no)
(2a and 2b)				
Art. 21d	y	Use of farm advisory services	yes, only	no
Art. 24b 24c	z	Participation in food quality schemes	yes	no
Art. 24d	aa	Promotion of quality products	no	no
Art. 33b	ab	Semi-subsistence farms undergoing restructuring	probably not FADN farms	no
Art. 33d	ac	Producer groups	no	no
		Complements to Direct Payments (CNDP, top-ups)	yes	no

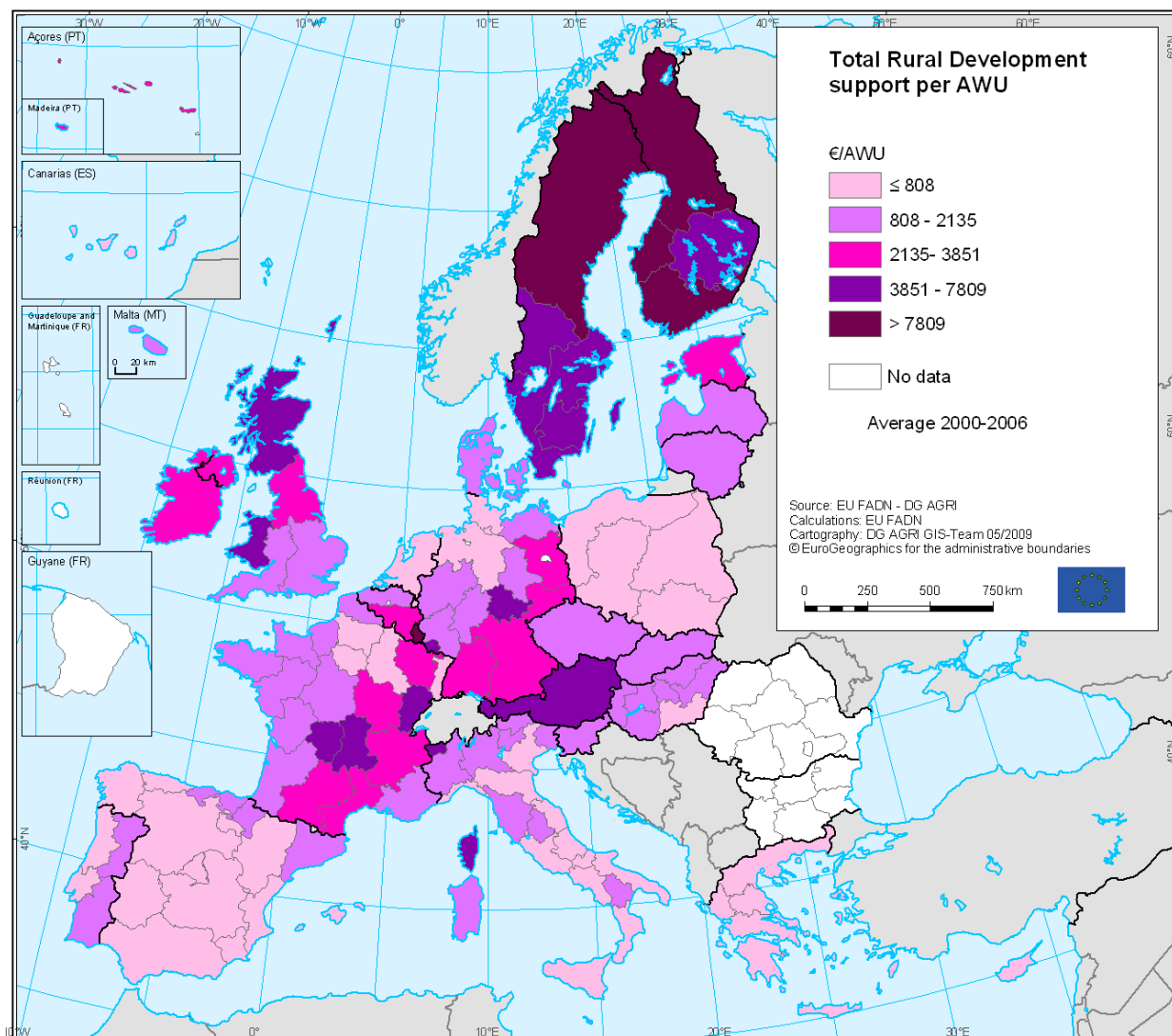
Registration in FADN	Code for the measure (yes/no)
	x1)
J835	yes
J840	yes
not in FADN	(-)
probably not in FADN (farms below the threshold) — if yes in J953	(-)
not in FADN	(-)
JXXX or MXXX	no

Total public expenditure* in €	%
39 873 135	0%
11 447 681	0%
	0%
171 645 439	0%
15 331 392	0%
314 182 991	0%
83 316 588 016	
<b>76 338 874 477</b>	<b>92%</b>

**FADN potential coverage of total public expenditure**

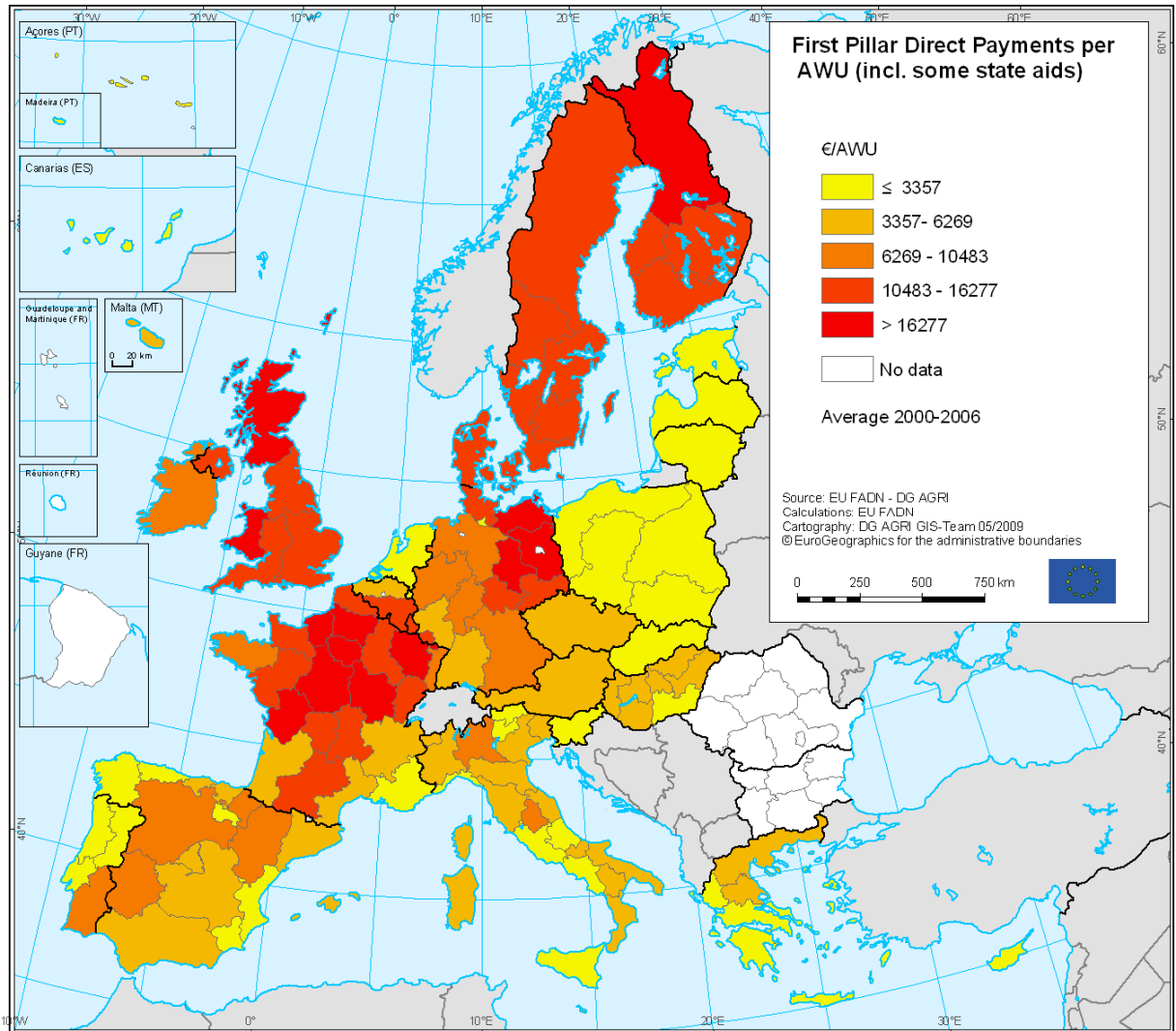
\* Source: CD-ROM of the study *Rural Development Instruments* commissioned by DG AGRI (2007).

**Map 7**



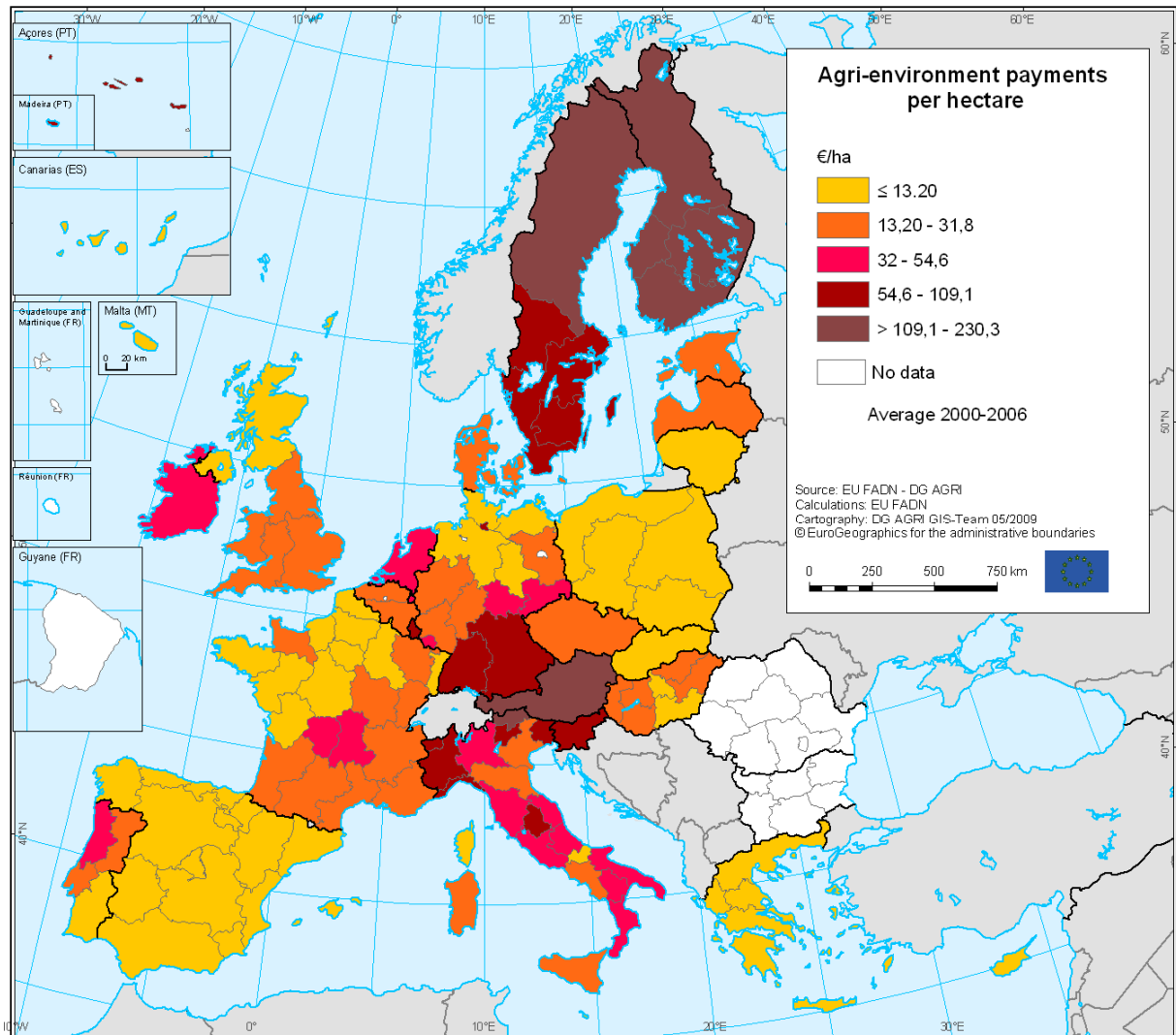
Note: RD support under-represented in FADN in Greece, Spain, Italy. In the new Member States, FADN covers also a low share of total RD expenditure but it is mainly because Complementary National Direct Payments are not considered within RD support in this analysis (see 2.3).

Map 8





Map 9



Note: RD support under-represented in FADN in Greece, Spain, Italy. In the new Member States, FADN covers also a low share of total RD expenditure but it is mainly because Complementary National Direct Payments are not considered within RD support in this analysis (see 2.3).