EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR AGRICULTURE AND RURAL DEVELOPMENT

Directorate L. Economic analysis, perspectives and evaluations
L.3. Microeconomic analysis of EU agricultural holdings

Brussels, 30.3.2009
DG AGRI L.3 SH D(2009)

EU BOVINE FARMS ECONOMICS
FADN REPORT 2008

EXECUTIVE SUMMARY

This report provides an overview of **production costs and margins** of farms specialising in beef production from 2000 to 2006. The analysis is based on the latest data available from the Farm Accountancy Data Network (FADN). The farms are classified on the basis of the beef production system practised. "Breeders" are farmers with suckler cows not fattening their calves, "breeders and fatteners" (B&F) fatten the calves born on their farm and "fatteners" purchase animals and then finish fattening them. The sample analysed covers 53% of the suckler cows in the EU-25.

In the EU-15 in 2006 breeders obtained a higher margin over operating costs with EU and national coupled payments (€387/cow) than B&F (€356/cow). The result for fatteners is not directly comparable because it is expressed per male fattened and sold per year. Fatteners' margin over operating costs was €187/male.

Therefore breeders and B&F seem to be better off than fatteners. However, this is not the case because specialist fatteners are intensive producers fattening large numbers of males every year and their income, expressed as farm net value added per annual working unit (FNVA/AWU), is very high (€35 000/AWU in 2006), whereas breeders and B&F have income below the EU-15 average (€22 800/AWU).

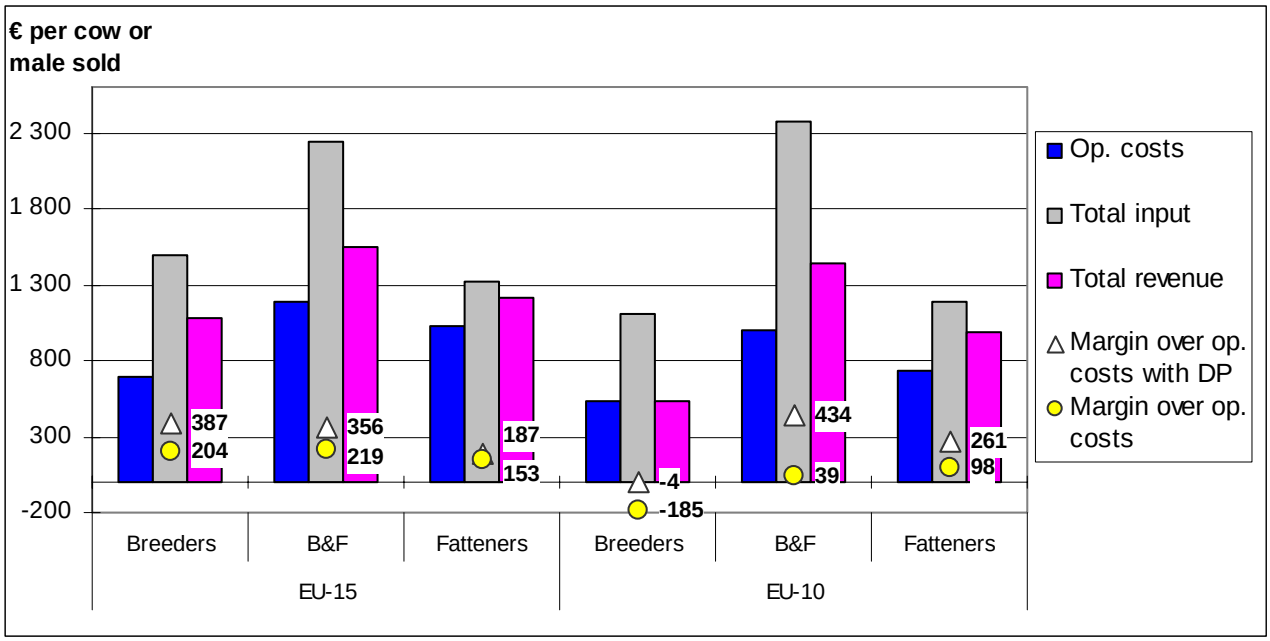
In the EU-10 the margins over operating costs with coupled direct payments (DP) obtained by B&F and fatteners were higher than in the EU-15 because the main producer is Slovenia where the DP were still fully coupled in 2006. Without DP the margin was lower than in the EU-15. Breeders' margin with DP was negative because of the influence of the Czech Republic on the results. In addition, the farms are very small and the income is very low for all three beef production systems studied (below €5 500/AWU).

Between 2000 and 2006, the main event was the progressive decoupling of DP from 2005 on. This had a bigger impact on the margin with DP than the sanitary crisis in 2001. B&F felt the impact most, because they were eligible for almost all the beef measures. Excluding DP, the margin over operating costs for breeders fluctuated between €140 and €220/cow. Breeders and fatteners' margin narrowed from 2000 to 2003 but then widened again. For fatteners the margin did not increase every year, but since 2001 the trend has been clearly positive.

The average margin over operating costs differs widely between **Member States** (MS). Belgium has the highest for breeders and B&F (€583/cow and €857/cow respectively). Italy has the highest for fatteners together with Slovenia (around €300/male). At the other end of the scale, the margin is negative for Czech and German breeders.

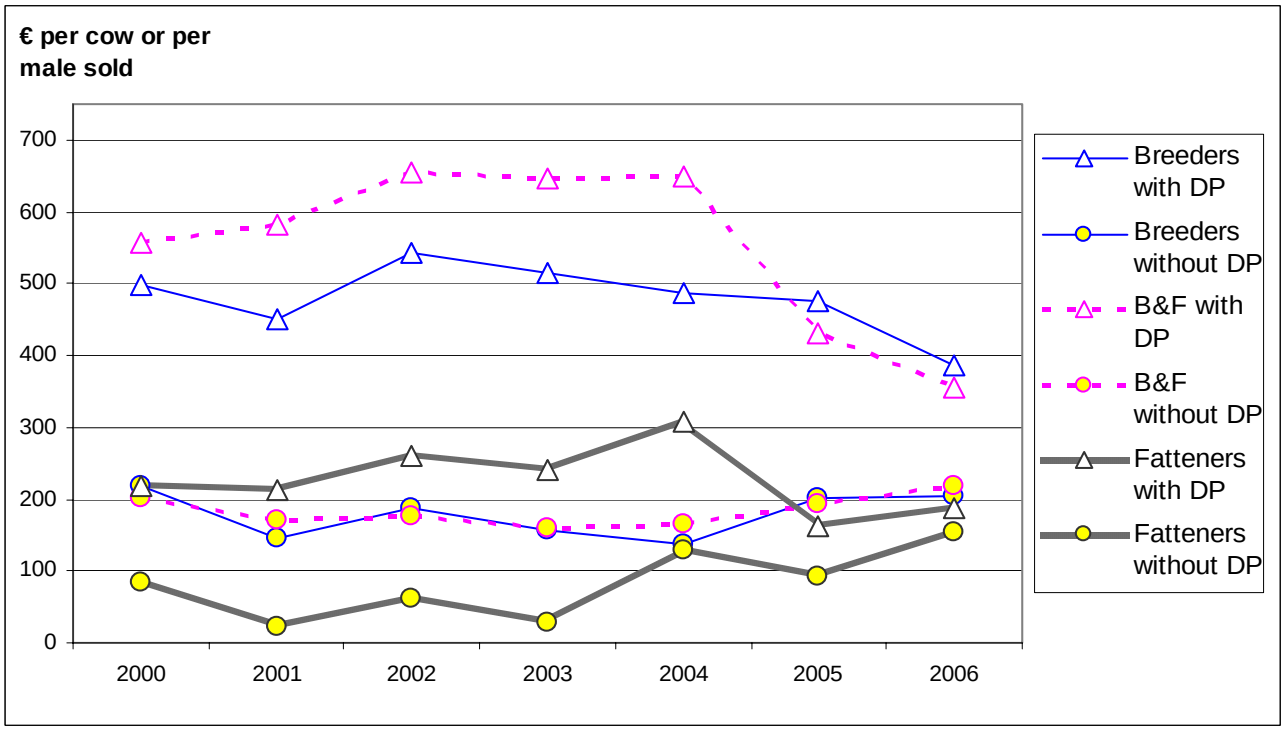
Commission européenne, B-1049 Bruxelles / Europese Commissie, B-1049 Brussel — Belgium. Telephone: (32-2) 299 11 11.

Figure 1: Margin over operating costs in 2006 by beef production system
in euros per male sold for fatteners and euros per suckler cow for the other two systems



Source: DG AGRI EU FADN

Figure 2: Trend in the margin over operating costs from 2000 to 2006 in the EU-15
in euros per male sold for fatteners and euros per suckler cow for the other two systems



Source: DG AGRI EU FADN

TABLE OF CONTENTS

1. INTRODUCTION

This report analyses the composition of costs in the beef sector and the trend in margin and income between 2000 and 2006. Only producers specialising in beef production are analysed (e.g. mixed ovine/bovine systems are excluded).

Specialist beef producers can be divided into three categories, those who just produce calves ("breeders"), those who fatten the calves born on their farm ("breeders and fatteners") and those who purchase and then fatten weanlings ("fatteners").

Details are given of the main drivers behind the margin, on both the revenue and cost sides, for each of the beef production systems. All costs are taken into account, i.e. the costs of the farms' own factors – family labour, land and capital – are estimated. The changes made to the common agricultural policy (CAP), first by Agenda 2000 and later with the mid-term review, have had a strong impact on the beef sector. The margin is indicated both with and without the coupled direct payments (DP) each time.

Chapter 1 explains the method applied. Then the price conditions over the period analysed are described (2006 was a very good year for beef prices). For each system, the 2006 European average margins are analysed. The results for the individual Member States are compared and the analysis is completed by a regional breakdown. In addition, the distribution of the margin is indicated. The trend in the average margin between 2000 and 2006 is also presented. Finally, the margin analysis ends with an income analysis.

2. METHOD

2.1. FADN

The European Farm Accountancy Data Network (FADN) is a system of sample surveys conducted each year to collect structural and accountancy data on farms, with the aim of monitoring the income and business activities of agricultural holdings and evaluating the impact of the CAP measures.

The FADN field of survey covers only farms exceeding a minimum economic size (threshold) in order to cover the most relevant part of the agricultural production of the EU Member States, i.e. at least the 90% of the total standard gross margin (SGM) covered in the Farm Structure Survey (FSS). The results from the sample are extrapolated. For the 2006 data, the sample brought together approximately 75 000 holdings in the EU-25, which represent 4 million out of the total of about 10 million farms (40%) included in the FSS.

The 2006 data for Spain and Germany are provisional. Also, the 2004 data for Cataluña are missing and the 2000 data for the Netherlands are estimates based on 1999.

As a general rule, results based on fewer than 15 farms are not indicated. Nevertheless, if results do not vary widely each year and are comparable with other Member States (MS) a minimum of 10 farms may be used.

2.2. Definition of costs, margins and income indicators analysed

The FADN does not gather data on the weight of the animals. Therefore only the costs and margins per head can be analysed. It should be taken into account that these head counts could be for animals of different breeds, weights and age categories.

2.2.1. Home-grown forage

One feature of FADN accounts is that they assign no value to the production of fodder areas in some countries (generally in the north of the EU)[1].

To take into account the differences in the data-gathering and make MS comparable, fodder production consumed on the farm is valued as equal to the costs of the inputs used to cultivate the fodder area.

The share of fodder crops in the specific crop costs (seeds, fertilisers and crop protection) is estimated from the share of fodder area in the total area. As not all types of fodder crop benefit from the same inputs (e.g. no crop protection is provided on temporary grassland), the area taken into account – both the forage part and the total area – depends on the input. This cost item is called "specific forage costs".

2.2.2. Livestock replacement/animal purchase costs

Since the FADN survey for 2000, a table giving details of the number and value of animals sold and purchased per bovine category has been introduced in the farm return. Nevertheless, in the first year following its introduction, this table was not completed by Ireland, Italy, Finland and Sweden. In the case of Greece this table is missing for both 2000 and 2001. In Italy, from 2001 to 2005 only the total number and value of bovine animals were available. Therefore the replacement costs of livestock in these MS are estimated from the total purchase value of bovine animals.

2.2.3. Grouping of costs

Whether certain costs are specific, operational or fixed can always be debated, depending on the scope of the study. The following terminology is used in this study:

- The **operating costs** group together:
  - The **specific costs**: purchased feed, home-grown feed, animals purchased and other specific livestock costs (such as veterinary costs);
  - The **non-specific operating costs**: upkeep of machines and buildings, energy (fuel and electricity), water, contract work, taxes and other dues and other direct costs.
- The **non-operating costs** consist of:

[1] This stems mainly from the difficulty of estimating forage production and value. Therefore, based on the principle that forage production is just an input for animal production and that not recording it – neither on the crop output side, nor on the animal costs side – does not affect income, no effort is made to estimate it. In other countries, generally those where fodder production is more expensive, a value is allocated to production from the fodder areas. Even though this difference should not affect margins, it leads to biases when comparing costs between Member States.

– The **labour costs**: wages and family labour costs (imputed);

– The **land costs**: rent, taxes on land and buildings and own land costs (imputed);

– The **capital costs**: depreciation, insurance for farm buildings and own capital costs (imputed).

Interest is not listed because it is already part of the own factors costs.

2.2.4. Imputation of own factors costs

- **Family labour costs**: these are based on the wages the farm-owner would have to pay if he were to hire employees to do the work carried out by the family members.

  They are calculated as the average regional wage per hour in the FADN database[2] multiplied by the number of hours worked by family workers on the farm.

- **Own land costs**: these are based on the rent which the farm-owner would have to pay if he were to rent the land he owns.

  They are calculated as the area owned multiplied by the rent paid per hectare on the same farm or, if no land is rented, by the average rent paid per hectare in the same region for the same type of farming[3].

- **Own capital costs**: the farm's own capital costs (permanent crops, buildings, machinery and equipment, forest land, livestock and crop stocks) are estimated from the interest the owner would have to pay if he were to borrow all the money to buy the assets.

  The own capital value is estimated as the average assets value (closing plus opening valuation divided by two) multiplied by the long-term interest rate for government bonds[4] corrected by inflation.

  In MS where inflation is very high the own capital costs may ultimately produce a gain.

2.2.5. Margins used in the analysis

Gross market margin: output – specific costs.

Margin over operating costs: output – operating costs.

---

[2] If there are not enough farms (under 20) with paid labour at regional level, the national average is used.

[3] If there are not enough farms (under 20) in a given region for a particular type of farming, the national rent per hectare for the type of farming concerned is used (the TF8 classification).

[4] The interest paid specifically on the capital is not known, as this information is optional. Nevertheless, to take into account the actual interest rate paid on the farm, the weighted average of the interest rate for debts and the long-term interest rate published by Eurostat for the net worth is calculated. In a second step this "weighted" interest rate is corrected by the inflation rate. An interest rate based on FADN data (Total interest/Total debts at closing valuation) is used when no interest rate published by Eurostat is available.

Margin over total input: output – total input (including own factors costs).

Margin over "cash" costs: output – total input (excluding own factors costs) = output – operating costs – wages – rent – interest – depreciation.

These four margins can be indicated with or without coupled direct payments for beef.

Direct payments in the beef sector from 2000 to 2006

Agenda 2000: Some new DP were introduced and existing DP were raised. For all of them the DP per head increased progressively from 2000 to 2002. The levels mentioned below refer to 2002:

- Suckler cow premium: €200/head each year. MS can choose to grant an additional payment of up to €50/head[5].
- Special male premium: €210/head once in the life of the animal from the age of nine months for young bulls; €150/head twice in their life for steers.
- Extensification premium: payment in addition to the suckler cow premium and the special premium only for animals kept on farms with a low livestock density. MS could choose to implement this DP in one of two different ways: either as a flat-rate payment of €100 per head for farms with a density below 1.4 LU/ha or as €80/head below 1.4 LU/ha and €40/head from 1.4 to 1.8 LU/ha.
- Slaughter premium: €80/head for adult bovine animals and €50/head for calves.
- Beef envelope: the MS can choose how to distribute this additional envelope.

Mid-term review: The 2003 reform introduced decoupling of DP with the single payment scheme (SPS). Nevertheless MS were allowed to choose to keep certain DP partly coupled. The MS could choose to apply the decoupling from 2005 (IT, AT, BE, DK, DE, IE, LU, PT, SE and UK) or 2006 (ES, NL, FR, FI and EL). In the beef sector, the beef envelope and the extensification premium are fully decoupled. For the other DP, MS could choose to keep coupled:

- 100% of the suckler cow premium: BE, ES, FR, PT and AT;
- 75% of the special premium: DK, SV and FI;
- 100% of the slaughter premium for calves: BE-Vlaanderen, ES, FR, NL, AT and PT;
- the slaughter premium for adult bovine animals: 100% (NL) or 40% (ES, FR, PT and AT).

MS were also free to choose to grant coupled DP for specific types of farming which are important for protecting or enhancing the environment or for improving the quality of agricultural products (Article 69 of Regulation 1782/2003). This measure applies to the beef sector in EL, ES, PT, FI, SE and Scotland.

In the EU-10, except MT and SI, all MS apply the decoupled SAPS (single area payment scheme). MT and SI implemented the same DP schemes as in the EU-15 but with lower levels of DP (25% of the EU-15 level in 2004, 30% in 2005 and 35% in 2006). They changed to SPS from 2007. SI keeps certain DP partly coupled.

Top-ups: The 10 MS which joined the EU in 2004 can grant complementary national direct payments (CNDP). The following top-ups in the beef sector were introduced in 2004 or 2005, depending on the MS:

- Suckler cow premium: LT, LV, EE, SK, CZ, HU, PL and SI;
- Special premium for bulls: LT, HU, CZ, PL and SI;
- Slaughter premium for adult bovine animals: LT, LV, SI, HU, CZ and PL;
- Extensification premium: HU and SI.

[5] The payment is made from national funds, but under certain conditions (objective 1 and 2 areas for Structural Funds) up to €24.15 could be granted from EU funds. Exception: BE, where the €50 paid per head were granted from EU funds.

2.2.6. Income indicator used in the analysis

The farm net value added (FNVA) per annual working unit (AWU) is used as the income indicator. The FNVA is used to remunerate both external factors (rent, wages and interest) and own factors (family labour, own land and capital). The composition of this indicator is similar to that of the margin over operating costs.

The main difference is that the income gives information on farms' results as a whole, whereas the margin is used to determine the economic results of an individual farm. All the decoupled subsidies are included in the income, but not in the calculation of the margin. Moreover, the depreciation is already deducted from the FNVA, whereas it is not considered an operating cost.

Another indicator used is the profit per AWU or the money remaining once all factors of production, including the farm's own factors, have been paid for.

2.3. Method to allocate costs

Costs have to be estimated because FADN accounts, like many others, are not based on analytical accounts. This means that costs are not recorded separately for the various enterprises on the holding. The specific costs of crop products and animals are recorded separately (not by product but by group of products) and all the other costs are recorded for the entire holding only.

It is therefore necessary to lay down rules to allocate the different costs recorded at farm level to each enterprise.

Costs are allocated to beef production on the basis of three criteria (see the table below):

1. the proportion of livestock units (LU): for the livestock-specific costs (mainly feed);
2. the proportion of area: for the costs of forage produced on the farm;
3. the proportion of output and coupled DP: for the other costs.

"Beef cattle" means all cattle except dairy cows and a share of total breeding heifers and young females equal to the proportion of suckler cows in the total number of cows (dairy cows, cull dairy cows and other cows).

COST ITEM	ALLOCATION KEYS FOR BEEF PRODUCTION
Purchased feed for grazing livestock (concentrates and coarse fodder)	% of beef livestock units in the total grazing livestock units
Crops produced on the farm used for feed	% of beef livestock units in the total livestock units
On-farm use of forage crops = "specific forage costs"	% of beef livestock units in the total grazing livestock units X
Seed	% of the total utilised agricultural area (UAA) under fodder crops and temporary grass - after exclusion of fallow land, areas leased to others, meadows and rough grazing

Fertilisers	% of the total UAA under fodder crops, temporary grass and meadows - after exclusion of fallow land, areas leased to others and rough grazing
Crop protection	% of the total UAA under fodder crops - after exclusion of fallow land, temporary grass, areas leased to others, meadows and rough grazing
Animal purchases	
cattle under one year and male cattle	100%
all females over one year	% of suckler cow livestock units in the total cow livestock units
Other specific livestock costs (e.g. veterinary costs)	% of beef livestock units in the total livestock units
All other costs (non-specific costs)	% of beef output and DP in the total output and coupled DP

As "output and coupled DP" is used to build the allocation key, a number of precautions must be taken to avoid problems with the estimates:

- output and coupled DP on beef and total production should be positive;
- beef output and DP should be not greater than total output and coupled DP.

Farms that do not meet these conditions are excluded from the sample.

2.4. Selection of the sample

2.4.1. Grazing livestock systems

Due to the method used to allocate costs, the more the farm specialises in beef production, the better the estimate should be. Therefore the analysis is limited to highly specialised beef farms.

The European typology does not allow precise identification of beef production systems. Therefore, in 1999 Unit AGRI L.3 commissioned a study from INRA in Nantes to build a "Typology of Grazing Livestock Systems" in the European Union (known as the "GLS typology"). This typology has been adapted to take into account that some MS finish animals before they reach the age of one year (Spain and Denmark). Nevertheless, some B&F finishing animals that early may be mixed with breeders because it is not known whether the cattle under one year old are sold for slaughter or for further fattening. The adapted GLS typology is set out in Annex 1.

The **selection criteria for the sample** are:

- 50% specialisation measured as beef output plus DP divided by total output plus coupled DP.
- GLS types: "breeders", "breeders and fatteners" (B&F) and "fatteners".

Unless specified otherwise, the results for the EU-10 refer to family farms only. Addition of a few non-family farms, with completely different areas or numbers of animals, to the small sample available for the EU-10 would make analysis of the average for the EU-10 very difficult. When the distribution is analysed, the non-family farms are included.

2.4.2. Coverage of suckler cows

At EU level, the FADN survey for 2006 covers 102% of the suckler cows in the Eurostat farm structure survey (FSS) for 2005[6]. For Member States for which there are enough farms in the sample the figure varies between 42% in Austria and 133% in Italy.

Applying selection criteria to the beef production systems studied significantly decreases the coverage. In the FADN survey for 2006, in the EU-25, 74% of the suckler cows were raised by one of the three GLS selected. The decrease in coverage is particularly significant for Belgium, Luxembourg and Austria where around 40% of suckler cows are kept in combination with dairy cows, and for the UK where 50% of suckler cows are raised on farms combining extensive beef and sheep production.

In addition, once the criterion of a minimum rate of 50% specialisation is applied, the coverage in the EU-25 declines to 53%. A sharp decrease can be observed in Poland, where in the end the number of specialised farms was too small to produce reliable results.

Table 1: Distribution of suckler cows by GLS in FADN 2006

	FADN 2006 v FSS 2005	Suckler cows in FADN without criteria on specialisation							FADN: Breeders, B&F, fatteners + 50% spec. rate
		Dairy and beef breeders	Dairy and beef breeders & fatteners	Beef breeders	Breeders and fatteners (B&F)	Beef and sheep milk	Beef and sheep meat	Very small farms	
BE	101%	20%	16%	41%	22%				47%
CZ	90%	8%	8%	59%	20%			0%	44%
DK	91%			65%	25%			2%	41%
DE	60%	6%	4%	51%	35%		3%	0%	40%
EL	79%			51%		15%		2%	47%
ES	123%	8%		55%		2%	12%	0%	66%
FR	102%	5%	5%	62%	23%	2%	3%	0%	68%
IE	101%		3%	23%	44%		25%		43%
IT	133%	5%	4%	52%	23%	6%	6%	2%	39%
LU	101%	14%	28%	39%	17%				36%
AT	42%	25%	13%	39%	18%			1%	20%
PT	90%	3%		38%	22%		17%	7%	50%
FI	142%			44%	51%				39%
SE	87%			50%	47%			0%	48%
SI	123%			23%	40%		8%	14%	43%
UK	102%		2%	11%	36%		50%	0%	30%
EU-25	**102%**	**5%**	**4%**	**46%**	**28%**	**2%**	**13%**	**1%**	**53%**

Only MS with more than 10 000 suckler cows and 15 farms in the three specialised GLS studied are included.

2.4.3. Coverage of male cattle

In the FADN the only information available on male cattle sold is the age category: either from one to two years or over two years. It is not known whether the animal is castrated or is sold to be slaughtered or fattened elsewhere. Moreover, in Spain and Denmark many bullocks are slaughtered before the age of one and in Ireland and the UK many steers are

[6] This slight over-representation can be explained, among other reasons, by the fact that in certain MS livestock numbers increased in 2006 in comparison with 2005. Moreover, the FSS refers to the situation at the time of the survey, whereas the FADN reflects the yearly situation. In addition, in certain MS where the number of cattle is small, farms are not selected specifically to represent beef meat systems well. It would be interesting to compare the FADN data with the Eurostat livestock survey but the two are not available for every MS. For example, in ES, the FADN data are equivalent to the livestock survey data.

sold before the age of two. What is more, males sold above two years old include not only steers but also bulls for reproduction.

Therefore no direct comparison is possible between the animals recorded as sold in the FADN and the slaughter data collected by Eurostat. In addition, the detailed typology developed by INRA, breaking down fattening of steers and young bulls by the age of the animals present on the farm, cannot be applied. Therefore in this analysis "breeders and fatteners" of young bulls and steers are grouped together.

The distribution of males sold over the age of two by GLS shows that a large number of them are concentrated in farms classified as specialising in fattening young bulls. It indicates that the animals are slaughtered very close to the age of two, inducing a complex distinction between young bulls and fattening steers, as the GLS typology is based on the annual average number of animals present on the farm by age category. Therefore, in the case of specialist fatteners, it must be borne in mind that the animals fattened could be steers or young bulls.

Close to 20% of the male cattle sold between the ages of one and two are concentrated in dairy farms and 11% in farms also raising sheep. Just one third of these animals are raised on the specialised farms selected for this analysis.

Nevertheless, **the sample selected covers 2.8 million head of finished male cattle** (young bulls and steers before the age of one).

Table 2: Distribution of male cattle sold between 1 and 2 years by GLS in FADN 2006

	Male sold between 1 and 2 years* represented in FADN	Specialist dairying	Dairy and beef fatteners YB	Beef fatteners	Beef fatteners diversified	Beef breeders	Breeders and fatteners (B&F)	Beef and sheep meat	FADN: Breeders, B&F, fatteners + 50% spec. rate
BE	188 800	4%	1%	14%	0%	15%	39%	0%	53%
DK	346 400	10%	3%	23%	23%	8%	24%	0%	36%
DE	1 509 800	7%	24%	44%	5%	2%	7%	0%	24%
ES	44 400	0%	0%	30%	31%	13%	19%	3%	59%
FR	1 057 300	6%	21%	8%	0%	17%	27%	1%	37%
IE	523 000	8%	5%	14%	4%	6%	27%	15%	29%
IT	1 358 600	4%	1%	73%	5%	3%	7%	1%	72%
AT	194 300	4%	18%	25%	18%	1%	6%	1%	18%
PT	89 200	4%	0%	18%	19%	4%	9%	2%	21%
FI	158 100	7%	8%	62%	8%	2%	10%	0%	64%
SE	197 900	6%	7%	31%	9%	11%	27%	0%	41%
SI	65 500	8%	14%	11%	27%	2%	25%	2%	27%
UK	2 137 100	8%	4%	9%	6%	5%	23%	38%	21%
EU-25	**8 806 700**	**8%**	**11%**	**28%**	**7%**	**6%**	**17%**	**11%**	**33%**

Only MS with more than 10 000 male cattle from one to two years old and 15 farms in the three specialised GLS studied are included.

Table 3: Distribution of male cattle above two years old by GLS in FADN 2006

	Dairy and beef fatteners YB	Beef fatteners	Breeders and fatteners (B&F)	Beef and sheep meat	FADN: Breeders, B&F, fatteners + 50% spec. rate
BE	1%	3%	50%	0%	47%
FR	18%	1%	18%	0%	24%
IE	12%	24%	21%	18%	34%
IT	0%	87%	2%	1%	88%
SE	12%	34%	19%	1%	42%
UK	6%	11%	42%	18%	45%
EU-25	**11%**	**24%**	**22%**	**10%**	**38%**

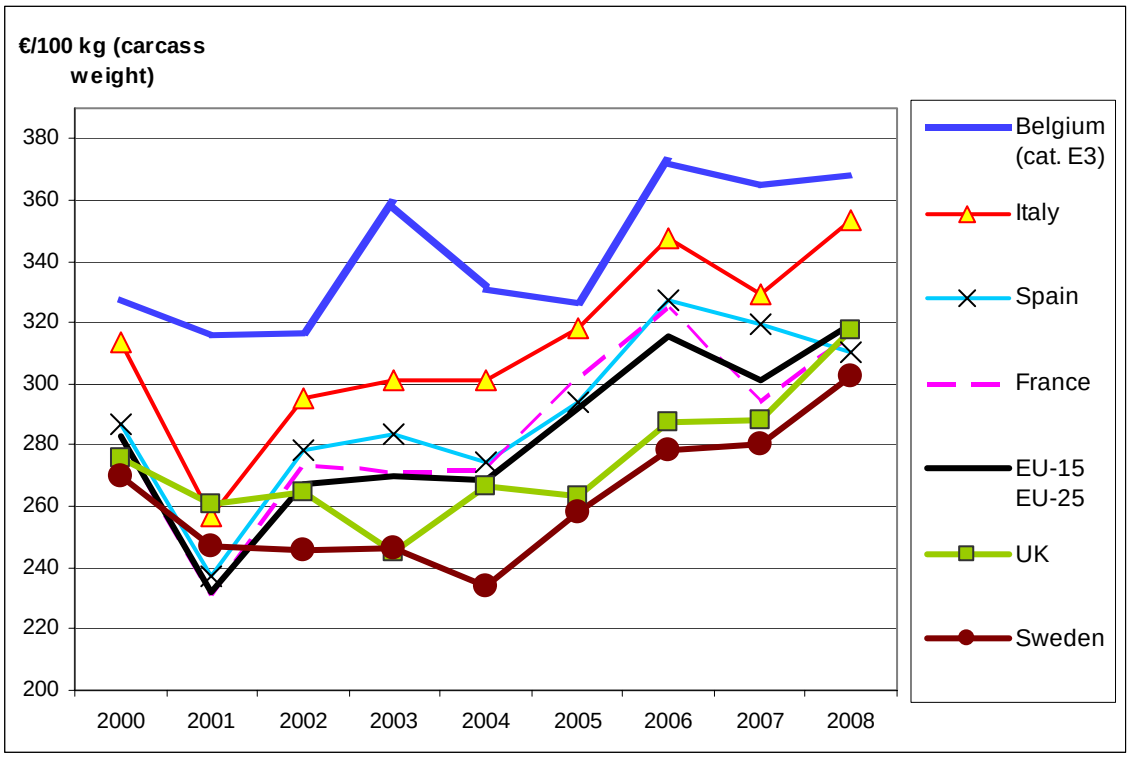
Only MS with more than 10 000 male cattle above two years old and 15 farms in the three specialised GLS studied are included.

3. TREND IN BEEF PRICES BETWEEN 2000 AND 2006

In 2006, the European reference price for young bulls (category R3) rose to €3.16/kg, an increase by 8% in comparison with the year before. This is the highest price level observed in the period studied.

In 2000, the price reached €2.83/kg but then fell to €2.32 in the year of the BSE crisis. The price bounced back in 2002 to €2.68/kg and remained stable until 2004 before increasing significantly in 2005 and 2006.

Figure 3: Young bull prices from 2000 to 2006 in euros per 100 kg: category R3 (except Belgium: category E3)



Source: DG AGRI

In 2006, the highest price for category R3 was obtained in Italy, followed by Spain and France above the EU average. By contrast, the prices charged in the UK, in Ireland and

in Sweden were below the EU average. For this category the price in Belgium was low, but the majority of young bulls slaughtered were classified E or S (“*culard*”) for which the price is much higher.

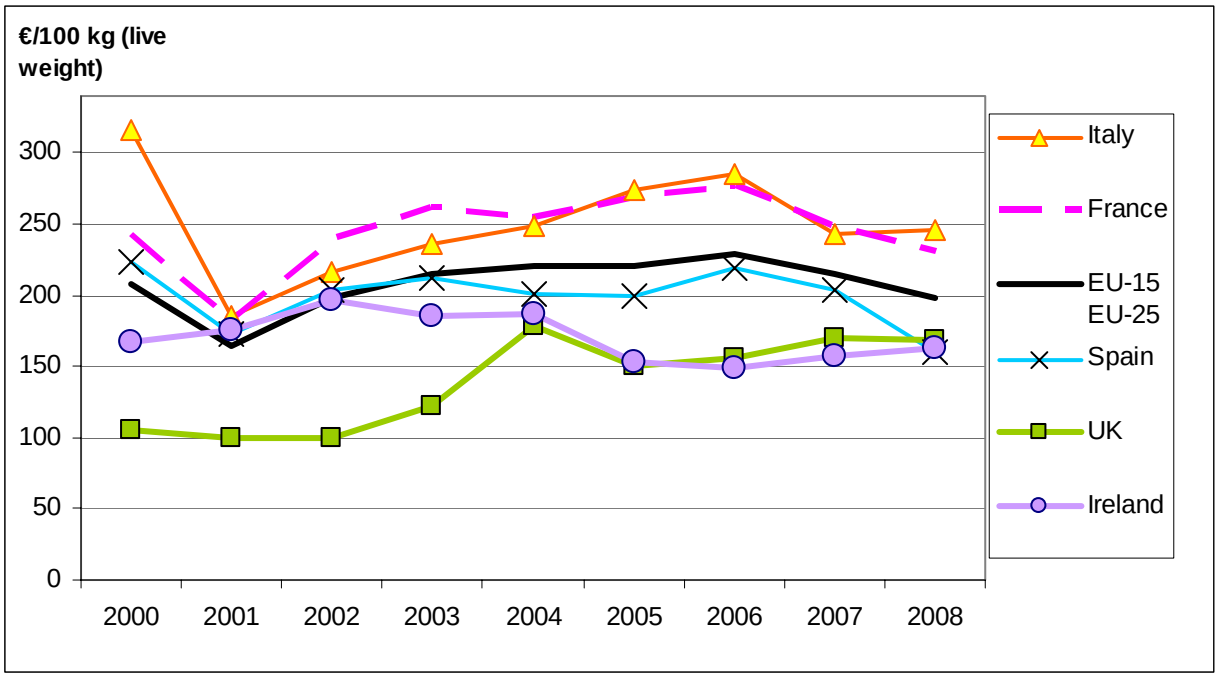
In 2006, the steer prices for category R3 were roughly equivalent to those for young bulls in France, Ireland and Northern Ireland. In Great Britain they were a little higher.

After a decrease in 2007, young bull prices increased again in 2008. Moreover, the UK has almost reached the EU average and prices in France and Spain are slightly lower.

The European reference price for weanlings refers to animals from 6 to 12 months old weighing less than 300 kg (live weight). It rose to €2.28/kg in 2006, the highest level over the period analysed. The situation in the individual MS showed marked contrasts in 2006: for France, Italy and Spain it was a rather good year but prices have decreased since then. By contrast, in the UK and in Ireland the price level was rather low in 2005 and 2006 but has increased slightly since then.

As for finished animals, the price decreased in 2001 with the BSE crisis and foot-and-mouth disease in every MS except on the islands less affected by the BSE crisis. After 2001 the EU average increased steadily until 2006. Nevertheless, a price drop was observed in France and Spain in 2004. By contrast, in 2004 the UK price peaked.

Figure 4: Weanling prices from 2000 to 2006 in euros per 100 kg (live)
6-12 months old



Source: DG AGRI

4. SPECIALIST BREEDERS

Breeders produce non-finished animals (male and females). Some of the females are kept for replacement. The calves are fed with milk and mainly grass. They are sold once they are weaned or later. The age and weight of the animals at the time they are sold depend on the breed and on the commercial channels. The FADN gives no details of the breed, exact age or weight of the animals.

These farms are usually small. The numerous specialist extensive breeders in grassland areas produce weanlings that will be fattened with cereals and maize silage by a smaller number of specialist fatteners.

Around 100 000 specialist breeders are represented in the FADN. More than 60% of them are located in two countries: France (39%) and Spain (25%). There are also large numbers in Ireland and Italy (8%). Only 4% of the breeders are in the EU-10, mainly in Slovenia and the Czech Republic.

The degree of specialisation in beef production is relatively high: above 80% in the EU-15 and 70% in the EU-10. The average area stands at 69 hectares (ha) in the EU-25 but is as high as 130 ha in Germany and the Czech Republic. The stocking density[7] is low: 1 LU/ha in the EU-15 and 0.6 LU/ha in the EU-10. A large part of the UAA is allocated to forage production. With an average of 43 suckler cows per farm in the EU-15, and 24 in the EU-10, labour productivity is higher in the EU-15 where each worker (corresponding to 1 AWU) takes care of 34 suckler cows against 14 in the EU-10. The EU-10 result is influenced by Slovenia, where labour productivity is very low and/or the quantity of labour is overestimated.

[7] Average number of bovine LU (except calves for fattening) and sheep/goat LU per hectare of forage UAA.

Table 4: Overview of specialist breeder systems by MS in 2006[8]

	Farms represented	Av. number of suckler cows - head	Male cattle sold* - head	Av. Labour in AWU	Beef specialisation - % output	Average UAA - ha	Share of forage crops	Stocking density - LU/ha	Weanling prices** -€/100 kg live
EU-25	97 860	42	25	1.3	83%	69	86%	1.0	228.6
EU-15	94 010	43	26	1.3	83%	68	86%	1.0	
EU-10	3 610	24	11	1.8	70%	57	86%	0.6	
BE	3 000	56	28	1.4	86%	55	87%	2.0	
DK	1 240	22	11	0.7	67%	33	67%	1.6	
DE	1 520	73	40	1.8	75%	126	91%	0.9	
EL	1 620	25	12	1.3	79%	15	65%	2.0	
ES	24 790	36	25	1.3	87%	55	89%	0.7	218.9
FR	37 850	55	33	1.3	83%	91	86%	1.1	276.7
IE	8 240	21	12	0.9	82%	40	98%	0.8	148.4
IT	7 750	28	14	1.4	72%	33	85%	1.1	284.7
LU	200	39	20	1.0	75%	63	82%	1.2	
AT	700	26	17	1.6	98%	70	94%	0.5	
PT	4 000	26	15	1.4	66%	67	47%	0.5	
FI	340	29	16	1.3	77%	56	78%	0.9	
SE	830	44	25	1.2	82%	101	87%	0.7	
UK	1 800	67	42	1.3	71%	98	86%	1.2	155.9
CZ	670	41	26	2.2	76%	136	93%	0.4	
SI	1 060	8	5	1.7	78%	12	95%	0.8	

* Including females under one year[9]
** EU classification – Weanling 6 to 12 months old <= 300 kg (live weight)
Source: DG AGRI EU FADN

4.1. EU average margin for specialist breeders in 2006

The margins are expressed per suckler cow present on the farm.

The EU-25 results are largely influenced by the EU-15, where specialist breeders are widespread. In the EU-10, the results refer mainly to Slovenia and the Czech Republic.

Output from beef (including sales and stock variation) equalled €892 per cow in the EU-15, with 26 weanlings sold, and €348 per cow in the EU-10, with 11 calves sold. The number of animals sold per cow was smaller in the EU-10 and the price was half the level in the EU-15, explaining the lower output per cow. In the EU-15, many weanlings are heavy animals of specific meat breeds or crossings of higher value.

Coupled direct payments were still very important in 2006; they accounted for 17% of revenue in the EU-15 and 34% in the EU-10.

In the **EU-15**, **operating costs** stood at €688 per cow in 2006, of which €398 were related to specific costs, amongst which feed was the biggest item of expenditure (€265),

[8] Common land used for grazing is not included in the farm UAA and is therefore not included in the calculation of stocking density. That is why the stocking density may seem high, in Greece for example.

[9] The FADN gives no breakdown by gender for cattle under one year old. Nevertheless, it can be assumed that the majority of the cattle aged less than one year sold are males. Each cow gives birth to one calf a year. One out of every two is male. Therefore it could be expected that on average 0.5 male animals per cow would be sold. But considering the frequent mortality and that around half the females are kept for replacement, on average about 0.6 to 0.8 male animals (including females under one year) are sold per cow. A higher ratio indicates that additional calves are purchased for fattening on the farm. This is often the case with specialist breeders and fatteners.

and €290 were non-specific costs (upkeep of machinery, contract work, etc.). Details are provided in Annex 2.

Non-operating costs were higher (€808/cow). More than half of them were linked to labour (including wages and family labour costs). Depreciation is the highest capital cost.

Table 5: Margin composition in euros per suckler cow
Specialist breeders – 2006

CATTLE BREEDERS	EU-25	EU-15	EU-10
	2006	2006	2006
Farms represented	97 860	94 010	3 610
Av. Labour in AWU	1.3	1.3	1.8
Beef specialisation - % output	**83%**	**83%**	**70%**
Average UAA - ha	69	68	57
Forage crops - ha	59	58	49
Stocking density - LU/ha	1.0	1.0	0.6
Av. number of suckler cows - head	**42**	**43**	**24**
Male cattle sold (incl. fem. < 1 year) - head	25	26	11
TOTAL BEEF OUTPUT	**877**	**892**	**348**
TOTAL BEEF COUPLED DP	**182**	**183**	**181**
TOTAL OPERATING COSTS	**684**	**688**	**533**
TOTAL SPECIFIC COSTS	**393**	**398**	**234**
Feed	261	265	142
Animal purchase	72	72	45
Other sp. livestock costs	60	61	47
TOTAL NON-SPECIFIC COSTS	**291**	**290**	**299**
TOTAL NON-OPERATING COSTS	**800**	**808**	**570**
labour costs	418	421	343
land costs	129	131	50
capital costs	254	256	177
TOTAL INPUT	**1 485**	**1 496**	**1 103**
Gross market margin	**484**	**495**	**114**
Gross market margin with coupled DP	667	677	295
Margin over operating costs	**193**	**204**	**-185**
Margin over operating costs with coupled DP	375	387	-4
Margin over total input	**-608**	**-604**	**-755**
Margin over total input with coupled DP	-425	-421	-574
Interest	31	31	57
Margin over 'cash' costs	**-169**	**-114**	**-249**
Margin over 'cash' costs with coupled DP	167	161	68
INCOME per AWU			
FNVA/AWU	18 936	19 711	5 307
Profit/AWU	-3 703	-3 897	-2 163

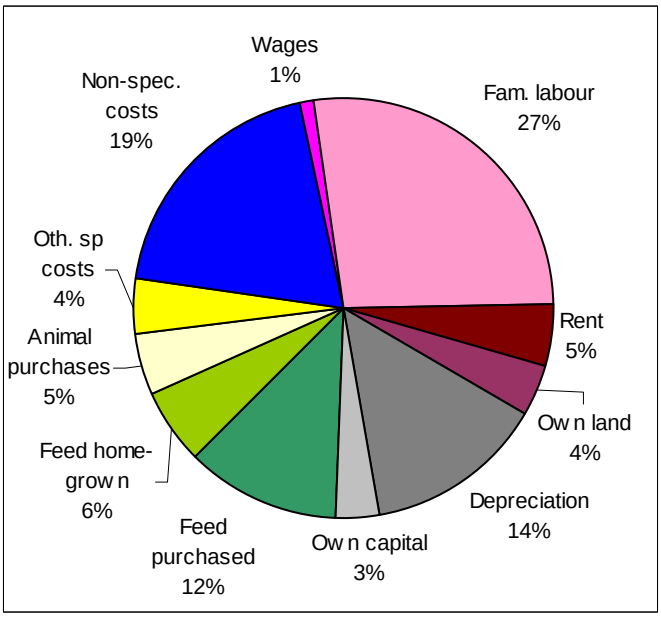
Source: DG AGRI EU FADN

In the **EU-10**, the **operating costs** were lower at €533 per cow, mainly because of the lower purchases of feed and animals. Nevertheless, non-specific costs were slightly higher because of the substantial costs for energy and upkeep of machinery. The **non-operating costs** (€570 per cow) were also lower than in the EU-15.

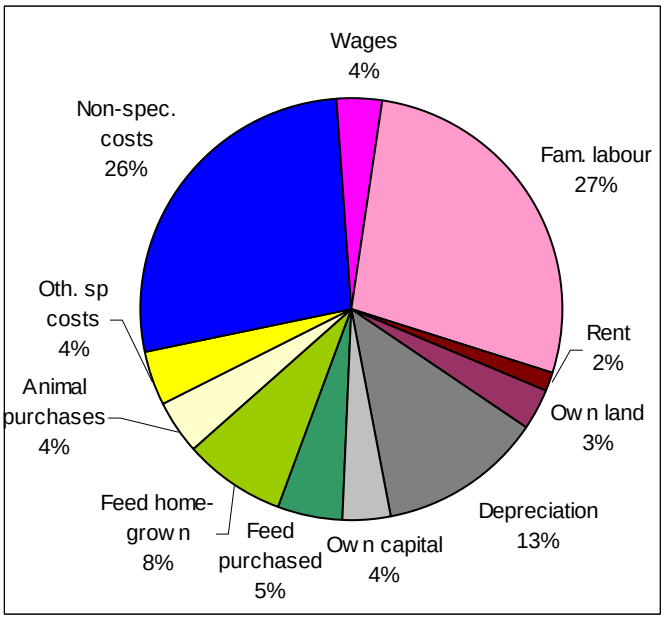
In the **EU-15**, family labour contributes almost one third of the total costs. The other major items are non-specific costs (19%), feed (18%) and depreciation (14%). In the **EU-10**, the composition of the costs is fairly similar, except that the share of feed is smaller (13%) and the non-specific costs higher (7% higher than in the EU-15).

Figure 5: Composition of costs, EU-15 and EU-10 comparison
Specialist breeders – 2006

EU-15



EU-10

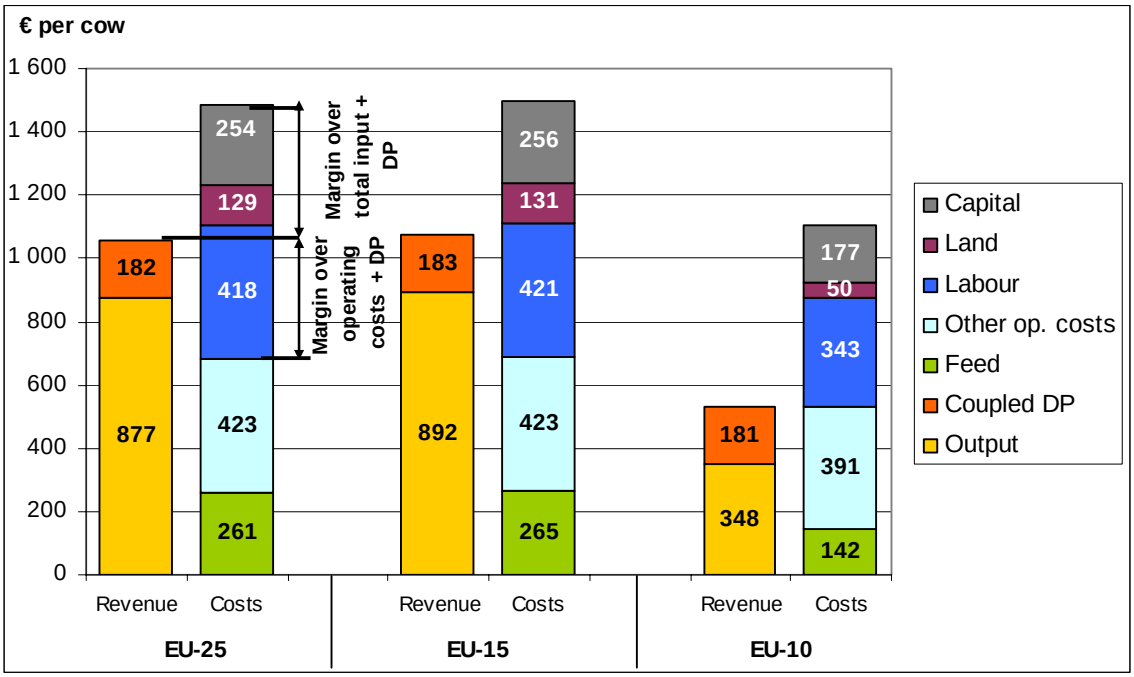


Source: DG AGRI EU FADN

Despite the lower costs in the EU-10, in the end the margin was smaller than in the EU-15 because of the lower output. The **margin over operating costs** stood at €204 per cow in the EU-15 and, with the coupled DP, rose to €387. In the EU-10 the margins with and without DP were negative (-€4 and -€185 respectively).

The **margins over total input** with and without DP were negative in both parts of the EU: -€421 with DP in the EU-15 and -€574 in the EU-10. It must be remembered that, in addition to the coupled DP, farmers receive high levels of decoupled DP which are included only in the income indicators. Farmers often underestimate the cost of their labour and capital. In addition, some farmers consider farming not only a way of making a living but also a way of life and go on producing despite their negative margin over total input.

Figure 6: Margin in euros per suckler cow
Specialist breeders – 2006



Source: DG AGRI EU FADN

4.2. Average margins in 2006 by MS

4.2.1. Margin over operating costs in 2006

The highest **output** was reported in Denmark (€1 286/cow) where it was supplemented by fattening heifers. Just 43% of the output was from selling male animals; this was the lowest share in the EU. On average, 10 females aged more than one year were sold per farm in 2006. Moreover, some of the males sold before the age of one might be finished animals. Some B&F could be mixed with breeders in the case of Denmark (see section 2.3.4).

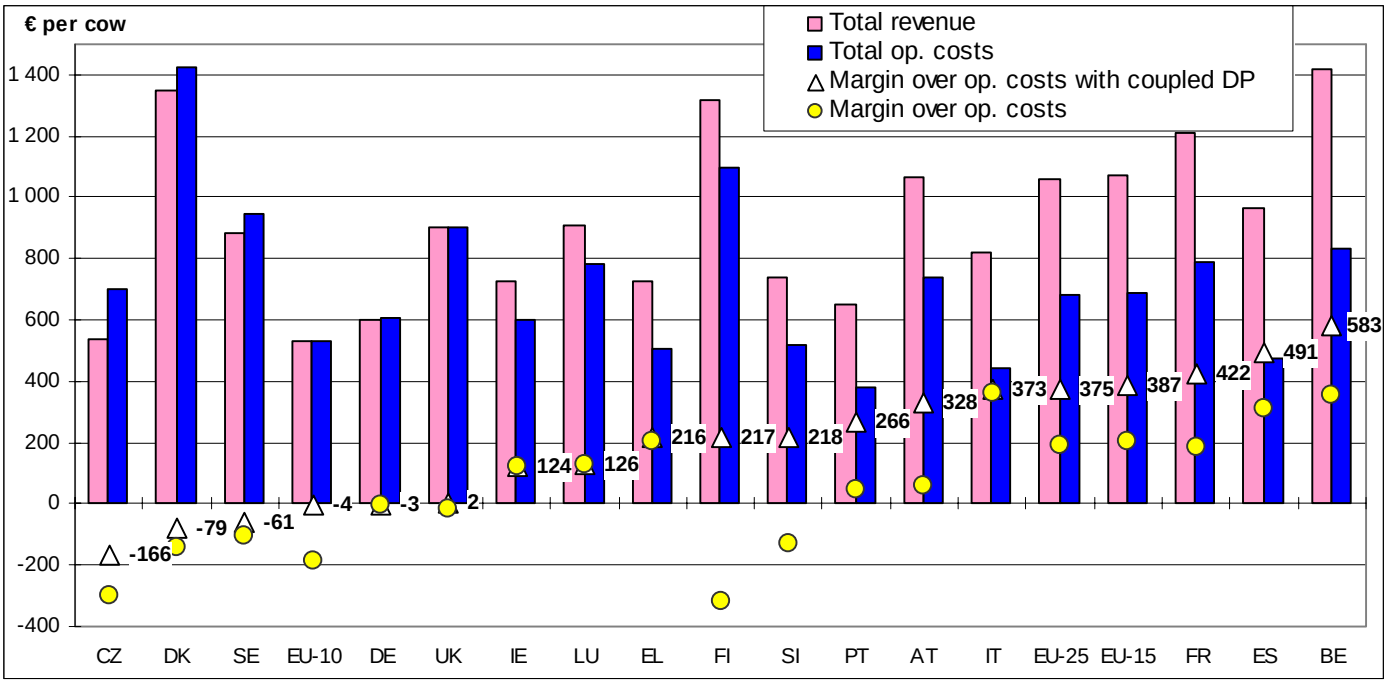
The second best output was obtained in Belgium (€1 190/cow), which was followed by France, Luxembourg and the UK. The selling price of male animals was very high in Belgium and Denmark (around €1 100/head), Luxembourg (€1 000/head) and France (€950/head). The price of the animals is linked to the breed and weight. For example, heavy *Blanc Bleu Belge* are raised in Belgium and *Charolais* and *Limousin* in France.

Output was in the range from €712 to €805 per cow in Ireland, Spain, Austria, Greece, Italy and Finland.

Output per cow (€603) was more limited in Germany, where dairy and mixed breeds were more widely spread (crossed *Holstein* and *Fleckvieh*). Slovenia, Portugal and the Czech Republic had the lowest output per cow because of the low prices obtained per head.

The **DP** (EU and national coupled DP) varied from €537 per cow in Finland to 0 in Germany, Ireland and Luxembourg. In Slovenia, Austria, Belgium, France and Portugal the DP were above €200 per cow.

Figure 7: Margin over operating costs by MS in euros per suckler cow
Specialist breeders – 2006



Source: DG AGRI EU FADN

The highest **operating costs** were attained in Denmark (€1 426/cow) where the cost of feed, which is mainly purchased, of purchases of animals and of upkeep of machinery are very high. The operating costs in Finland totalled €1 099/cow. At the other end of the scale, costs were lowest in Portugal (€383/cow).

The **distribution of costs** is very specific. France, the Czech Republic and Germany show high non-specific costs, Ireland has low feed costs and Spain has an impressive share of feed purchases. Belgium has substantial other livestock costs, attributable to high veterinary costs because *Blanc Bleu Belge* cows often need a caesarean.

Illustrative figures are set out in Annex 3.

In the EU-25, the **margin over operating costs** varied between -€321 per cow in Finland and €359 per cow in Italy. When the coupled DP are added, the ranking of the MS is completely different: Belgium had the highest margin (€583) and the Czech Republic the lowest (-€166).

It is noteworthy that the margin over operating costs without DP is negative in the three Nordic countries, Germany, the UK, Slovenia and the Czech Republic. Moreover, the DP are so important in Finland and Slovenia that once they are added these two countries move up from bottom of the rankings to mid-table. In these two MS DP accounted for more than 40% of revenue.

Detailed data are provided in Annex 2.

4.2.2. Margin over total input in 2006

The average **margin over total input** for the EU-25 (and for all MS) was negative, both with and without DP, at -€425/cow and -€608/cow respectively.

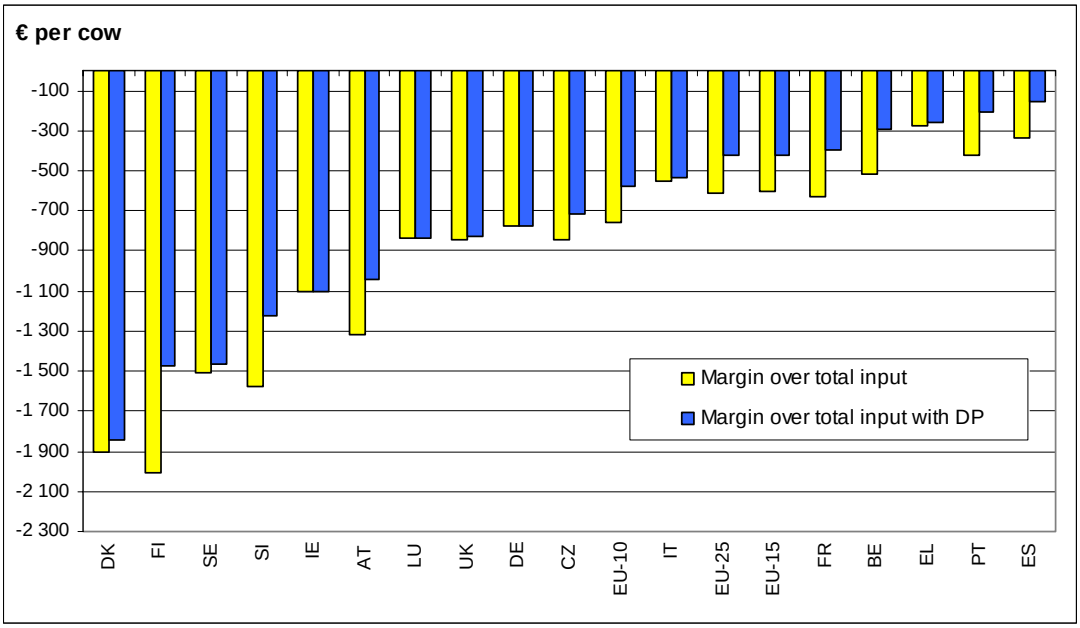
The margin over total input with DP was least negative in Spain (-€155/cow), Portugal (-€204/cow) and Greece (-€262/cow). In Spain the labour costs were close to the EU average but the capital costs were far below it. In Portugal and Greece, despite low labour productivity in terms of number of suckler cows raised per AWU (fewer than 20), labour costs per cow were very low because wages were more than two times lower than in the EU-15. As the capital costs were also very low, these two countries therefore had among the best margins over total input, but margins over operating costs below the EU-15 average.

Belgium had average labour and land costs, but capital costs slightly above the average. This took Belgium from first in terms of margin over operating costs to fourth for the margin over total input with DP. France dropped from third to fifth position because of the high capital costs, especially depreciation.

The MS with the lowest margin is no longer the Czech Republic which, with a margin over total input with DP of -€711/cow, ranked seventh. The three non-operating costs were particularly low in this MS. Slovenia's ranking is also very different when the non-operating costs are taken into account: its labour productivity was so low (five suckler cows per AWU) that its labour costs per cow (€921) were the highest out of all the MS analysed despite paying the lowest wages per AWU.

Denmark was the MS with the lowest margin over total input with DP. In this MS wages are very high. Moreover, the land costs were also the highest (€489/cow), far above second-placed Ireland on €243/cow. Denmark also had the second-highest capital costs behind Finland, where the capital costs stood at €753/cow, of which €607/cow was linked to depreciation. Sweden was also one of the MS with the lowest margins because of its particularly high labour and capital costs.

Figure 8: Margin over total input by MS in euros per suckler cow
Specialist breeders – 2006



Source: DG AGRI EU FADN

4.3. Regional margins over operating costs in 2006

Six of the MS analysed are considered as single regions in the FADN (Denmark, Ireland, Slovenia, Austria, Luxembourg and the Czech Republic). Moreover in Greece, Finland

and Germany the number of farms per region is too low to produce reliable results. Therefore only the regions of Italy, France, Spain, Portugal, Sweden, the UK and Belgium are analysed (see Annex 4 and Table 6).

The region with the highest margin over operating costs per cow, without DP, was *Piemonte* in Italy (€503/cow). If DP are added it was *Wallonie* in Belgium (€590/cow). The lowest margins with and without DP (-€55/cow and -€96/cow respectively) were observed in *Slattbygdslan* in Sweden.

Including DP, Spanish, Belgian, French and Italian regions had the best results especially, in order, *Wallonie*, *Extremadura*, *Centre*, *Cantabria*, *Piemonte* and *Açores* with margins above €500/cow. At the other end of the scale, the average margin was below €150/cow in *Entre Douro* (Portugal) and *Sardegna* (Italy) and negative in *Scotland* (UK) and in *Slattbygdslan*.

Without DP, *Scotland* and *Slattbygdslan* had the smallest margins (below €50/cow) together with *Entre Douro* and *Alentejo* (Portugal), *Corse* and *Languedoc-Roussillon* (France). In *Açores* (Portugal) DP were very high: farmers benefited from POSEI payments and DP were fully coupled[10], whereas without DP the margin was below €150/cow.

Within each MS, the regional average margins over operating costs with DP varied widely. In **Spain** the margin ranged from €410/cow in *Asturias* to €580/cow in *Extremadura* where the largest average herd size and area can be found. In **France** the margin varied from €217/cow in *Corse* where the output obtained per cow was very low to €544/cow (*Centre*). In **Portugal** the lowest margin was obtained in *Entre Douro* (€143/cow) where the farms are very small, selling just eight suckler cows and four males, whereas the highest was in *Açores* at €499/cow.

The widest difference was in **Italy** where the margin ranged from €106/cow in *Sardegna* to €517/cow in *Piemonte*. In terms of number of animals raised, there is no difference but farming is much more intensive in *Piemonte* where the livestock density is 1.7 LU/ha and the type of animals produced is also very different. *Piemontese* is a typical meat breed, whereas on the islands more mixed or crossed breeds are raised.

As a general rule, the lowest margins are observed on the islands, except for the Açores which benefits from substantial coupled DP.

[10] The SPS does not apply in the outermost regions.

Table 6: Margin over operating costs by region in euros per suckler cow
Specialist breeders – 2006

	Farms repre-sented	Av. number of suckler cows	Av. number of male sold*	Av. UAA	Av. labour in AWU	Stocking density	Output per SC	Total op. costs per SC	Margin over op.	
									without DP	with DP
Wallonie	2 440	60	31	60	1.4	1.9	1 177	818	359	590
Belgique	*3 000*	*56*	*28*	*55*	*1.4*	*2.0*	*1 190*	*834*	*356*	*583*
Galicia	5 750	18	14	15	1.1	1.3	727	484	242	430
Asturias	6 600	19	10	16	1.5	1.4	678	292	386	410
Cantabria	2 590	31	19	30	1.3	1.1	1 080	744	336	536
Navarra	400	44	21	52	1.0	1.2	813	645	168	452
Castilla-Leon	3 220	47	37	85	0.9	0.6	618	403	215	440
Extremadura	4 850	68	50	145	1.5	0.5	876	492	384	580
Spain	*24 790*	*36*	*25*	*55*	*1.3*	*0.7*	*782*	*472*	*311*	*491*
Centre	1 560	76	48	132	1.4	1.1	1 007	688	319	544
Bourgogne	5 590	64	37	116	1.5	1.1	1 093	874	219	446
Pays de la Loire	3 030	51	26	70	1.3	1.5	1 088	911	177	431
Poitou-Charentes	1 900	54	23	83	1.1	1.5	873	713	159	397
Aquitaine	3 090	47	29	55	1.3	1.3	1 020	858	162	406
Midi-Pyrénées	5 050	48	30	74	1.2	1.0	902	794	108	353
Limousin	5 030	62	39	93	1.3	1.1	950	724	226	448
Rhône-Alpes	2 260	52	30	99	1.3	0.9	933	815	118	340
Auvergne	4 110	60	38	104	1.4	1.0	1 012	863	149	384
Languedoc-Roussillon	1 170	49	33	123	1.2	0.5	909	882	27	260
Corse	380	51	29	105	1.1	0.5	383	381	2	217
France	*37 850*	*55*	*33*	*91*	*1.3*	*1.1*	*976*	*791*	*186*	*422*
Piemonte	1 440	26	15	22	1.7	2.3	1 102	599	503	517
Marche	320	21	9	28	1.7	1.0	1 051	620	432	447
Basilicata	130	32	20	81	1.3	0.4	615	198	417	431
Sicilia	2 160	36	18	37	1.1	1.2	544	286	258	279
Sardegna	710	22	14	44	0.9	0.7	501	414	87	106
Italy	*7 750*	*28*	*14*	*33*	*1.4*	*1.1*	*805*	*446*	*359*	*373*
Entre Douro e Minho /Beira litoral	980	8	4	5	1.4	2.4	446	417	28	143
Tras-os-Montes /Beira interior	1 170	17	11	49	1.5	0.4	541	418	124	329
Alentejo e Algarve	1 140	57	33	165	1.6	0.5	408	389	19	246
Açores	490	16	8	24	1.0	0.9	391	254	137	499
Portugal	*4 000*	*26*	*15*	*67*	*1.4*	*0.5*	*431*	*383*	*48*	*266*
Slattbygdslan	610	47	25	100	1.2	0.8	795	891	-96	-55
Sweden	*830*	*44*	*25*	*101*	*1.2*	*0.7*	*845*	*946*	*-102*	*-61*
Scotland	490	92	50	128	1.4	1.4	1 235	1 306	-70	-20
United Kingdom	*1 800*	*67*	*42*	*98*	*1.3*	*1.2*	*884*	*901*	*-17*	*2*
EU-15	**94 010**	**43**	**26**	**68**	**1.3**	**1.0**	**892**	**688**	**204**	**387**

Source: DG AGRI EU FADN

4.4. Analysis by LFA category

Except in Denmark and Germany, where suckler cows are raised in favoured areas, the majority (80%) of the breeders in the EU-25 are located in less favoured areas, among whom 32% farm in mountainous areas.

The EU-25 average is heavily influenced by the EU-15 results. The EU-10 results for mountainous areas are the averages for Slovenia and the Czech Republic, whereas the results for other LFA relate mainly to the Czech Republic and those for non-LFA to Hungary.

Table 7: Margin composition in euros per suckler cow by LFA category
Specialist breeders – 2006

CATTLE BREEDERS	EU-25			EU-15			EU-10		
	LFA Mountain	Other LFA	Non-LFA	LFA Mountain	Other LFA	Non-LFA	LFA Mountain	Other LFA	Non-LFA
Farms represented	31 510	47 220	19 130	30 230	45 600	18 180	1 260	1 530	810
Av. labour in AWU	1.4	1.3	1.3	1.3	1.2	1.3	2.0	1.8	1.3
Beef specialisation - % output	**89%**	**83%**	**76%**	**89%**	**83%**	**76%**	**72%**	**71%**	**66%**
Average UAA - ha	55	77	69	55	76	70	57	56	56
Forage crops - ha	52	64	58	52	63	58	55	45	46
Stocking density - LU/ha	0.8	1.0	1.1	0.9	1.0	1.1	0.4	0.6	1.0
Av. number of suckler cows - head	**35**	**46**	**44**	**36**	**47**	**44**	**19**	**21**	**39**
Male cattle sold (incl. fem. < 1 year) - head	22	29	23	22	29	23	12	10	11
TOTAL BEEF OUTPUT	**791**	**911**	**902**	**802**	**923**	**931**	**378**	**373**	**302**
TOTAL BEEF COUPLED DP	**170**	**195**	**166**	**170**	**196**	**166**	**197**	**175**	**174**
TOTAL OPERATING COSTS	**606**	**700**	**746**	**603**	**702**	**764**	**740**	**545**	**365**
TOTAL SPECIFIC COSTS	**342**	**410**	**415**	**347**	**414**	**423**	**163**	**250**	**271**
Feed	223	275	276	226	278	281	96	145	175
of which purchased feed	*162*	*185*	*166*	*164*	*189*	*171*	*69*	*48*	*54*
of which home-grown feed	*61*	*90*	*110*	*62*	*89*	*111*	*27*	*97*	*120*
Animal purchase	75	68	76	77	68	77	16	50	60
Other sp. livestock costs	44	67	64	44	68	65	50	56	36
TOTAL NON-SPECIFIC COSTS	**265**	**290**	**331**	**257**	**288**	**341**	**577**	**295**	**94**
TOTAL NON-OPERATING COSTS	**905**	**748**	**797**	**909**	**752**	**821**	**808**	**621**	**342**
labour costs	542	361	402	543	361	415	515	422	134
land costs	114	132	140	116	134	144	46	46	57
capital costs	249	255	256	249	257	262	247	153	150
TOTAL INPUT	**1 512**	**1 448**	**1 544**	**1 512**	**1 454**	**1 584**	**1 548**	**1 166**	**707**
Gross market margin	**449**	**501**	**486**	**456**	**509**	**509**	**215**	**122**	**30**
Gross market margin with DP	619	696	653	625	705	674	412	298	204
Margin over operating costs	**185**	**211**	**155**	**199**	**221**	**168**	**-362**	**-172**	**-63**
Margin over operating costs with DP	355	406	322	368	417	334	-165	3	111
Margin over total input	**-720**	**-537**	**-642**	**-710**	**-531**	**-653**	**-1 170**	**-793**	**-405**
Margin over total input with DP	-550	-342	-476	-540	-335	-487	-973	-618	-231
						35			
Interest	21	33	49	21	33	50	11	24	8
Margin over 'cash' costs	**-128**	**-131**	**-196**	**-112**	**-121**	**-193**	**-697**	**-368**	**-208**
Margin over 'cash' costs with coupled DP	42	64	-29	57	75	-27	-499	-192	-34
INCOME per AWU									
FNVA/AWU	14 002	22 606	18 478	14 655	23 438	19 166	5 091	4 773	7 172
Profit/AWU	-5 784	-422	-7 895	-6 052	-423	-8 451	-2 639	-3 070	1 515

Source: DG AGRI EU FADN

In the **EU-15**, breeders in **mountainous areas** are particularly numerous in Italy, France, Spain and Portugal. In these areas, the herds (on average 35 suckler cows) are smaller than in non-LFA (44 cows), the density is lower and 94% of the UAA is given over to forage. Common land is also used. Purchases of concentrates are limited. Consequently, the feed costs per cow are smaller. The non-specific costs are also smaller. But despite equivalent land and capital costs, the labour costs are higher because, whereas one AWU takes care of 38 suckler cows in other LFA and of 34 cows in non-LFA, in mountainous areas each farmer manages "only" 27 suckler cows. In the end, the total input is higher than in other LFA, but nevertheless still lower than in non-LFA.

The other characteristic feature of mountainous areas is the lower revenue. The number of animals sold per cow is almost the same as in other zones, but the difference lies in the lower price received for male animals and the lower profit obtained from females. In the mountains rustic breeds are used which weigh less than the specific meat breeds found in other LFA and in non-LFA.

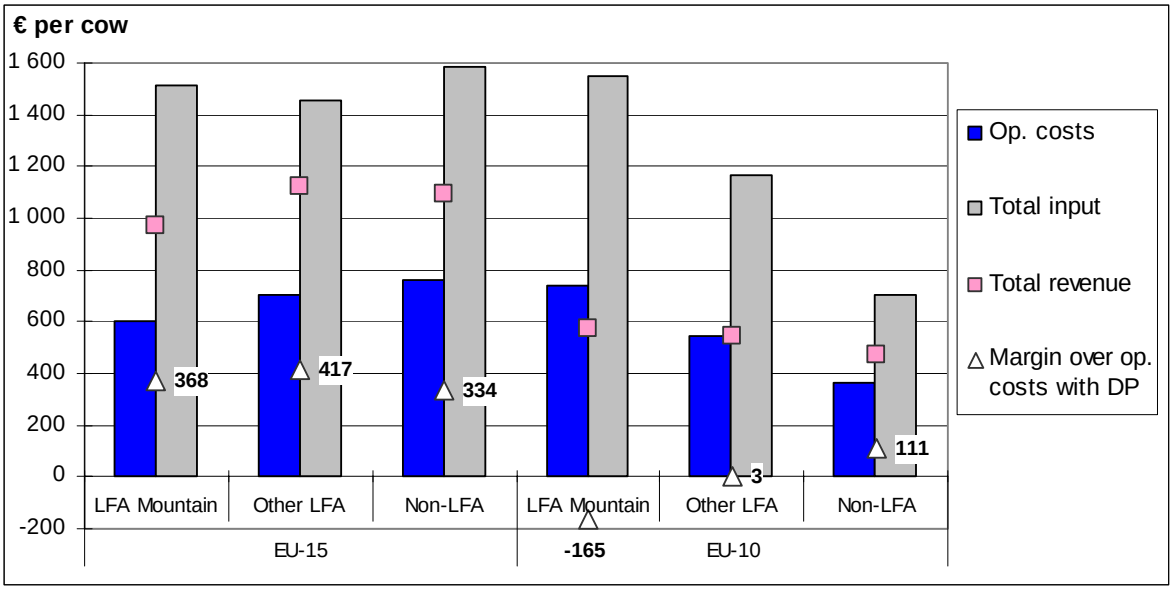
In the end the **margin over operating costs** with and without coupled DP in mountainous areas (€199/cow and €368/cow respectively) is smaller than in other LFA but higher than in non-LFA. However, this effect is more specific to the MS than to mountainous areas. In France and Spain, where all three types of LFA can be found, the margin in mountainous LFA was the smallest (see Figure 8). Moreover, the margin over total input was also lower than in the two other areas because of the lower labour productivity.

The highest margin over operating costs (€417/cow) is obtained in other LFA thanks to high output and substantial DP.

The highest output is indeed obtained in non-LFA. Nevertheless, the operating costs are significantly higher than in LFA because of the non-specific costs. In the end the margin over operating costs with coupled DP was €334/cow, that is €80 per cow less than in other LFA.

The same difference is also observed in **income**: the FNVA/AWU in non-LFA (€19 170/AWU) is lower than in other LFA (€23 440/AWU). However, despite the fact that the margin over operating costs with DP is almost €35/cow higher in mountainous areas than in non-LFA, the income is lower (€14 660/AWU) because of the smaller number of suckler cows raised per AWU.

Figure 9: Revenue and costs in the EU-15 and EU-10 by LFA category
Specialist breeders – 2006



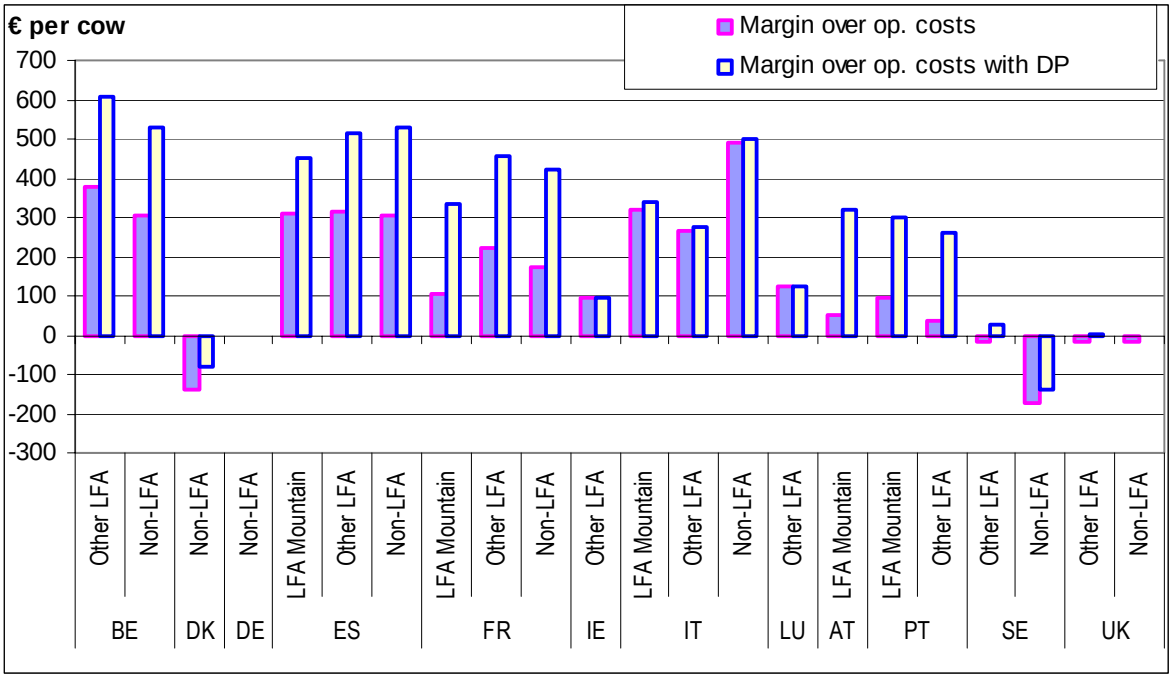
Source: DG AGRI EU FADN

The same phenomenon of a higher margin over operating costs in other LFA than in non-LFA was observed at MS level in the UK, Sweden, France and Belgium (see Figure 8 and Annex 5). However, in Italy the margin in other LFA was actually smaller because it corresponded to the islands, where the margins were lower.

In France, due to the combination of smaller output with higher non-specific costs, the margin over operating costs with DP in mountainous areas was more than €100 lower than in other LFA and €90 less than in non-LFA.

Except in Portugal, the margin in mountainous areas is always smaller than in non-LFA. This result is not observed in the EU-15 average, because the MS with mountainous areas are the ones with the highest margins, whereas the EU-15 average for non-LFA includes Denmark, Germany, the UK and Sweden, which are all typified by a low margin.

Figure 10: Margin over operating costs by MS and by LFA category
Specialist breeders – 2006



Source: DG AGRI EU FADN

4.5. Analysis by size class of suckler cow herd

In the EU-25, one third of the herds of specialist breeders covered by the FADN consist of 10 to 25 suckler cows and another third of 25 to 50 cows. Herds with under 10 cows are found mainly in Portugal, Italy, Ireland and Slovenia. In France few herds with under 25 cows are represented in the FADN[11], whereas more than 50% of the farms in the 50 to 150 cows range are in France. Many MS can be found in the biggest herd class (more than 150 cows).

[11] Only farms above a certain size are included in the FADN. In the case of FR the threshold is 8 European size units of SGM.

Table 8: Margin composition by herd size class in euros per suckler cow
Specialist breeders – 2006

CATTLE BREEDERS	Number of suckler cows						
	<=10	10-25	25-50	50-75	75-100	100-150	>150
Farms represented	9 390	26 470	34 770	14 190	7 000	4 710	1 320
Av. labour in AWU	1.4	1.1	1.2	1.3	1.7	2.1	3.5
Beef specialisation - % output	**73%**	**76%**	**82%**	**83%**	**84%**	**84%**	**88%**
Average UAA - ha	17	26	62	102	138	189	311
Forage crops - ha	14	23	53	87	119	152	290
Stocking density - LU/ha	0.9	0.9	0.9	1.0	1.0	1.0	0.9
Avg number of suckler cows - head	**7**	**17**	**37**	**61**	**87**	**120**	**213**
Male cattle sold (incl. fem. < 1 year) - head	3	11	22	37	53	73	124
TOTAL BEEF OUTPUT	**963**	**788**	**848**	**916**	**907**	**921**	**863**
TOTAL BEEF COUPLED DP	**83**	**118**	**202**	**205**	**195**	**182**	**123**
	1 046	906	1 050	1 122	1 103	1 103	986
TOTAL OPERATING COSTS	**817**	**610**	**683**	**748**	**670**	**674**	**637**
TOTAL SPECIFIC COSTS	**507**	**388**	**364**	**407**	**387**	**422**	**419**
Feed	262	215	234	269	264	314	324
Animal purchase	168	121	74	66	64	46	40
Other sp. livestock costs	77	53	55	72	59	62	55
TOTAL NON SPECIFIC COSTS	**310**	**222**	**319**	**341**	**283**	**251**	**218**
TOTAL NON OPERATING COSTS	**2 868**	**1 112**	**853**	**762**	**652**	**577**	**447**
labour costs	2 171	788	449	320	283	240	202
land costs	248	137	140	128	124	111	84
capital costs	449	187	264	313	245	226	161
TOTAL INPUT	**3 685**	**1 722**	**1 536**	**1 510**	**1 322**	**1 251**	**1 084**
Gross market margin	**456**	**400**	**484**	**510**	**521**	**499**	**443**
Gross market margin with DP	539	518	686	715	716	681	567
Margin over operating costs	**147**	**178**	**165**	**168**	**237**	**248**	**225**
Margin over operating costs with DP	230	296	367	373	432	430	348
Margin over total input	**-2 722**	**-934**	**-688**	**-593**	**-414**	**-330**	**-222**
Margin over total input with DP	-2 639	-816	-486	-388	-219	-147	-99
Interests	23	24	33	38	36	34	29
Margin over 'cash' costs	**-274**	**-56**	**-164**	**-231**	**-118**	**-86**	**-58**
Margin over 'cash' costs with coupled DP	-191	62	38	-26	77	97	65
INCOME per AWU							
FNVA/AWU	2 168	9 557	18 628	24 082	32 390	34 727	38 073
Profit/AWU	-14 225	-8 778	-5 477	-1 582	5 196	8 930	15 272

Source: DG AGRI EU FADN

The bigger the herd, the higher the level of specialisation in beef, the density and the average labour on the farm are. The number of suckler cows managed by one worker (1 AWU) increases considerably with herd size: from five on farms with fewer than 10 cows to 61 on farms with more than 150.

One peculiarity of farms with very small herds (fewer than 10 cows) is that they fatten **females**. The animal purchase costs per cow are relatively high (€168/cow) because of the purchases of small calves and females from one to two years old. In the end the number of males sold per cow is low (0.4) and the price obtained per male sold is the lowest. Nevertheless, the output obtained per cow is the highest (€963/cow).

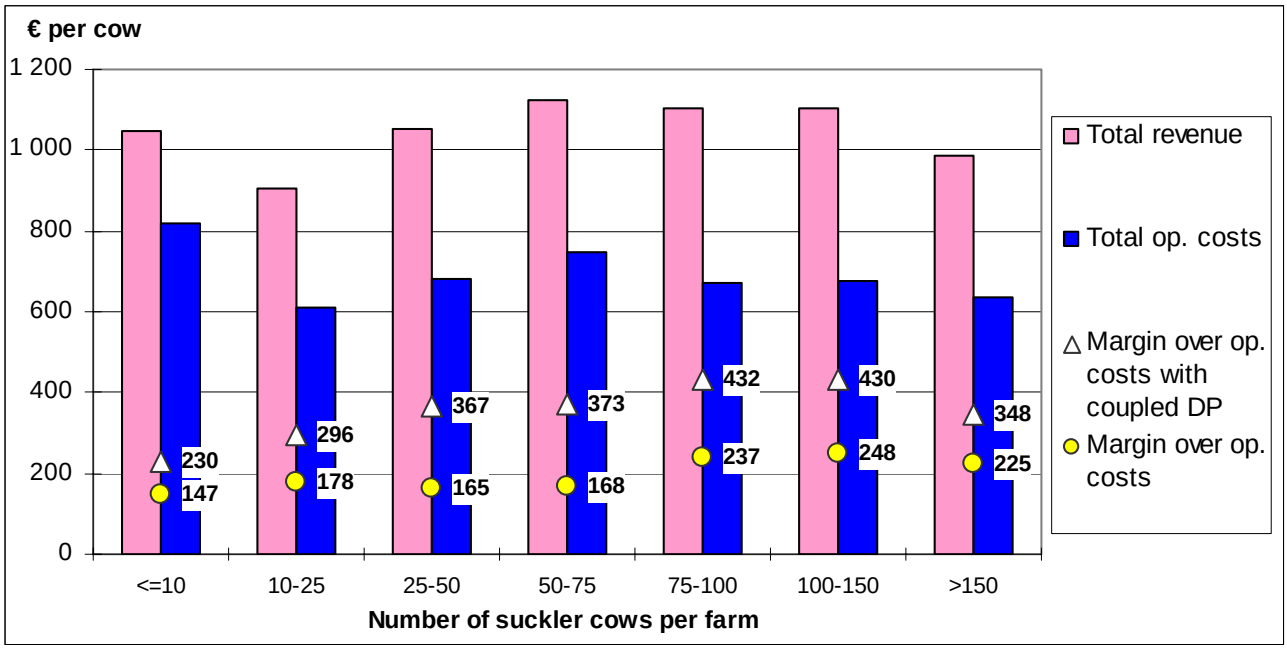
The bigger the herd, the lower the share of females in the output. On farms with more than 150 cows, females generate one third of the output.

Moreover as herd size increases, the animal purchase costs diminish whereas the feed costs increase because more feed is bought. Herd size makes no real impact on the share of forage area, which is always very high.

In addition, the **selling price** increases progressively from €710/male for the smallest herds to €990/male on farms with 100 to 150 cows. Remember that in the FADN sales are recorded without deduction of transport costs. The price increase can be linked to the fact that farmers can negotiate better prices if they offer a bigger supply. It could also be due to the breed and the type of animals fattened: small herds are located mainly in mountainous areas and other LFA where rustic breeds are more common. Moreover, the majority of farms with herds of between 50 and 150 cows are located in France where the average price for males is high (€953/male). By contrast, the price per male sold by farms with more than 150 cows is close to the average (€890/male) because this class is made up of a wider variety of MS.

The highest **non-specific costs** are observed on farms with 50 to 75 suckler cows. This is due, in particular, to the costs for upkeep of machinery and buildings. These farms sometimes need more equipment and buildings because they have a large area (102 ha) and herd (61 cows) but still cannot spread these costs between enough cows. By the way, the lowest non-specific costs per cow are observed on farms with more than 150 cows, where there are clear economies of scale, and on farms with 10 to 25 cows, where less equipment is required.

Figure 11: Margin over operating costs by herd size class in the EU-25
Specialist breeders – 2006



Source: DG AGRI EU FADN

The highest **margin over operating costs** with DP can be observed on farms with 75 to 150 suckler cows (€430/cow), because of high output combined with limited operating costs (€670/cow).

Farms with fewer than 10 cows obtain the smallest margin over operating costs (€230/cow) despite obtaining the highest output per cow (€963). These farms have rather high feed costs but, most of all, receive low DP and have high animal purchase and non-specific costs.

Despite the very low non-specific costs per cow (€218/cow), farms with more than 150 cows have a rather small margin with DP (€348/cow). Because more of them are located in MS which have decoupled the suckler cow premium, they receive less DP. Moreover, they have the highest feed costs (€324/cow).

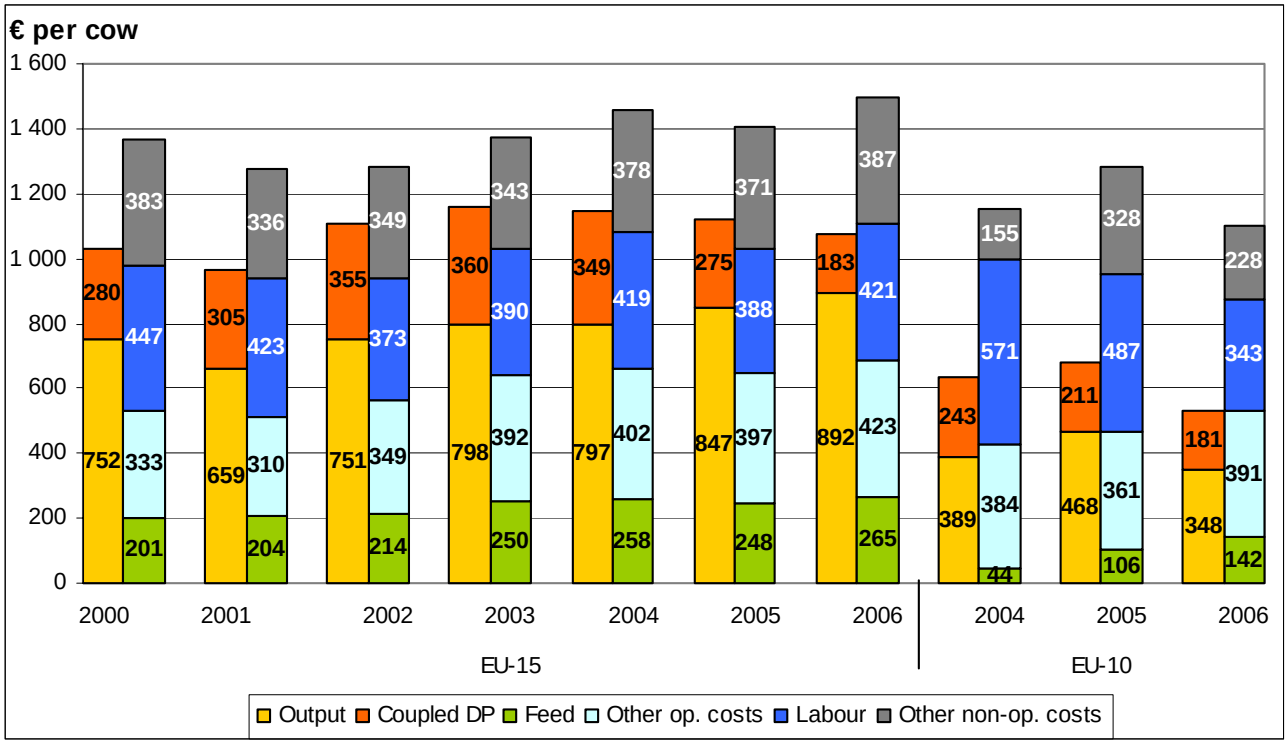
In terms of **margin over total input** with DP, the ranking is completely different: the bigger the herd, the higher the margin per cow – from -€2 639/cow on farms with under 10 cows to -€99/cow for herds of more than 150. Labour productivity is the main factor explaining this, with labour costs ten times higher on farms with under 10 cows than on bigger farms.

The ranking in terms of margin over total input is the same as for **income** and for profit per AWU, because labour productivity is considered, with the FNVA/AWU rising to €38 070/AWU for farmers with large herds, more than €20 000 above the EU-25 average. The income of farms with under 10 cows is small but not negative, with FNVA of €2 170 per AWU.

4.6. Trend in the margin over operating costs between 2000 and 2006

Over this period the average herd size increased by eight cows in the EU-15, the number of males sold per farm increased likewise by eight and the area by 14 ha. Labour productivity increased from 28 cows per AWU in 2000 to 34 in 2005.

Figure 12: Revenue and costs in euros per suckler cow
Specialist breeders – 2000-2006



Source: DG AGRI EU FADN

In the **EU-15** the **DP** increased from around €280 per cow in 2000 to €360 per cow in 2003 with the progressive implementation of Agenda 2000. With the progressive implementation of the mid-term review they decreased to €275/cow in 2005 and €183/cow in 2006.

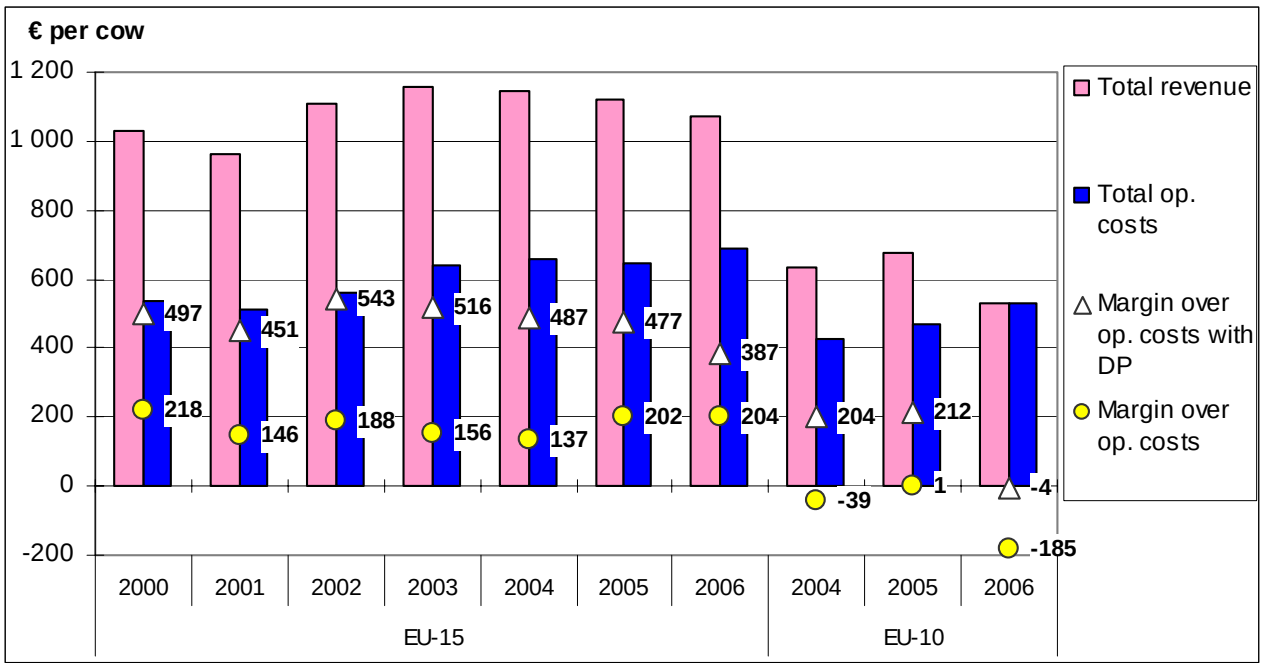
Output per cow, linked to the male selling price, decreased in 2001 (€659/cow) in comparison with 2000 (€752/cow) because of the BSE crisis in October 2000 and the foot-and-mouth disease outbreak in 2001. After that, output per cow increased progressively to around €800 per cow in 2003 and 2004. The beef market was moving in a very good direction in 2005 and 2006 and output rose to €892/cow in 2006.

On the costs side, **feed costs** rose by 32% over the period because of the increase in purchased feed prices from €124/cow in 2000 to €179/cow in 2006. Contrary to the upward trend, feed costs decreased slightly in 2005. The other specific costs remained more or less stable.

The **non-specific costs** increased by around €80/cow over the period to end on €290/cow in 2006. €20 of the increase were linked to upkeep of machinery and buildings, €15 to energy, €7 to contract work and €38 to other direct costs: insurance, taxes and other farming overheads.

The **non-operating costs** decreased from €831/cow in 2000 to €760/cow in 2005 because of the improvement in labour productivity. In 2006 they bounced back to €808/cow following an increase in wages and higher capital costs, without any additional increase in labour productivity.

Figure 13: Margin over operating costs in euros per suckler cow
Specialist breeders – 2000-2006



Source: DG AGRI EU FADN

In the EU-15, the **margin over operating costs** without DP fluctuated between €188/cow and €218/cow in 2000, 2002, 2005 and 2006. The margin was lower in 2001, 2003 and 2004 at between €137/cow and €156/cow. The lowest margin was observed in 2004 when weanling prices fell in France and Spain.

Including the DP, the trend remained the same through the years until 2004, peaking in 2002 (€543/cow) once the DP attained their maximum. But from 2005 on, with decoupling, it started decreasing to end on €387/cow in 2006, €100 below the 2000 level and €160/cow below the 2002 peak.

The **income** trend was different and FNVA/AWU increased by 41% between 2000 and 2006 to €19 700/AWU, the highest level observed during this period.

In the **EU-10**, between 2004 and 2006, the average number of suckler cows per farm increased from 15 to 24. This trend was not observed in either Slovenia, where the number remained more or less stable, or in the Czech Republic, where it decreased.

Both the EU-10 average output and the DP obtained per cow decreased. Moreover, the feed costs tripled. In the end, the increase in total operating costs was limited to 25% because of the decrease in non-specific costs. Nevertheless, the margin over operating costs with DP decreased by €200/cow to a negative level in 2006.

4.7. Distribution of the margin over operating costs

This section includes all farms, i.e. also the non-family farms in the EU-10. Moreover, the results by MS are indicated only if there are more than 20 farms in the sample.

In 2006, 50% of the breeders in the EU-15 had a margin over operating costs with DP of €364/cow or more. This median level is quite close to the average margin (€387/cow).

The distribution of the margin around the median is not very wide – much less than for breeders and fatteners and slightly more than for fatteners. The difference between the margin of the 25% most efficient and 25% least "efficient" farmers (the interquartile range) was €347/cow.

In 2006, it is noteworthy that the 5% of breeders with the best margins over operating costs with DP (P95) had a margin €860/cow higher than the 5% with the smallest margin (P5).

Table 9: Margin over operating costs – median and interquartile range
Specialist breeders – 2000–2006 – in euros per suckler cow

		EU-15								EU-10			
		2000	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**06/00**	**2004**	**2005**	**2006**	**06/04**
Margin over op. costs with DP	Median	479	432	487	489	483	468	**364**	-24%	269	264	**97**	-64%
	Interquartile range	320	310	348	365	332	421	**347**	9%	384	359	**527**	37%
	P95 - P5	781	845	848	969	929	1 082	**860**	10%	919	832	**988**	8%
Margin over op. costs	Median	204	131	155	129	154	180	**181**	-11%	1	50	**-130**	
	Interquartile range	322	300	287	319	318	307	**317**	-1%	130	252	**568**	337%
	P95 - P5	785	805	820	907	844	923	**756**	-4%	809	632	**887**	10%

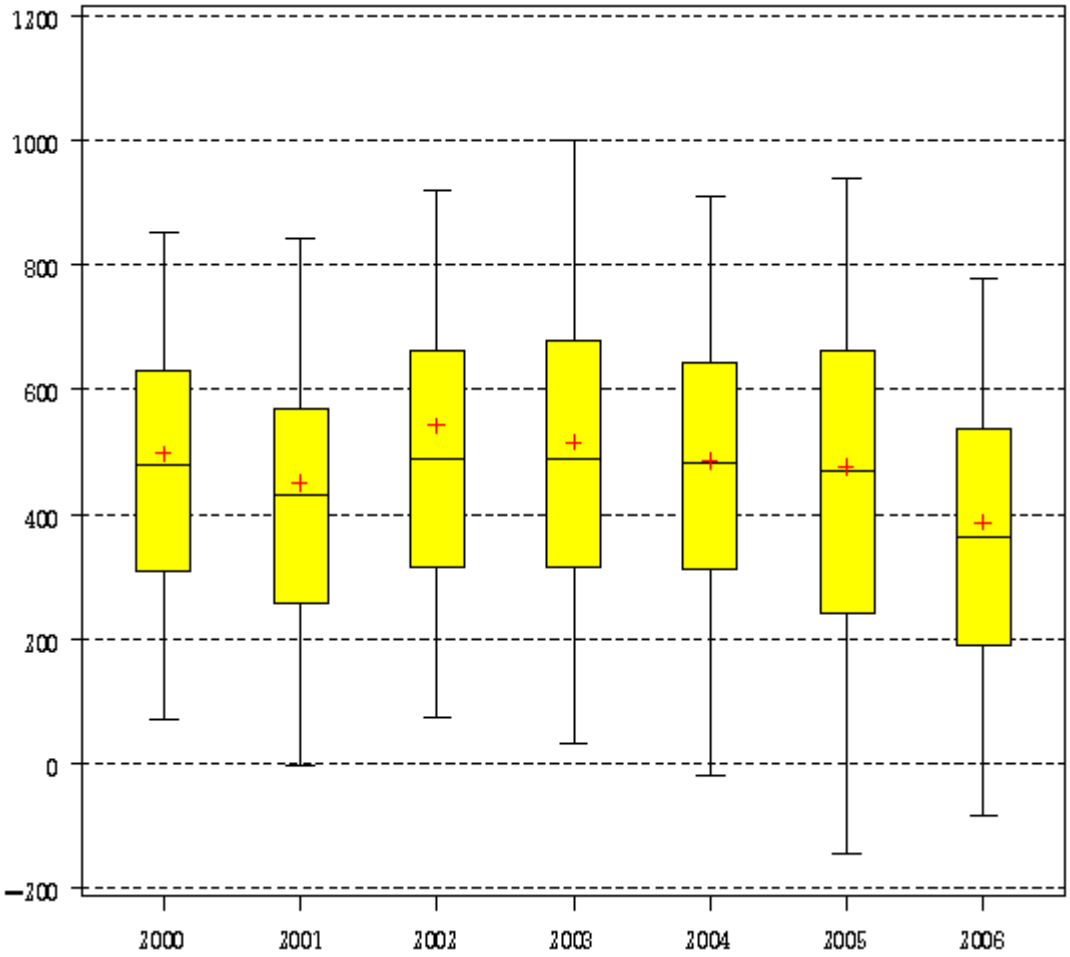
Source: DG AGRI EU FADN

In the EU-10, in 2006 the median value (€97/cow) was far above the average (-€4/cow). This means that the average level is driven down by just a few farmers with very negative results.

Moreover, the distribution around the margin with DP was wider in the EU-10 than in the EU-15 with an interquartile range of €527/cow in 2006.

When the DP are excluded from the margin, the scatter around the median in the EU-15 is reduced. This was also the case in the EU-10 in 2004 and 2005, but not in 2006 for the interquartile range.

Figure 14: Distribution of the margin over operating costs with DP in the EU-15 Specialist breeders – 2000–2006 – in euros per suckler cow

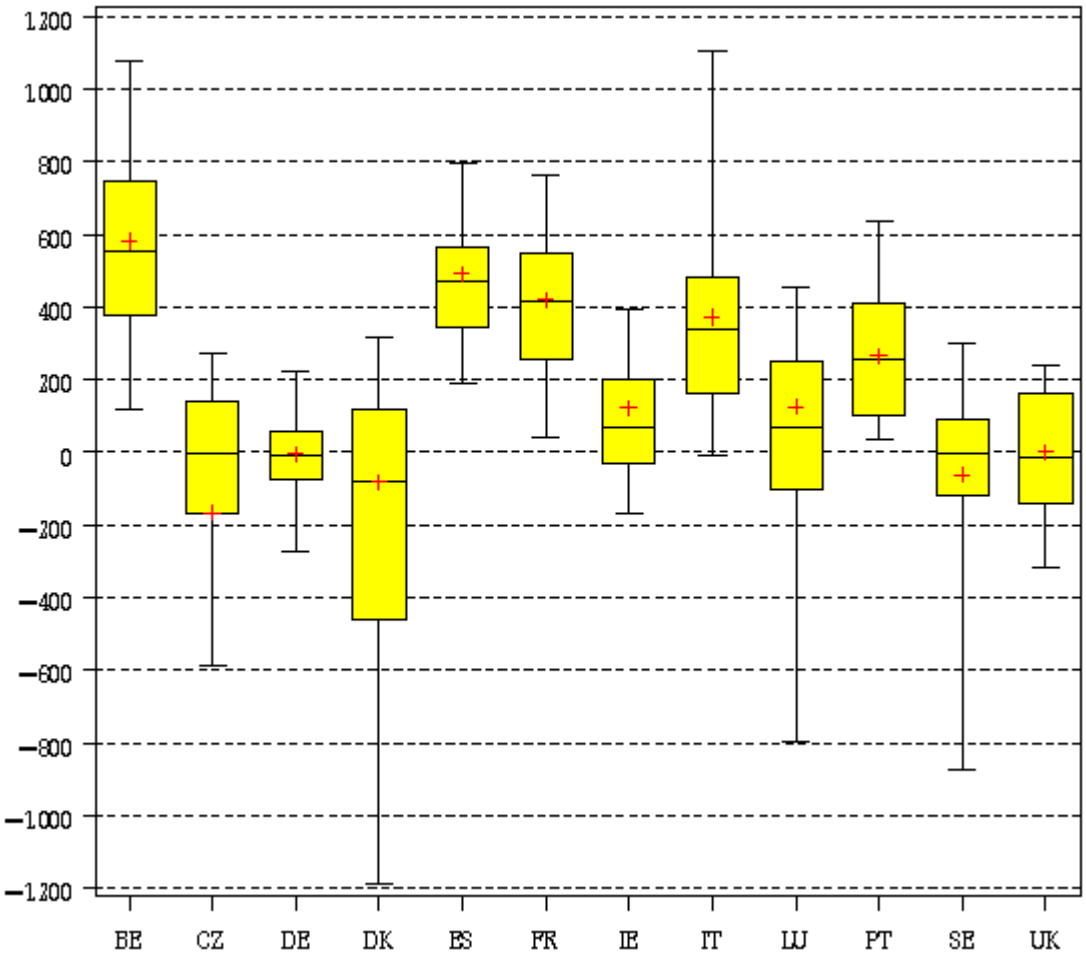


Note: Whiskers indicate percentiles 5 and 95. The boxes indicate percentiles 25 and 75. __ marks the median. + marks the average. Outliers are not included.
Source: DG AGRI EU FADN

Per MS, the biggest difference between the average and the median was observed in the Czech Republic where the average margin with DP was -€166/cow whereas 50% of the breeders had a margin above -€4/cow.

The scatter around the margin measured with the interquartile range was very large in Denmark (€580/cow), Belgium and Luxembourg. In addition, the largest difference between P5 and P95 was observed in the UK (€1 505/cow), followed by Luxembourg, Sweden and Italy. By contrast, the interquartile range was very narrow in Germany (€179/cow). Moreover, Germany, Ireland, Spain and Portugal had amongst the smallest differences between P95 and P5, with below €600.

Figure 15: Distribution of the margin over operating costs with DP by MS
Specialist breeders – 2006 – in euros per suckler cow



Note: Whiskers indicate percentiles 5 and 95. The boxes indicate percentiles 25 and 75. __ marks the median. + marks the average. Outliers are not included.
Source: DG AGRI EU FADN

5. SPECIALIST BREEDERS AND FATTENERS

Breeders and fatteners (B&F) fatten the calves born on their farms and sometimes additional purchased calves. They produce either young bulls or steers (Ireland). B&F producing steers employ a feeding system based mainly on grass, whereas for young bulls cereals and silage maize are used.

There are 73 000 specialist B&F in the EU-25. They are located mainly in Ireland (23%), France (20%), Spain (18%) and the UK (11%). 7% of the B&F specialists are in the EU-10, mainly in Slovenia and the Czech Republic.

The average herd size in the EU-25 is 33 suckler cows per farm with 35 male cattle sold per year. The average area is smaller than for specialist breeders (57 ha).

The production systems differ widely between MS (see the table below). The largest herds can be found in Belgium (58 cows/farm) where, because of the limited area, the density is very high (3.0 LU/ha). By contrast, in Sweden the area is very large (132 ha), the number of suckler cows average and the density very low (0.7 LU/ha). France is in between, with a large average area (87 ha), large herds (52 cows) and average density (1.3 LU/ha).

In the above-mentioned systems mostly young bulls are fattened. In Ireland steer-fattening is more common (as in the UK). The forage system is mainly based on grass and the daily diet is supplemented with concentrates. The farms are relatively small (42 ha and 20 cows). Additional calves are therefore purchased for fattening.

Purchasing additional calves is particularly widespread in Slovenia, Sweden, Finland, Germany, Italy and Portugal.

Table 10: Overview of specialist B&F systems by MS in 2006

	Farms represented	Av. number of SC - head	Male cattle sold* - head	Av. labour AWU	Beef spec. - % output	Average UAA - ha	Share of forage crops	Stocking density - LU/ha	Number of SC / AWU	Males sold / SC	Young bull price** - €/kg
EU-25	**72 770**	**33**	**35**	**1.3**	**79%**	**57**	**86%**	**1.2**	**25**	**1.1**	**3.16**
EU-15	67 630	34	36	1.3	80%	58	86%	1.2	27	1.1	
EU-10	5 050	9	13	1.7	71%	32	80%	0.6	5	1.4	
BE	1 410	58	54	1.6	76%	64	65%	3.0	37	0.9	2.64
DK	470	22	130	1.0	76%	52	46%	3.1	22	6.0	3.19
DE	1 540	43	59	1.8	68%	97	87%	1.1	25	1.4	3.10
ES	13 400	28	30	1.2	84%	30	88%	1.1	24	1.1	3.27
FR	14 860	52	47	1.4	82%	87	84%	1.3	37	0.9	3.25
IE	16 670	20	20	1.1	84%	42	97%	1.2	19	1.0	2.87
IT	5 430	18	22	1.4	72%	30	77%	1.2	13	1.2	3.47
LU	70	51	48	1.2	75%	81	79%	1.7	43	0.9	3.09
PT	2 620	24	28	1.5	78%	57	64%	0.6	16	1.2	3.53
FI	550	17	24	1.4	83%	56	66%	0.9	12	1.5	3.07
SE	1 000	37	62	1.5	68%	132	83%	0.7	25	1.7	2.79
UK	7 700	54	64	1.4	76%	101	89%	1.3	38	1.2	2.88
CZ	560	23	21	1.7	75%	85	89%	0.5	14	0.9	2.70
SI	3 240	6	10	1.7	72%	13	89%	1.0	4	1.5	2.90

* Including females < 1 year ** Young bull carcass price for category R3. – Source: DG AGRI
Source: DG AGRI EU FADN

5.1. EU average margin for specialist breeders and fatteners in 2006

The margins are expressed per suckler cow present on the farm. They could also be expressed per male sold but this method allows easier comparison with the results for specialist breeders. Note that for farmers fattening purchased calves the output and the costs spread "only" across the number of cows may be higher.

Table 11: Margin composition in euros per suckler cow
Specialist breeders and fatteners – 2006

CATTLE BREEDERS & FATTENERS	EU-25	EU-15	EU-10
	2006	2006	2006
Farms represented	72 770	67 630	5 050
Av. labour in AWU	1.3	1.3	1.7
Beef specialisation - % output	**79%**	**80%**	**71%**
Average UAA - ha	57	58	32
Forage crops - ha	49	50	26
Stocking density - LU/ha	1.2	1.2	0.6
Avg number of suckler cows - head	**33**	**34**	**9**
Male cattle sold (incl. fem. < 1 year) - head	35	36	13
TOTAL BEEF OUTPUT	**1 398**	**1 404**	**1 042**
TOTAL BEEF COUPLED DP	**142**	**137**	**395**
TOTAL OPERATING COSTS	**1 184**	**1 185**	**1 003**
TOTAL SPECIFIC COSTS	**807**	**811**	**539**
Feed	376	378	281
Animal purchase	346	347	199
Other sp. livestock costs	85	86	58
TOTAL NON-SPECIFIC COSTS	**376**	**374**	**464**
		1.3	
TOTAL NON-OPERATING COSTS	**1 063**	**1 057**	**1 372**
labour costs	563	560	732
land costs	179	181	81
capital costs	320	316	558
TOTAL INPUT	**2 246**	**2 242**	**2 374**
Gross market margin	**591**	**593**	**503**
Gross market margin with DP	733	730	898
Margin over operating costs	**214**	**219**	**39**
Margin over operating costs with DP	356	356	434
Margin over total input	**-848**	**-838**	**-1 332**
Margin over total input with DP	-706	-701	-938
Interest	44	45	17
Margin over 'cash' costs	**-204**	**-198**	**-444**
Margin over 'cash' costs with coupled DP	-63	-61	-49
INCOME per AWU			
FNVA/AWU	17 832	19 167	4 363
Profit/AWU	-6 756	-7 166	-3 024

Source: DG AGRI EU FADN

In comparison with specialist breeders, **output** per cow is higher because it is made up of fattened animals, which are more expensive than weanlings, and not only the calves born on the farm are fattened. In the EU-25, on average 1.1 males are sold per cow present on

the farm, whereas on average a cow gives birth to only "0.5" males a year (see footnote 9). Output stood at €1 404/cow in the EU-15 and €1 042/cow in the EU-10.

In 2006, the main suckler cow producers (except Ireland and the UK) kept the suckler cow premium 100%-coupled. Therefore the EU-15 average DP per cow was fairly high (€137/cow) despite the introduction of the SPS. In 2003 and 2004, the average **DP** per cow stood at €485. In Slovenia the DP are fully coupled and in the Czech Republic coupled top-ups are paid to beef producers. Therefore the DP per cow in the EU-10 averaged €395 in 2006.

When males are fattened on the farm the **feed costs** are substantial (€378/cow in the EU-15 and €281/cow in the EU-10). 69% of the feed is purchased in the EU-15 and 38% in the EU-10.

The **animal purchases** were almost as costly as the feed in the EU-15 (€347/cow). This is not the case in the EU-10 (€199/cow) despite purchases of numerous additional calves. This is linked to the purchase price of calves under one year old in the EU-10, which is less than half the price per head in the EU-15.

The **specific costs** totalled €811/cow in the EU-15 and €531/cow in the EU-10.

To fatten young bulls, buildings and machinery are needed. Whereas cows can stay outside with their calves for much of the year, young bulls are fattened indoors and need to be fed twice a day. Therefore the **non-specific costs** (€374/cow in the EU-15 and €464/cow in the EU-10) were 1.3 times higher than for specialist breeders. In addition, on average in the EU-25, on B&F farms one AWU takes care of 25 cows and their offspring, whereas specialist breeders deal with 32 cows per AWU.

The **total operating costs** stood at €1 185/cow in the EU-15 and €1 003/cow in the EU-10.

Turning to the **non-operating costs**, despite low average wages, the EU-10 is penalised by its low labour productivity: in the EU-10 one AWU takes care of five cows on average against 27 in the EU-15. The labour costs (€732/cow) are almost €200 higher than in the EU-15. In addition, capital costs are particularly high (€558/cow) and these fixed costs cannot be spread between as many cows as in the EU-15 because of the small size of the farms. The comparative advantage of the EU-10 lies in the low land costs (€81/cow against €181/cow in the EU-15).

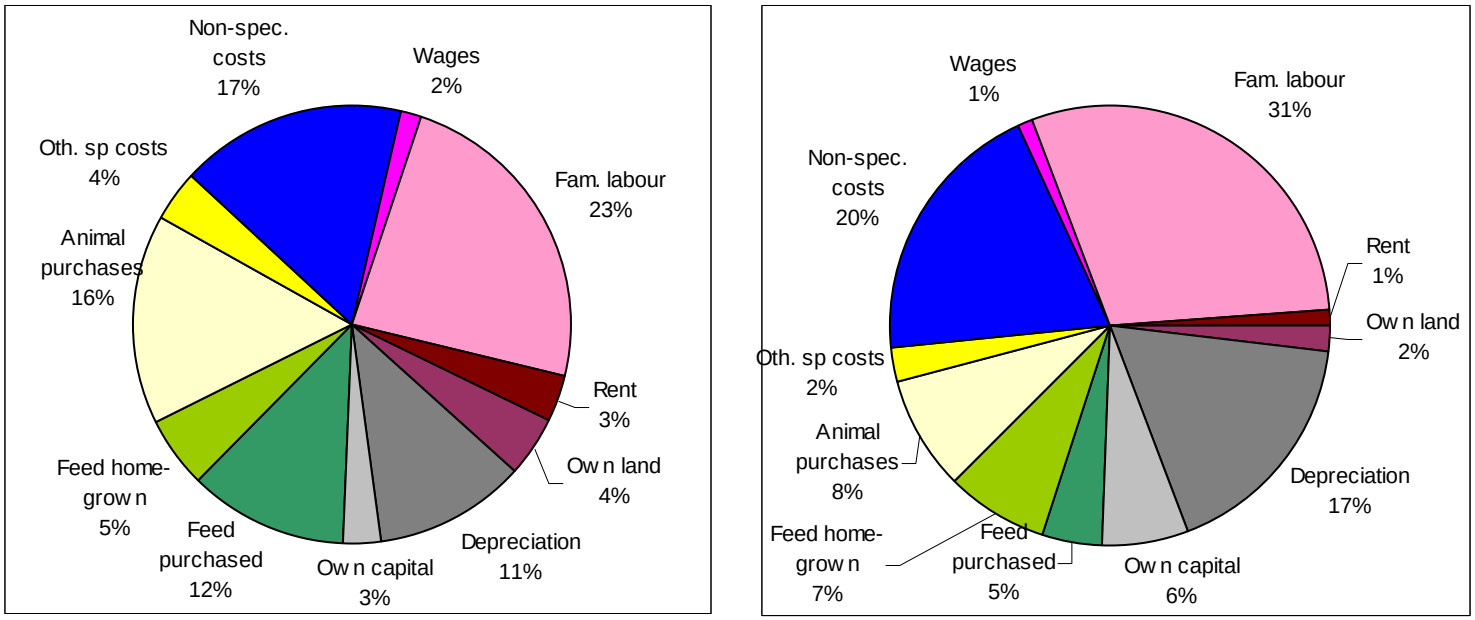
The non-operating costs totalled €1 057/cow in the EU-15 and €1 372/cow in the EU-10.

In terms of **cost composition** in the EU-15, the main difference between breeders and B&F is the scale of the animal purchases, accounting for 5% and 16% of their total costs respectively. Moreover, absolute labour costs are higher on B&F farms, although family labour's share in the total costs (23%) is 4 percentage points smaller.

Comparing the EU-10 and EU-15, three major differences appear in the cost composition:
- the share of family labour, 31%, i.e. 8 points higher than in the EU-15;
- the share of the capital costs: 23%, i.e. 9 points higher than in the EU-15;
- and the lower animal purchase costs: 8%, i.e. 8 points lower than in the EU-15.

Figure 16: Composition of costs, EU-15 and EU-10 comparison
Specialist breeders and fatteners – 2006

EU-15 **EU-10**

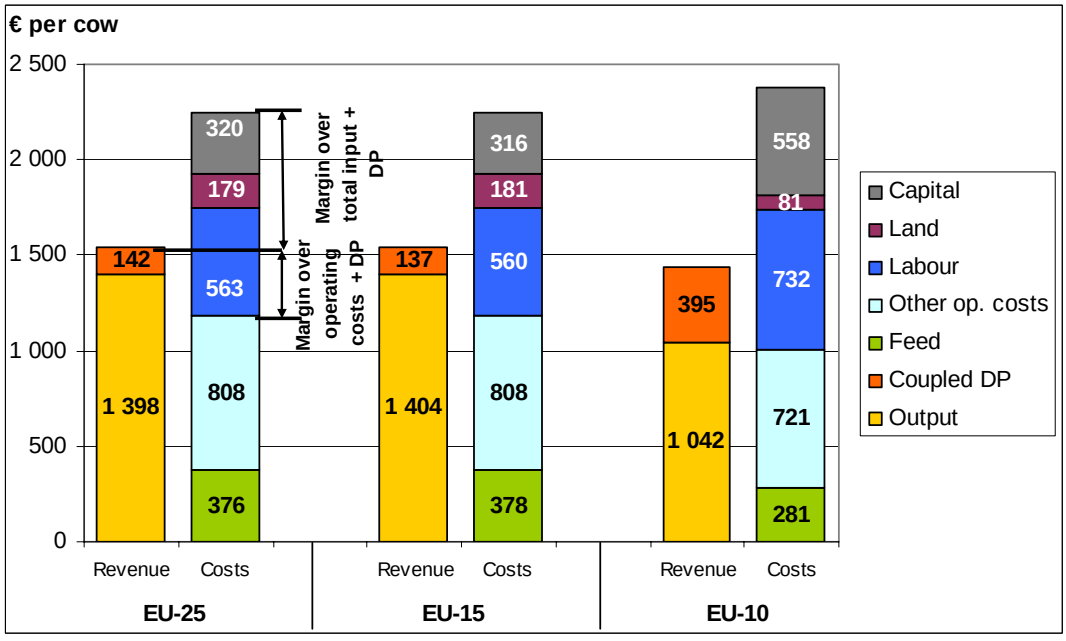


Source: DG AGRI EU FADN

As a result, the **margin over operating costs** without DP was €219/cow in the EU-15 but much less in the EU-10 (€39/cow): the operating costs were not low enough to compensate for the lower output obtained per cow. However, after addition of the coupled DP, the margin was higher in the EU-10 (€434/cow) than in the EU-15 (€356/cow). However, income, measured as the FNVA/AWU, was almost five times lower in the EU-10 than in the EU-15, linked to the average number of cows per farm.

The **margin over total input with DP** was negative both in the EU-15 and in the EU-10 at -€701/cow and -€938/cow respectively.

Figure 17: Margin in euros per suckler cow
Specialist breeders and fatteners – 2006



Source: DG AGRI EU FADN

5.2. Average margins in 2006 by MS

5.2.1. Margin over operating costs in 2006

Output differed widely, depending on the MS: from €646/cow in Portugal to €5 037/cow in Denmark. It depends on the price per kg of the animals fattened (see Table 9), the weight and the breeds and whether or not additional calves are fattened.

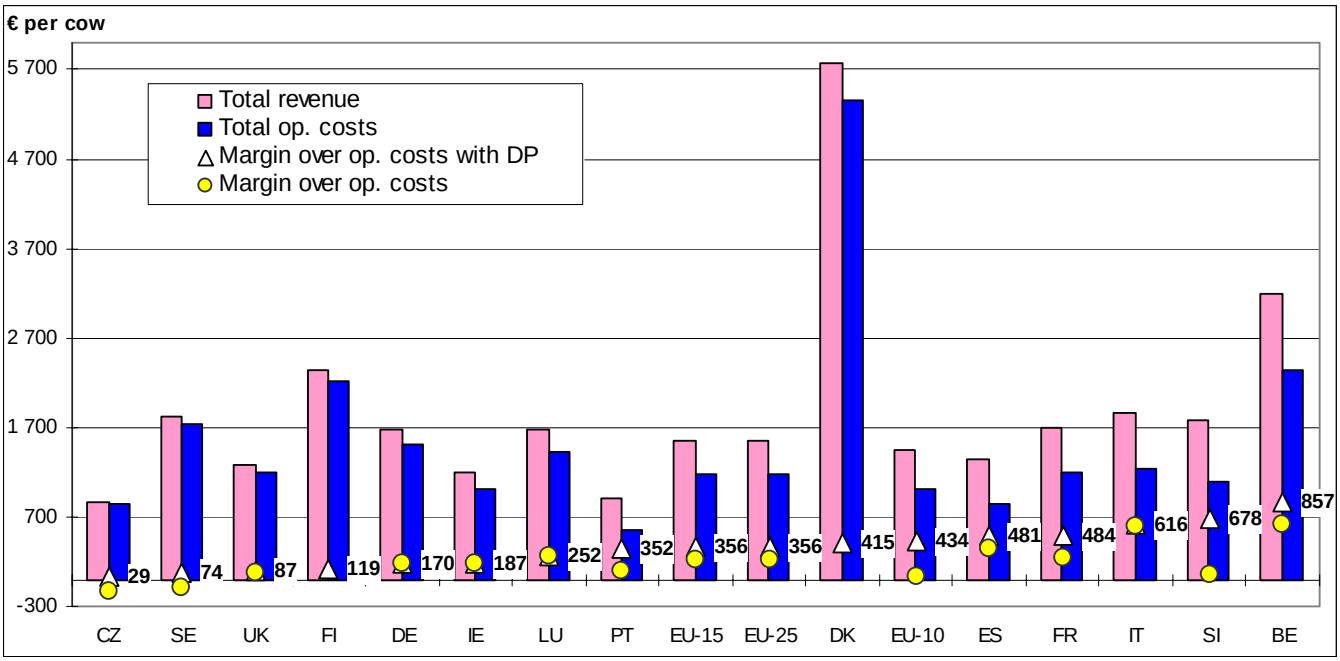
In Denmark, the high output was linked to the huge number of additional calves fattened: for every one cow present on the farm, six males were sold. The second best output was recorded in Belgium where the selling price per head was highest (€2 000/male). Belgian young bulls are very heavy animals of the *Blanc Bleu Belge* breed.

In Italy the output per cow was also very high (€1 840/cow): Italian young bulls are heavy and the market price (€3.47/kg for category R3) was among the highest in the EU. Italian consumers are prepared to pay a high price for beef meat produced in Italy.

French B&F obtained average output, the peculiarity of the French system being that females account for a large share of the output (40%). In France, consumers highly appreciate cow meat of meat breeds.

In Ireland and in the UK, output per cow was below the average (€1 195/cow and €1 273/cow respectively) despite the fact that additional calves are fattened. This is mainly linked to the low price per kg obtained on the islands. Nevertheless if the analysis had been based on the 2008 data the situation would have been different, because prices have been increasing on the islands and decreasing on the continent.

Figure 18: Margin over operating costs by MS in euros per suckler cow Specialist breeders and fatteners – 2006



Source: DG AGRI EU FADN

The **coupled direct payments** (national and EU payments) obtained per cow ranged from €839 in Finland and €729 in Denmark to 0 in Germany, Ireland and Luxembourg. In Finland, 80% of the payments were national aid.

Adding together the output and the DP, the lowest **revenue** was obtained in the Czech Republic (€870/cow) and Portugal (€912/cow). By contrast, the highest was attained in Denmark (€5 766/cow) followed by Belgium (€3 188/cow).

The highest **operating costs** per cow were observed in Denmark (€5 350/cow), Belgium (€2 331/cow), Finland (€2 225/cow) and Sweden (€1 744/cow). The two Nordic countries face less favourable climatic conditions and therefore higher feed costs. Moreover, they both fatten additional calves (in Sweden for every one cow present on the farm 1.7 males are sold). Finland is particularly penalised by the huge non-specific costs linked mainly to the costs for upkeep of buildings and machinery.

In Belgium **animal purchases** were very costly (€931/cow): not only is the price per head of calves under one year old very expensive (around €1 190) but also farmers buy cows for replacement. Moreover, Belgium had the second highest feed costs (€818/cow) and other specific costs (€217/cow). *Blanc Bleu Belge* cows are renowned for being unable to calve without a caesarean, implying high veterinary costs.

At the other end of the scale, the lowest **operating costs** were observed in Portugal (€560/cow), the Czech Republic (€842/cow) and Spain (€852/cow). In Portugal all the costs were among the lowest. In the Czech Republic (and Slovenia) animal purchases and the other specific costs were particularly low. But these two MS have no comparative advantage on non-specific costs because of the size of their farms. In Spain the non-specific costs were very low. In Ireland the feed costs per cow were more than €100 lower than the EU-15 average because of the extensive use of grass.

See Annex 7 for the cost distribution by MS in 2006.

The **margin over operating costs** without DP ranged from -€719/cow in Finland and -€314/cow in Denmark to €617/cow in Belgium and €593/cow in Italy. The difference between these two groups is huge and was driven mainly by the output, Belgium having costs comparable with Finland. In Ireland the margin was slightly below the EU-15 average at €187/cow and in the UK the margin was very low (€87/cow). In France, the margin was above the average at €231/cow.

Addition of the coupled DP changes the order of the MS, Belgium having the best margin (€857/cow) followed by Slovenia and Italy. At the bottom, the Czech Republic had the lowest margin followed by Sweden and the UK. Despite the high level of DP per cow, Finland had the fourth lowest margin (€119/cow).

5.2.2. Margin over total input in 2006

Non-operating costs were very low in Portugal (€496/cow) and Spain (€634/cow). Despite the low labour productivity, in Portugal wages were so low that the total labour costs per cow were the lowest. Moreover, land is also very cheap. In Spain land and capital costs are very small.

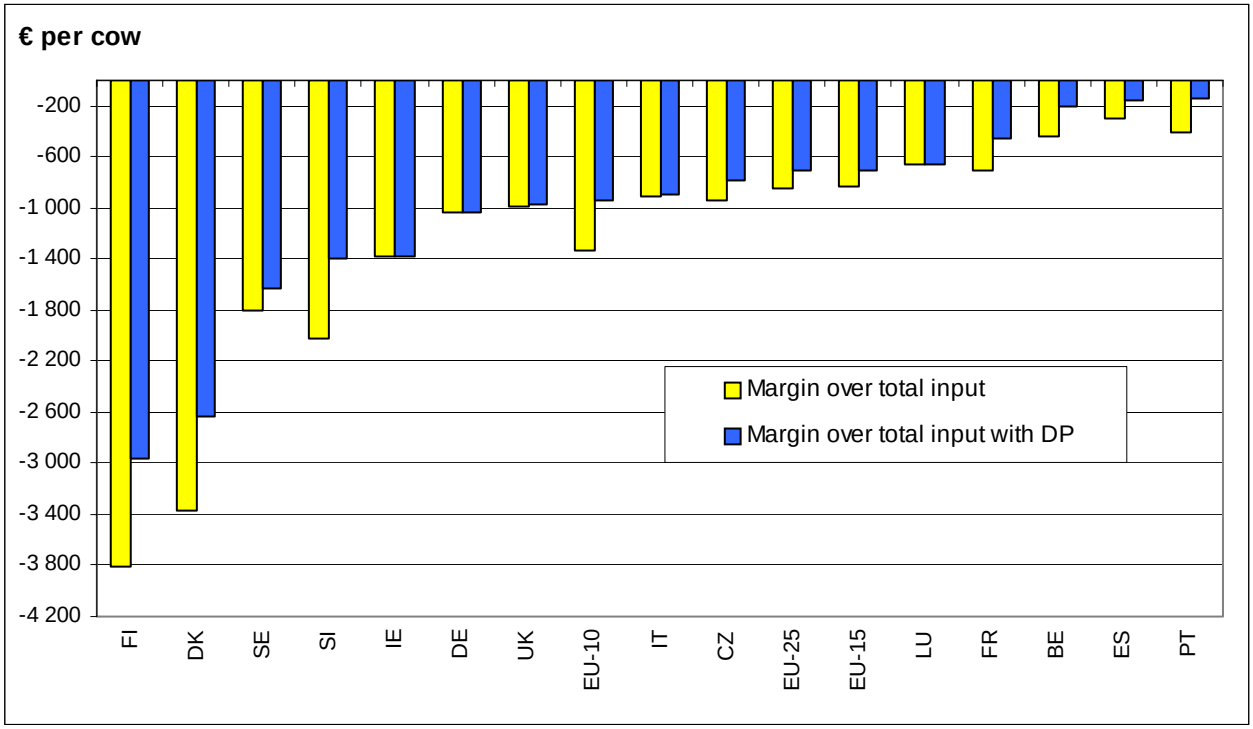
The second lowest labour costs were observed in Luxembourg where labour productivity is highest (43 cows/AWU).

The highest non-operating costs were in Finland (€3 086/cow) and Denmark (€3 052/cow). The main reason lies in the high labour costs because of low labour productivity in Finland and because of the amount of labour required in Denmark to take care of the additional calves. The capital costs are also particularly high.

As a result, the lowest **margins over total input** with DP were observed in Finland and Denmark despite the high amounts of DP. Nevertheless, Denmark had a very high FNVA/AWU (€38 500/AWU) and in Finland the income was equivalent to the EU-15 average income for breeders. In both MS the level of decoupled subsidies (including rural development measures) was huge: the total subsidies equalled 2.2 times the FNVA in Finland and 1.3 times the FNVA in Denmark. By contrast, Slovenia had the lowest FNVA/AWU (€1 592/AWU) combining low margins with a very small number of animals per farm and low total subsidies per AWU.

The highest margins over total input with DP were obtained in Portugal (-€144/cow), Spain (-€152/cow), Belgium (-€201/cow) and France (-€447/cow). But this does not reflect the income ranking. Portugal had the lowest FNVA/AWU in the EU-15 at €10 800/AWU and €8 000/AWU and Belgium the highest at €52 090/AWU. Nevertheless Portugal was among the four MS showing a positive profit per AWU.

Figure 19: Margin over total input by MS in euros per suckler cow
Specialist breeders and fatteners – 2006



Source: DG AGRI EU FADN

5.3. Regional margins over operating costs

Four of the MS analysed are considered as single regions in the FADN (Ireland, Luxembourg, the Czech Republic and Slovenia). Moreover, in Finland and Germany the number of specialist B&F is too low to indicate results at regional level. Therefore only France, Italy, Spain, Portugal, Belgium, Sweden and the UK are analysed in this section.

In France, four regions concentrate 60% of the specialist B&F: *Pays de la Loire*, *Limousin*, *Auvergne* and *Midi-Pyrénées*. The farm structure is fairly similar in these regions. The most prominent feature is the large UAA in *Bourgogne* (150 ha). The margin over operating costs with DP ranged from €363/cow in *Auvergne* to €611/cow in *Bourgogne*. *Bourgogne* is well known for the *Charolais* meat breed. The two regions of the Massif Central – *Midi-Pyrénées* and *Poitou-Charentes* – reported margins below the French average.

Table 12: Margin over operating costs by region in euros per suckler cow
Specialist breeders and fatteners – 2006

	Farms represented	Av. number of suckler cows	Av. number of males sold*	Av. UAA	Av. labour in AWU	Stocking density	Output per SC	Total op. costs per SC	Margin over op. costs per SC	
									without DP	with DP
Vlaanderen	980	57	48	53	1.6	3.4	2 950	2 294	655	885
Wallonie	430	62	68	88	1.5	2.5	2 943	2 407	536	798
Belgium	*1 410*	*58*	*54*	*64*	*1.6*	*3.0*	*2 948*	*2 331*	*617*	*857*
Galicia	6 930	12	15	18	1.1	0.8	1 209	543	666	891
Extremadura	1 680	24	27	61	1.1	0.4	1 069	696	372	564
Spain	*13 400*	*28*	*30*	*30*	*1.2*	*1.1*	*1 193*	*852*	*341*	*481*
Bourgogne	620	75	56	150	1.6	1.2	1 420	1 043	377	611
Pays de la Loire	2 250	54	39	85	1.5	1.5	1 558	1 257	301	567
Poitou-Charentes	670	69	51	100	1.6	1.5	1 555	1 321	234	467
Midi-Pyrénées	2 320	50	47	70	1.3	1.2	1 130	910	220	475
Limousin	2 250	57	45	81	1.4	1.3	1 128	923	206	438
Auvergne	2 290	53	51	87	1.2	1.1	1 214	1 102	111	363
France	*14 860*	*52*	*47*	*87*	*1.4*	*1.3*	*1 437*	*1 206*	*231*	*484*
Piemonte	1 570	21	30	26	1.4	2.1	3 030	2 301	729	759
Toscana	340	26	23	44	1.8	1.3	2 109	863	1 246	1 259
Marche	320	21	19	40	1.4	0.9	1 327	766	560	580
Sicilia	1 180	17	15	25	1.2	1.3	1 020	652	369	400
Italy	*5 430*	*18*	*22*	*30*	*1.3*	*1.2*	*1 839*	*1 246*	*593*	*616*
Tras-os-Montes / Beira int.	440	11	12	31	1.5	0.5	543	469	74	305
Alentejo e Algarve	600	65	68	186	1.5	0.5	519	464	54	296
Açores e Madeira	530	20	26	32	1.0	0.9	823	646	176	609
Portugal	*2 620*	*24*	*28*	*57*	*1.5*	*0.6*	*646*	*560*	*87*	*352*
Slattbygdslan	730	38	64	141	1.6	0.8	1 742	1 825	-83	74
Sweden	*1 000*	*37*	*61*	*132*	*1.5*	*0.7*	*1 651*	*1 744*	*-93*	*74*
England-North	470	52	173	142	1.4	1.2	3 392	3 417	-25	-25
England-East	910	65	100	144	1.5	1.3	1 269	1 208	62	62
England-West	790	39	63	87	1.3	1.2	1 381	1 293	88	88
Wales	580	52	54	78	1.5	1.5	948	841	107	107
Scotland	1 450	79	37	136	1.6	1.4	1 116	1 105	11	68
Northern Ireland	3 510	46	52	76	1.4	1.3	1 104	983	122	122
United-Kingdom	*7 700*	*54*	*64*	*101*	*1.4*	*1.3*	*1 273*	*1 202*	*71*	*87*
EU-15	**67 630**	**34**	**36**	**58**	**1.3**	**1.2**	**1 404**	**1 185**	**219**	**356**

* Including females < 1 year
Source: DG AGRI EU FADN

In Italy *Piemonte* has 30% of the B&F and 22% are located in *Sicilia*. The farms have different characteristics, depending on the region. For example, the average number of suckler cows varied from 17 in *Sicilia* to 26 in *Toscana*. *Piemonte* reported the highest average number of males sold (30), because of fattening of additional purchased calves. In the same region the area is more limited and, consequently, the stocking density is very high (2.1 LU/ha).

Toscana secured the highest selling price for male animals and the highest margin over operating costs with DP (€1 259/cow). The lowest margin (€400/cow) was obtained in *Sicilia*. Because of the additional purchases of calves, Piemonte had the highest output per cow and also the highest operating costs.

70% of the **Belgian** B&F are located in *Vlaanderen*. The stocking density was 0.9 LU/ha higher in *Vlaanderen*. Despite the fact that additional purchased calves are fattened more often in *Wallonie* than in *Vlaanderen*, the output obtained per cow was similar. And

Vlaanderen has lower costs; therefore the margin was higher in this region (€885/cow) than in *Wallonie* (€798/cow).

In the UK close to 70% of the B&F are located in *Northern Ireland* and in *Scotland*. *Scotland* had the highest average number of suckler cows per farm (79) but the lowest number of males sold per year (37). By contrast, in *England-North* for every 52 suckler cows present on the farm 173 males were fattened. Therefore this region had a very high output per cow, but also huge animal purchase costs. In the end, this region had the lowest margin (-€25/cow). The highest margin was obtained in *Northern Ireland* (€122/cow).

73% of the **Swedish** B&F are located in one FADN region: *Slattbygdslan*. Therefore the national results correspond very closely to the results for this region, where the margin over operating costs without DP was negative.

5.4. Analysis by LFA category

In the EU-10 more than half of the B&F are located in mountainous areas, whereas in the EU-15 they are mostly located in other LFA.

In the EU-10 the results for the mountainous areas were very close to the Slovene results because in Slovenia almost all the B&F are located in the mountains. Therefore the high margin over operating costs with DP observed in mountainous LFA reflects the high level of DP in Slovenia more than good economic results of the B&F systems located in the mountains.

In the EU-15 farms located in the mountains have a smaller number of cows per farm (29) and tend not to fatten any purchased calves. The stocking density is lower than in non-LFA (1.0 LU/ha[12]). Labour productivity is low: one AWU takes care of 22 cows, six fewer than in non-LFA. In the other LFA the herds are bigger (33 cows/farm) and the area too. The peculiarity of the B&F in non-LFA is the high density (1.7 LU/ha) linked to the large number of cows and to fattening of additional calves.

The average **margin over operating costs** with DP is high both in mountainous LFA and in non-LFA (around €440/cow) but much smaller in other LFA (€277/cow). The B&F systems in other LFA show lower revenue but comparable operating costs to mountainous areas. Only France, Spain and Italy have a significant number of farms in mountainous LFA.

In non-LFA the more intensive herding is clear: higher density, very high animal purchase costs (including buying heifers and cows for replacement), the lower share of forage area (less than 80%) and higher feed costs, 1.3 males sold per cow present on the farm, higher other specific costs (mainly veterinary costs) and greater use of energy, machines and buildings, resulting in higher non-specific costs (€446/cow).

The **non-operating costs** are fairly similar across the three categories and the ranking of the margins over total input with DP is the same.

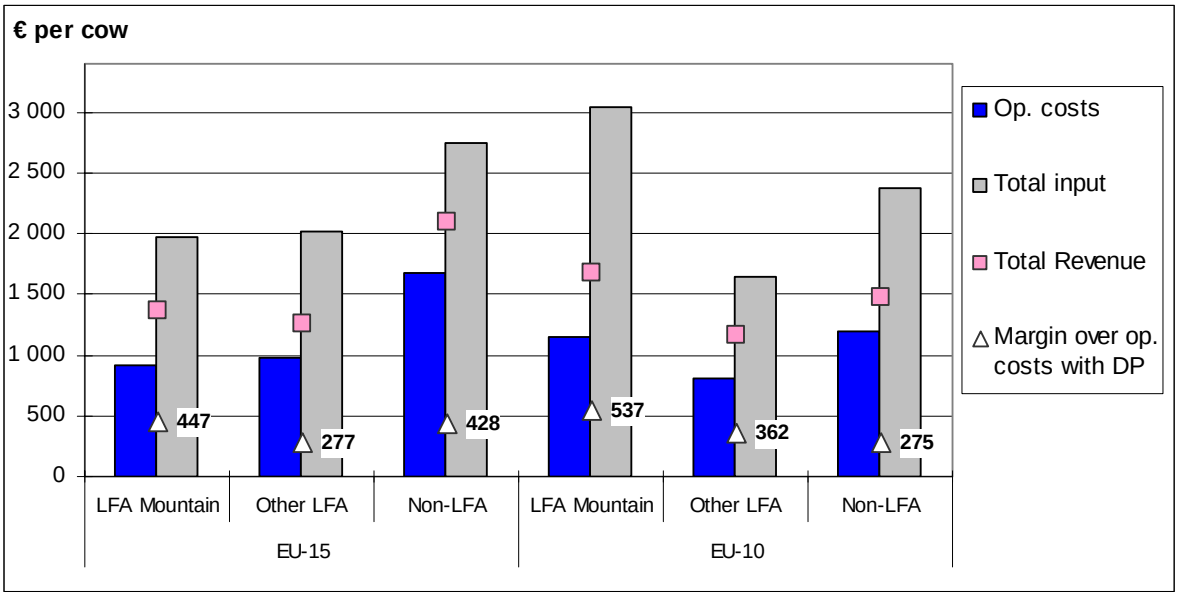
[12] Remember that common land is not included in the farm UAA.

Table 13: Margin composition in euros per suckler cow by LFA category
Specialist breeders and fatteners – 2006

CATTLE BREEDERS & FATTENERS	EU-25			EU-15			EU-10		
	LFA Mountain	Other LFA	Non-LFA	LFA Mountain	Other LFA	Non-LFA	LFA Mountain	Other LFA	Non-LFA
Farms represented	17 540	36 520	18 710	14 610	34 800	18 220	2 930	1 630	490
Av. labour in AWU	1.4	1.2	1.4	1.4	1.2	1.4	1.8	1.5	1.5
Beef specialisation - % output	**86%**	**80%**	**76%**	**86%**	**80%**	**76%**	**73%**	**70%**	**66%**
Average UAA - ha	40	63	61	44	62	62	19	53	39
Forage crops - ha	36	55	48	39	55	49	17	42	23
Stocking density - LU/ha	1.0	1.1	1.7	1.0	1.1	1.7	0.7	0.5	0.9
Av. number of suckler cows - head	**26**	**32**	**39**	**29**	**33**	**40**	**7**	**12**	**10**
Male cattle sold (incl. fem. < 1 year) - head	27	31	49	29	32	50	12	13	13
TOTAL BEEF OUTPUT	**1 169**	**1 134**	**1 964**	**1 164**	**1 138**	**1 970**	**1 129**	**904**	**1 212**
TOTAL BEEF COUPLED DP	**219**	**117**	**135**	**203**	**115**	**134**	**551**	**260**	**258**
TOTAL OPERATING COSTS	**938**	**974**	**1 672**	**920**	**975**	**1 675**	**1 143**	**802**	**1 195**
TOTAL SPECIFIC COSTS	**576**	**635**	**1 226**	**568**	**638**	**1 229**	**575**	**436**	**793**
Feed	319	329	485	324	330	485	227	272	555
Animal purchase	204	225	630	191	225	633	288	113	157
Other sp. livestock costs	53	82	111	53	82	111	60	51	81
TOTAL NON-SPECIFIC COSTS	**362**	**339**	**446**	**352**	**337**	**446**	**568**	**366**	**402**
TOTAL NON-OPERATING COSTS	**1 090**	**1 042**	**1 079**	**1 049**	**1 046**	**1 078**	**1 900**	**844**	**1 187**
labour costs	607	551	556	590	552	556	968	503	627
land costs	145	191	179	148	193	180	101	63	65
capital costs	337	300	343	312	300	342	831	278	494
TOTAL INPUT	**2 028**	**2 017**	**2 750**	**1 969**	**2 022**	**2 753**	**3 042**	**1 646**	**2 382**
Gross market margin	**592**	**499**	**738**	**596**	**500**	**740**	**554**	**469**	**420**
Gross market margin with DP	812	616	873	799	614	874	1 105	728	677
Margin over operating costs	**230**	**160**	**292**	**244**	**162**	**294**	**-14**	**103**	**17**
Margin over operating costs with DP	450	278	427	447	277	428	537	362	275
Margin over total input	**-859**	**-882**	**-786**	**-805**	**-884**	**-784**	**-1 914**	**-741**	**-1 169**
Margin over total input with DP	-640	-765	-652	-602	-769	-650	-1 363	-482	-912
Interest	28	35	68	29	35	69	16	18	15
Margin over 'cash' costs	**-165**	**-221**	**-202**	**-137**	**-220**	**-200**	**-650**	**-212**	**-471**
Margin over 'cash' costs with coupled DP	55	-104	-67	66	-105	-66	-99	47	-213
INCOME per AWU									
FNVA/AWU	11 994	18 451	22 461	14 575	19 067	23 001	2 509	9 079	2 291
Profit/AWU	-4 721	-7 571	-7 377	-4 634	-8 249	-7 427	-5 038	2 112	-5 154

Source: DG AGRI EU FADN

Figure 20: Revenue and costs by LFA category in euros per suckler cow
Specialist breeders and fatteners – 2006

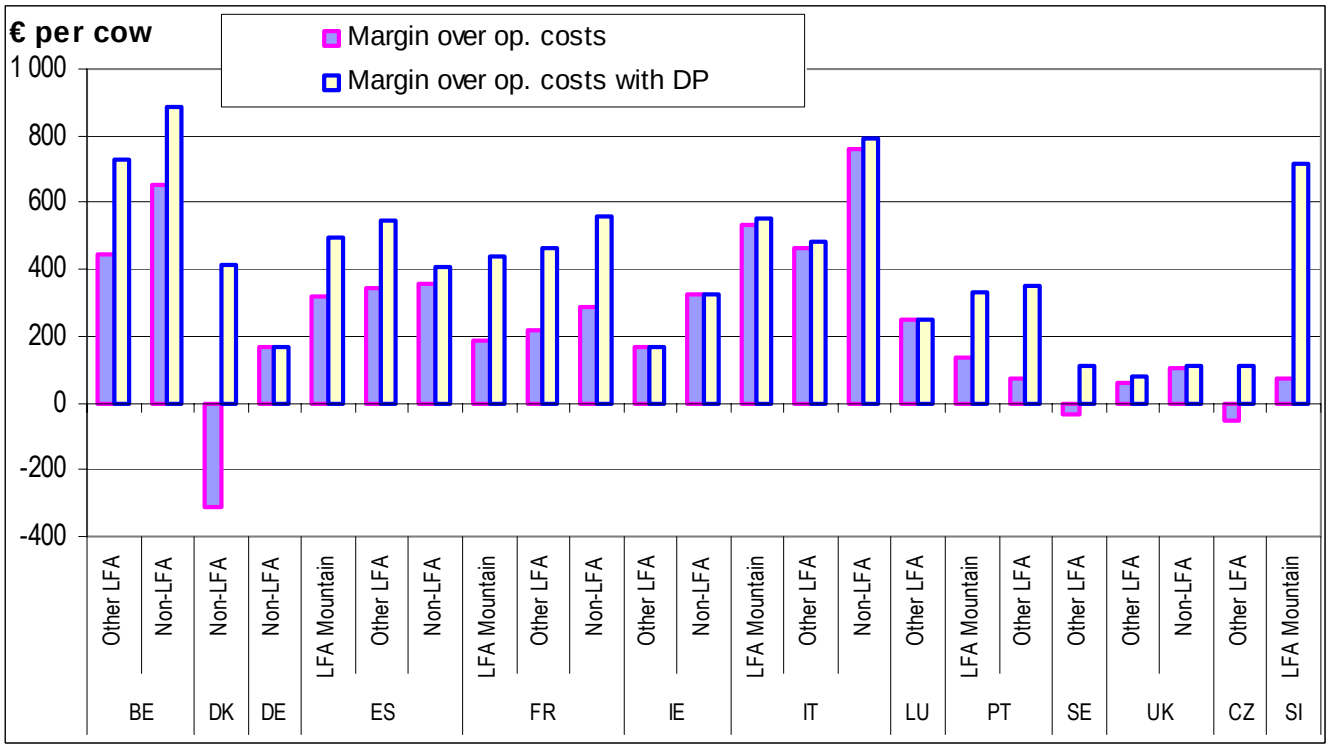


Source: DG AGRI EU FADN

In Italy, where all three different categories are strongly represented, the ranking of the margins was the same as for the EU-15 average. But in France, the margins with DP were very similar in the two categories of LFA and much higher in non-LFA. And in Spain, the highest margin was observed in other LFA and the lowest in non-LFA.

In every MS except Spain, where there are B&F in other LFA and in non-LFA, the margin in non-LFA was higher every time; the difference can be huge, as in Italy (more than +€400/cow), or small, as in the UK.

Figure 21: Margin over operating costs by MS and by LFA category
Specialist breeders and fatteners – 2006



Source: DG AGRI EU FADN

5.5. Analysis by size class of suckler cow herd

In the EU-25, 33% of the B&F have between 10 and 25 cows, 25% between 25 and 50 cows and 24% raise fewer than 10 cows. Only 20% of the specialist B&F have more than 50 cows.

Table 14: Margin composition by herd size class in euros per suckler cow
Specialist breeders and fatteners – 2006

CATTLE BREEDERS & FATTENERS	Number of suckler cows						
	<=10	10-25	25-50	50-75	75-100	100-150	>150
Farms represented	17 110	23 750	17 960	8 200	2 630	1 700	1 420
Av. labour in AWU	1.2	1.2	1.3	1.5	1.8	2.3	2.4
Beef specialisation - % output	**69%**	**79%**	**79%**	**79%**	**81%**	**83%**	**85%**
Average UAA - ha	21	35	65	98	147	186	190
Forage crops - ha	18	31	57	85	126	144	154
Stocking density - LU/ha	1.0	1.0	1.1	1.3	1.2	1.4	1.8
Av. number of suckler cows - head	**7**	**17**	**36**	**60**	**87**	**118**	**199**
Male cattle sold (incl. fem. < 1 year) - head	17	22	35	58	79	101	169
	2.6	1.3	1.0	1.0	0.9	0.8	0.8
TOTAL BEEF OUTPUT	**2 773**	**1 419**	**1 198**	**1 304**	**1 558**	**1 387**	**1 328**
TOTAL BEEF COUPLED DP	**260**	**109**	**142**	**147**	**187**	**146**	**95**
TOTAL OPERATING COSTS	**2 393**	**1 191**	**1 027**	**1 110**	**1 334**	**1 124**	**1 106**
TOTAL SPECIFIC COSTS	**1 864**	**814**	**623**	**719**	**931**	**760**	**892**
Feed	700	371	323	348	386	402	397
Animal purchase	1 034	359	222	294	438	262	421
Other sp. livestock costs	130	84	78	78	107	96	74
TOTAL NON-SPECIFIC COSTS	**529**	**377**	**404**	**391**	**403**	**363**	**214**
TOTAL NON-OPERATING COSTS	**2 558**	**1 536**	**1 091**	**882**	**844**	**786**	**421**
labour costs	1 667	979	552	400	337	326	201
land costs	330	238	191	162	160	146	72
capital costs	560	319	348	320	347	314	148
TOTAL INPUT	**4 950**	**2 727**	**2 118**	**1 992**	**2 178**	**1 910**	**1 527**
Gross market margin	**909**	**605**	**575**	**585**	**628**	**627**	**436**
Gross market margin with DP	1 169	714	717	731	815	773	531
Margin over operating costs	**380**	**228**	**171**	**194**	**225**	**264**	**222**
Margin over operating costs with DP	640	337	313	341	412	410	316
Margin over total input	**-2 178**	**-1 309**	**-920**	**-688**	**-619**	**-523**	**-199**
Margin over total input with DP	-1 918	-1 200	-778	-541	-432	-377	-104
Interest	65	41	39	44	55	63	29
Margin over 'cash' costs	**-213**	**-156**	**-246**	**-227**	**-264**	**-214**	**-79**
Margin over 'cash' costs with coupled DP	47	-47	-105	-81	-76	-68	16
INCOME per AWU							
FNVA/AWU	7 885	12 136	18 679	27 337	33 096	35 987	44 673
Profit/AWU	-7 928	-10 853	-9 302	-3 401	1 446	4 247	14 275

Source: DG AGRI EU FADN

Smaller herds (<= 10 cows) are widespread in Ireland, Spain, Italy and Slovenia. There are almost no herds with more than 10 cows (and fewer than 25) in Slovenia but there are some in France and the UK. Herds of 25 to 50 cows are most numerous in France, Ireland and the UK. For herds with between 50 and 75 cows, Ireland is losing ground and Belgium is emerging. France and the UK account for a combined total of 75% of the

herds with 75 to 150 cows. And the biggest herds are strongly represented in France, the UK, Belgium, Portugal and Spain.

The smallest herds show the lowest degree of specialisation in beef production, the smallest area (21 ha) and amongst the lowest average labour and stocking density. The small number of cows is compensated by big purchases of additional calves. In the end, 2.6 males are sold per year for every cow present on the farm and females account for only 20% of the total output. The labour productivity (five cows per AWU) is the lowest, even when taking into account the additional calves purchased. The last characteristic is that a quarter of the males sold are steers (due to the prominent position of Ireland in this class).

At the opposite end, the large herds (more than 150 cows) average 200 cows and are characterised by high average labour (2.4 AWU), of which 1.3 AWU is paid labour, a large area (190 ha), the highest density (1.8 LU/ha) and the smallest number of calves purchased in comparison with the males sold.

The **non-operating costs** show clear economies of scale as herd size increases, whether the costs are divided only by the number of cows or by the number of cows plus the number of males sold. For the other costs this is not so clear.

Feed costs are high for small herds (€700/cow) because of the need to feed the additional purchased calves but also because the smaller area implies less forage area. They are also high for farms with 10 to 25 cows because of the additional calves to be fed. From the 25-50 cows to the 100-150 cows class, the share of forage area decreases with a parallel increase in feed costs from €323/cow to €386/cow. Farms with 25 to 50 cows have the lowest feed costs because they have the lowest share of purchased feed (61%).

Animal purchase costs are particularly high for herds with under 10 cows (€1 034/cow); the non-specific costs are also higher for this class.

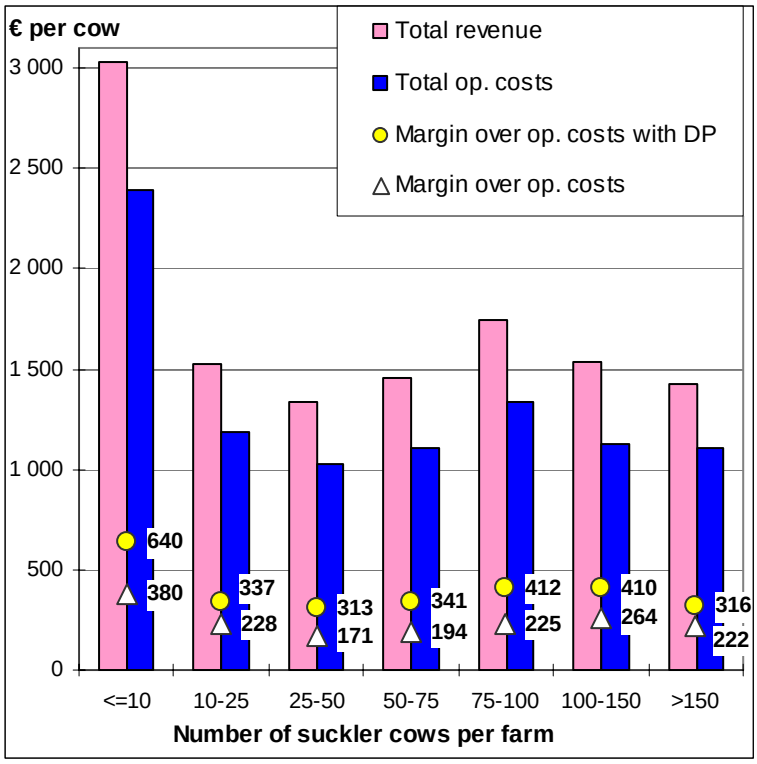
Output is easier to analyse if divided by the number of males sold. It increases progressively from €1 080/male sold in the two smallest classes to €1 700 for the 75-100 class. In the two biggest classes the output per male sold is lower (around €1 600).

In terms of **margin over operating costs** plus DP, the highest margin per cow is obtained by the farmers with the smallest herds (€640/cow). It then decreases to €313/cow for the 25-50 class. The margin increases for the larger herds up to 150 cows, then falls again to €316/cow for the largest herds.

Therefore the ranking between herd size classes is not very clear in terms of margin per cow.

Nevertheless, the smaller the herd the lower the **income** and vice versa. The FNVA/AWU of the smallest farms totals €7 885/AWU, whereas farmers with more than 150 cows earn almost six times more (€44 670/AWU). Another point to note is that whereas farms with under 75 cows have a negative average profit, it is positive for larger herds.

Figure 22: Margin over operating costs by herd size class in the EU-25 Specialist breeders and fatteners – 2006



Source: DG AGRI EU FADN

5.6. Trend in the margin over operating costs between 2000 and 2006

In the EU-15, between 2000 and 2006 the average number of cows per herd fluctuated between 30 and 34. Over the same period the area varied from 50 to 60 ha but no clear trend can be discerned.

The **DP** per cow increased from €355 in 2000 to €485 in 2003 and 2004 with the progressive implementation of Agenda 2000. With the progressive implementation of the mid-term review they decreased to around €240/cow in 2005 and €140/cow in 2006.

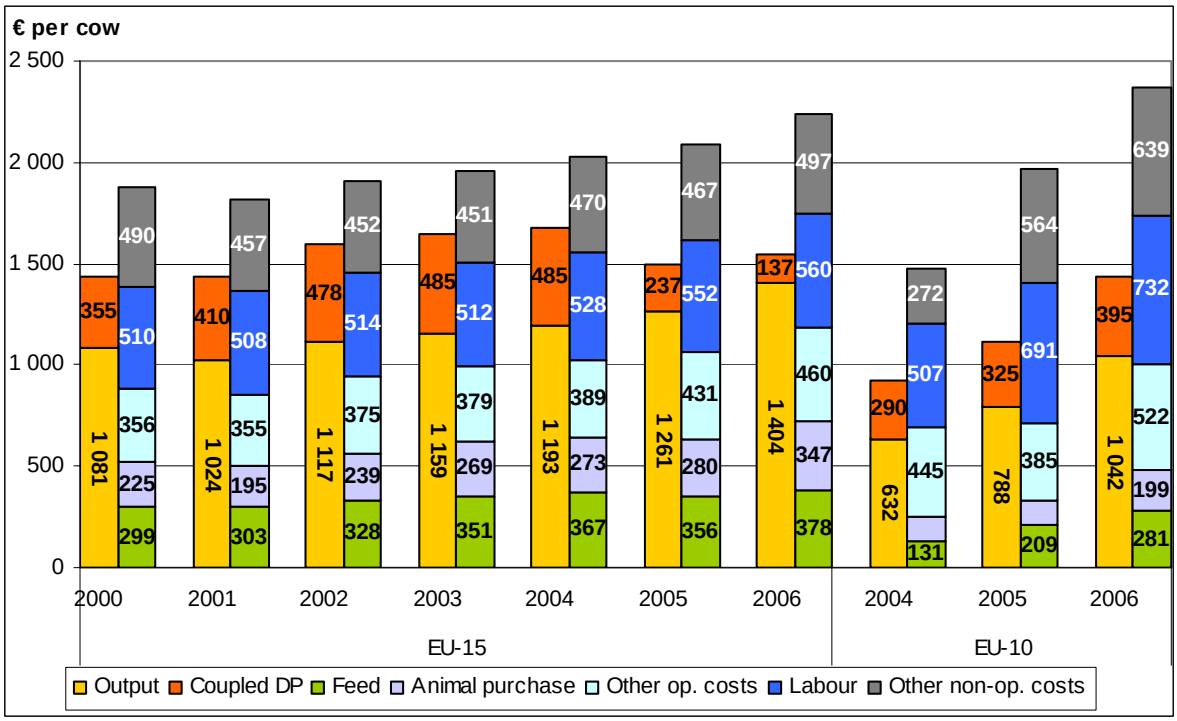
Output per cow, linked to the male selling price, decreased in 2001 (€1 024/cow) in comparison with 2000 (€1 081/cow) because of the BSE crisis and foot-and-mouth disease. After that, output per cow increased progressively to €1 404/cow in 2006, an increase of almost €150/cow compared with 2005.

On the costs side, **feed costs** rose because of the increase in purchased feed prices from 2000 (€299/cow) to 2004 (€367/cow). They then decreased in 2005 (€356/cow) before increasing again in 2006 to above the 2004 level.

Animal purchase costs increased from €225/cow in 2000 to €347/cow in 2006, with a decrease in 2001, like the beef selling prices. The other livestock costs remained more or less stable over the same period.

The **non-specific costs** increased by around €100/cow over the period to end on €374/cow in 2006. €24 of the increase were linked to upkeep of machinery and buildings, €23 to energy, €9 to contract work and €44 to other direct costs: insurance, taxes and other farming overheads.

Figure 23: Revenue and costs in the EU in euros per suckler cow
Specialist breeders and fatteners – 2000-2006

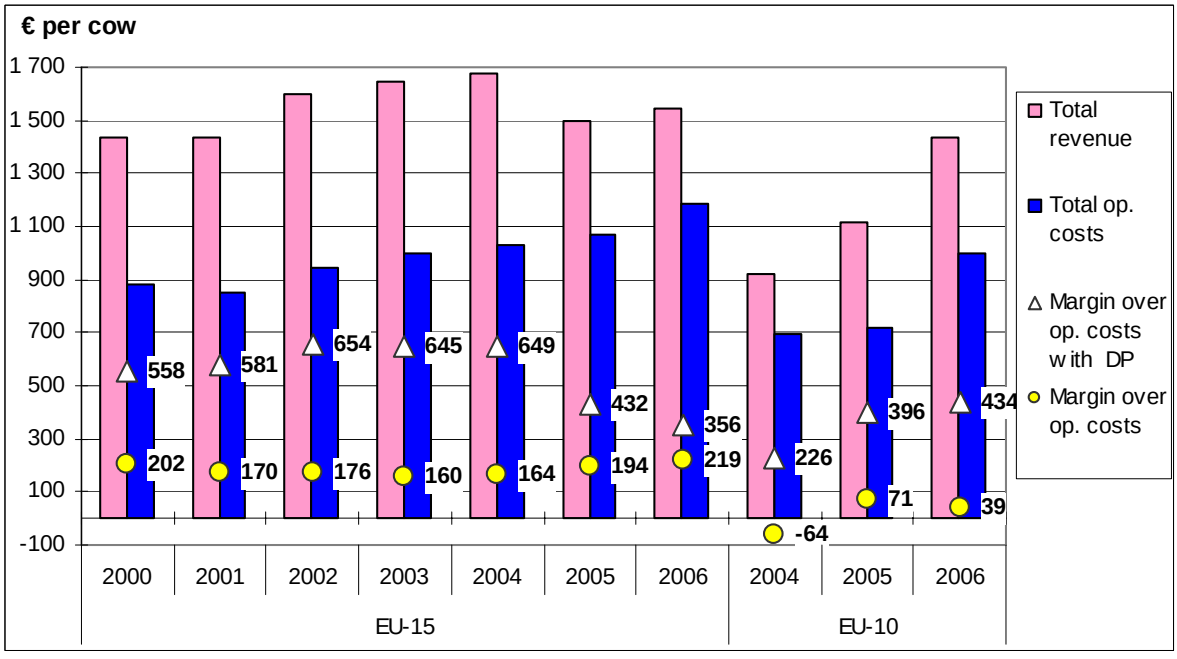


Source: DG AGRI EU FADN

The lowest **margin over operating costs** without DP was attained in 2003 with €160/cow and the highest in 2006 (€219/cow).

When DP are included, the trend is different, with the margin peaking from 2002 to 2004 at around €650/cow when the DP reached their maximum. But since 2005 the decrease has been drastic and in 2006 the margin was almost half the level obtained in the best years.

Figure 24: Margin over operating costs in the EU in Euro per suckler cow
Specialist breeders and fatteners – 2000-2006



Source: DG AGRI EU FADN

By contrast, **income** increased every year and the FNVA/AWU rose to €19 170/AWU in 2006, 40% above the 2000 level.

In the **EU-10**, both output and the DP received per male sold increased from 2004 to 2006. In all, revenue was multiplied by 1.6. Over the same period operating costs increased too, but by less (+44%). Therefore the margin over operating costs with DP widened by more than €200/cow in three years. Without DP the margin rose by only €100/cow between 2004 and 2006.

5.7. Distribution of the margin over operating costs

With the decoupling, the median margin over operating costs with DP almost halved between 2004 and 2006 in the **EU-15**. In 2006, the median stood at €348/cow which was very close to the average level.

The difference between the 25% of farms with the highest margins and the 25% with the lowest was large: €550/cow in 2006. It was as high as €619 in 2005. There was also a huge difference between the margin obtained by the 5% most efficient and 5% least "efficient": around €1 500/cow.

Table 15: Margin over operating costs – median and interquartile range
Specialist breeders and fatteners – 2000–2006 – in euros per suckler cow

		EU-15								EU-10			
		2000	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**06/00**	**2004**	**2005**	**2006**	**06/04**
Margin over op. costs with DP	Median	549	547	649	566	606	390	**348**	-37%	148	446	**440**	197%
	Interquartile range	446	392	429	439	451	619	**550**	23%	308	837	**750**	143%
	P95 - P5	1 416	1 369	1 564	1 470	1 572	1 537	**1 494**	5%	1 078	1 602	**1 836**	70%
Margin over op. costs	Median	218	169	207	128	161	191	**217**	-1%	-175	59	**81**	
	Interquartile range	440	357	540	390	397	375	**455**	3%	330	525	**468**	42%
	P95 - P5	1 273	1 251	1 354	1 347	1 320	1 327	**1 298**	2%	1 238	1 164	**1 714**	38%

Source: DG AGRI EU FADN

The same comments apply to the margin over operating costs without DP, but the scatter is narrower.

In the **EU-10**, the median margin with DP (€440/cow) was high in comparison with the median margin without DP (€81/cow). The scatter around the median was wider in the EU-10 than in the EU-15 and the interquartile range was €750/cow in 2006 for the margin including DP. Moreover, the difference in margin between P5 and P95 was more than €1 800/cow.

The distribution of the margin around the median is analysed only for the MS where at least 20 farms are included in the sample.

In 2006, the median margin with DP in Belgium was 22% above the average, showing big disparities in this MS. In Spain, the situation was the opposite, with the median 26% below the average.

The interquartile range of the margin over operating costs with DP was particularly wide in Italy, Spain and Slovenia at over €600/cow. Moreover, there was a difference of more than €1 700/cow between P5 and P95 in Italy, Sweden and Germany.

Figure 25: Distribution of the margin over operating costs with DP in the EU-15 Specialist breeders and fatteners – 2000–2006 – in euros per suckler cow

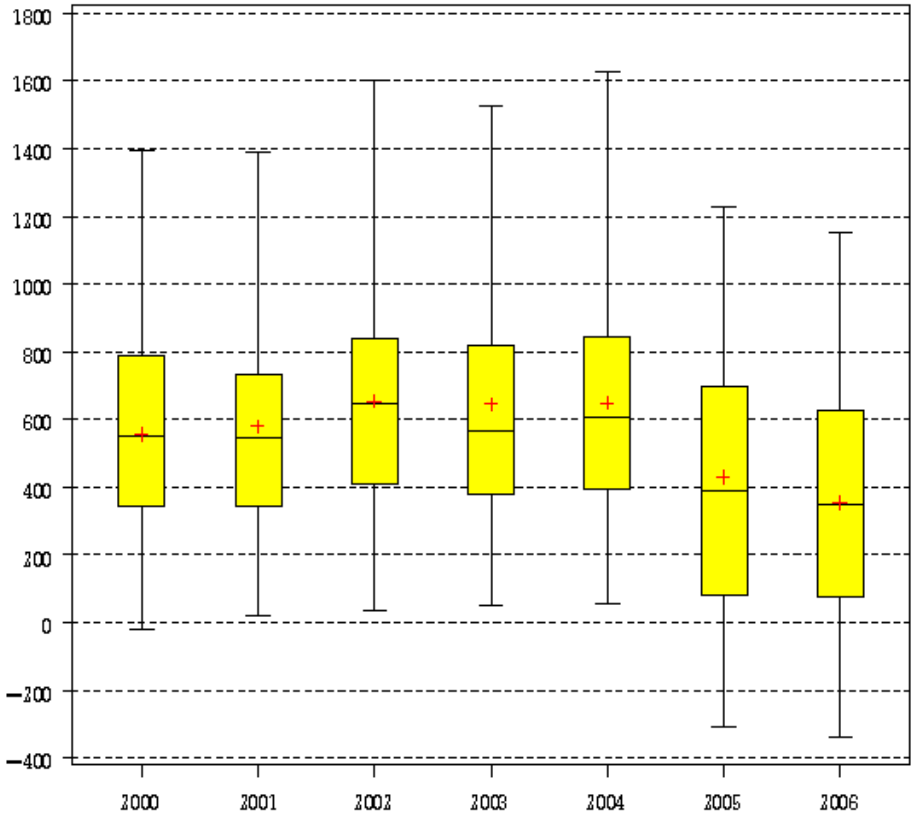
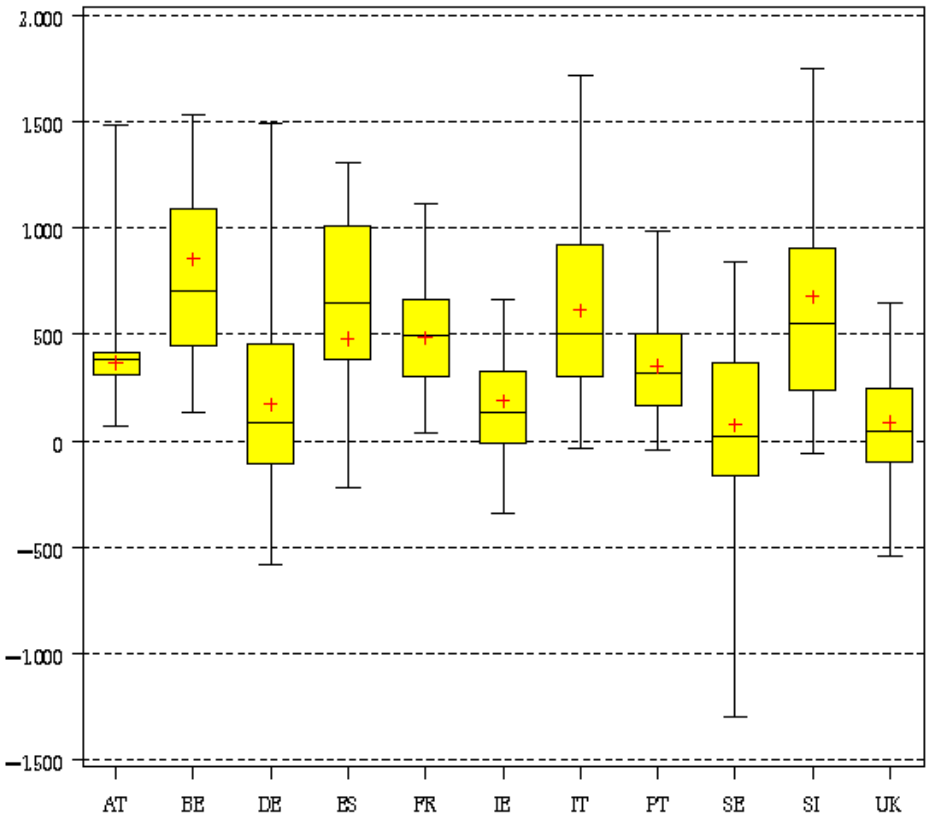


Figure 26: Distribution of the margin over operating costs with DP by MS Specialist breeders and fatteners – 2006 – in euros per suckler cow



Note: Whiskers indicate percentiles 5 and 95. The boxes indicate percentiles 25 and 75. __ marks the median. + marks the average. Outliers are not included.
Source: DG AGRI EU FADN

6. SPECIALIST FATTENERS

Specialist fatteners are less widespread than specialist breeders and B&F. There are around 21 470 specialist fatteners in the EU-25, of whom 21 010 are located in the EU-15. Nevertheless, the average number of males fattened on the farms is very high (130 in the EU-25). Therefore, the data analysed are representative for 2.8 million head of male cattle.

The characteristic feature of this system is that the males are not born on the farm but are bought from specialist breeders. For example, a large number of the weanlings produced in France are fattened in the North of Italy.

Fatteners are particularly numerous in Ireland, Spain, Italy and Germany.

The production systems differ widely between MS, ranging from an extensive system in Ireland and Sweden to a very intensive system in Italy, where young bulls of meat breeds are slaughtered at around the age of 15 to 18 months. They are mainly fed cereals and silage maize that can be produced either on the farm or not. The livestock density is very high at almost 7 LU/ha compared with the EU-25 average of 2.2 LU/ha. The number of male cattle sold averages above 350 per farm.

In marked contrast, the Swedish system is completely different; wider use is made of grass, the livestock density is just 0.7 LU/ha, the animals fattened are mainly dairy breeds or crossings and the average UAA is very large (122 ha) compared with the EU-25 average (43 ha).

The weight, breed and age of the animals fattened are not shown in the FADN data. In Spain young bulls are often slaughtered before the age of one, in Italy at around 15 to 18 months and in France a bit later. In Ireland at least 75% of the males sold are steers.

Specialist fatteners are located mainly in non-LFA. Therefore no margin analysis by LFA category is provided. A small number of farms are, however, located in mountainous areas in Finland and in other LFA in Ireland.

Table 16: Overview of specialist fattener systems by MS in 2006

	Farms represented	Av. labour in AWU	Beef specialisation - % output	Average UAA - ha	Share of forage crops	Stocking density - LU/ha	Male cattle sold* - head	Young bull price** - €/kg
EU-25	21 470	1.3	81%	43	67%	2.2	130	3.16
EU-15	21 010	1.3	82%	43	67%	2.2	132	
EU-10	460	1.6	70%	37	65%	1.2	30	
DK	720	0.8	63%	38	19%	4.8	85	3.19
DE	2 790	1.5	69%	50	57%	2.8	115	3.10
ES	4 770	1.2	88%	39	69%	1.3	147	3.27
IE	4 880	0.9	81%	30	96%	1.2	37	2.87
IT	3 190	1.9	88%	39	57%	6.9	356	3.47
AT	660	1.1	69%	27	60%	1.9	47	3.12
PT	310	1.6	78%	16	54%	1.7	28	3.53
FI	1 140	1.5	85%	66	53%	1.7	82	3.07
SE	800	1.3	70%	122	73%	0.7	66	2.79
UK	640	1.4	68%	78	75%	1.9	163	2.88
SI	120	1.6	77%	17	92%	1.4	33	2.90

* Including females < 1 year ** Young bull carcass price for category R3 – Source: DG AGRI
Source: DG AGRI EU FADN

6.1. EU average margin for specialist fatteners in 2006

The economic results are expressed in euros per male cattle sold (females aged less than one year are included because the under one year category is not broken down by gender in the FADN).

The number of specialist fatteners in the EU-10 is very small and they are mainly located in Slovenia. Therefore the EU-10 average is close to the Slovene average and the EU-25 average is almost equivalent to the EU-15 average.

In the EU-15, **output** per male averaged €1 180 and consisted almost exclusively of sales of males. In the EU-10, output was lower (€829/male) and 8% of this output was from females. The difference between the two is linked both to the weight of the animals produced and to the lower price per kg obtained for young bulls in the EU-10.

The **direct payments** were lower than for the other two systems because only a few MS kept part of the special premium coupled and the proportion of the slaughter premium coupled was small. As a result, DP per male sold were limited to €34 in the EU-15. In the EU-10, where DP were not decoupled in 2006, DP stood at €163/male. Before the decoupling, in 2004 DP per male sold stood at €179 in the EU-15.

The main peculiarity of specialist fatteners in comparison with the other two beef production systems is that the main specific cost item is **animal purchases**. Farmers buy either male cattle less than one year old (Spain) or animals from one to two years old (Italy). This accounted for 48% of the total costs in the EU-15 and totalled €632/male sold in the EU-15. In the EU-10, this cost was less than half this amount (€277/male) because of the lower prices per head and also because the share of older males purchased (20%) was lower than in the EU-15 (40%).

Feed costs totalled €266/male in the EU-15 and €280/male in the EU-10. The share of forage (including silage maize) in the area was smaller than for breeders and B&F. Cereals made up 85% of the feed costs in the EU-15 and 70% in the EU-10.

The **non-specific costs** per male sold were fairly low in comparison with the other beef production systems: €105/male in the EU-15 and €161/male in the EU-10. The main reason is that they were spread between a high average number of male animals raised per farm (132 in the EU-15 against 34 on farms breeding and fattening).

For the same reason, the non-operating costs per male sold were not very high (€293/male in the EU-15 and €452/male in the EU-10). Moreover, the labour productivity was very high. On average, each AWU fattens 104 male cattle a year in the EU-15 and 19 in the EU-10. The smaller area also leads to lower land costs.

The **cost composition** is dramatically different for fatteners than for breeders or B&F. Animal purchases made up almost half the costs in the EU-15 and a quarter in the EU-10. Purchased feed accounted for 17% of the costs in the EU-15 and 9% in the EU-10 and total feed costs made up around 20% of the total costs. These two specific costs take such a large share of the total costs that, by comparison, family labour and capital make up very little of the costs.

With substantial output per male, low non-specific costs but very high specific costs, the **margin over operating costs** per male sold was no more than €153 in the EU-15 and €98 in the EU-10. But because of the high number of males per farm, in the end the

income per AWU was very high. With DP the margin rises to €187/male in the EU-15 and €261/male in the EU-10.

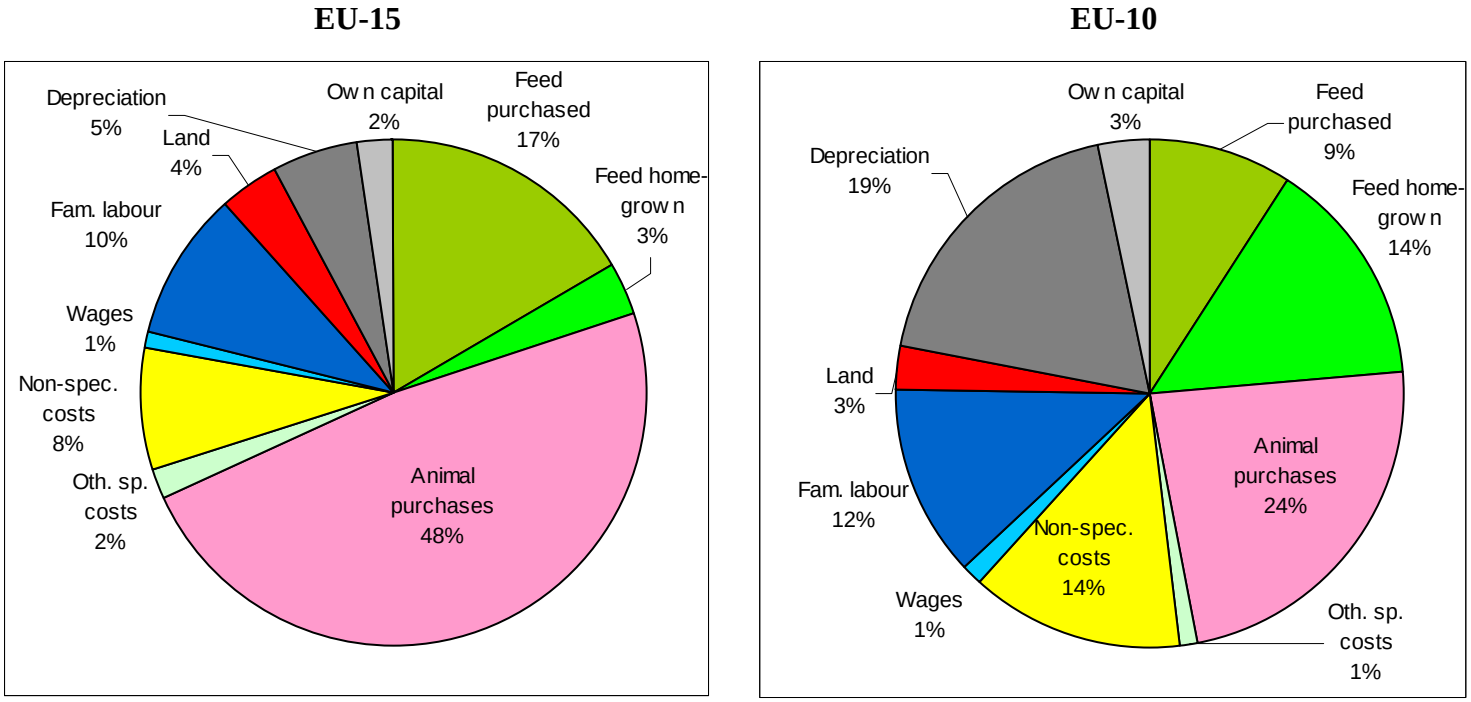
The **margin over total input** with DP was negative (-€106/male in the EU-15 and -€191/male in the EU-10).

Table 17: Margin composition in euros per male sold
Specialist fatteners – 2006

FATTENERS	EU-25	EU-15	EU-10
	2006	2006	2006
Farms represented	21 470	21 010	460
Av. labour in AWU	1.3	1.3	1.6
Beef specialisation - % output	**81%**	**82%**	**70%**
Average UAA - ha	43	43	37
Forage crops - ha	29	29	24
Stocking density - LU/ha	2.2	2.2	1.2
Male cattle sold (incl. fem. < 1 year) - head	**130**	**132**	**30**
Purchase price cattle < 1 year - €/head	434	436	235
Purchase price male cattle 1-2 year - €/head	910	911	432
Selling price male cattle (incl. fem.<1) - €/head	1 157	1 159	767
TOTAL BEEF OUTPUT	**1 177**	**1 180**	**829**
TOTAL BEEF COUPLED DP	**35**	**34**	**163**
TOTAL OPERATING COSTS	**1 025**	**1 027**	**731**
TOTAL SPECIFIC COSTS	**920**	**922**	**570**
Feed	266	266	280
Animal purchase	630	632	277
Other sp. livestock costs	24	25	13
TOTAL NON-SPECIFIC COSTS	**105**	**105**	**161**
TOTAL NON-OPERATING COSTS	**293**	**293**	**452**
labour costs	139	139	160
land costs	52	52	33
capital costs	102	101	259
TOTAL INPUT	**1 318**	**1 320**	**1 183**
Gross market margin	**257**	**257**	**260**
Gross market margin with DP	292	291	423
Margin over operating costs	**152**	**153**	**98**
Margin over operating costs with DP	187	187	261
Margin over total input	**-141**	**-140**	**-354**
Margin over total input with DP	-106	-106	-191
Interest	12	12	24
Margin over 'cash' costs	**30**	**31**	**-174**
Margin over 'cash' costs with coupled DP	65	65	-11
INCOME per AWU			
FNVA/AWU	34 297	34 920	4 722
Profit/AWU	5 266	4 932	16 486

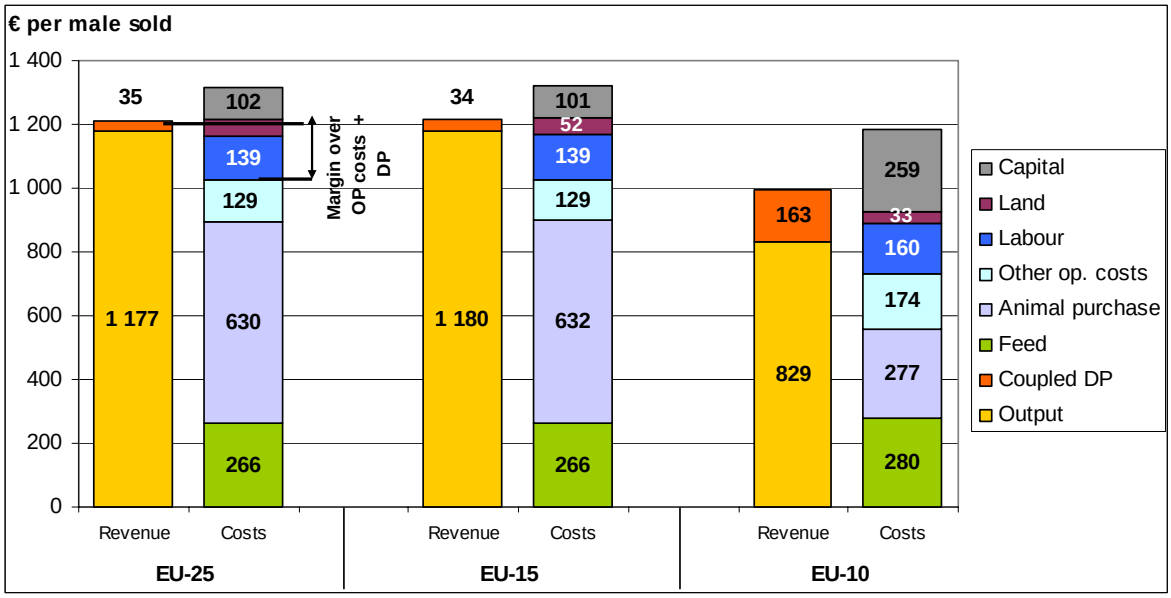
Source: DG AGRI EU FADN

Figure 27: Composition of costs, EU-15 and EU-10 comparison
Specialist fatteners – 2006



Source: DG AGRI EU FADN

Figure 28: Margin in euros per male sold
Specialist fatteners – 2006



Source: DG AGRI EU FADN

6.2. Average margins in 2006 by MS

6.2.1. Margin over operating costs in 2006

Output varied from €776/male in Spain to double that in Italy (€1 537/male). This difference between the highest and lowest output obtained is limited in comparison with the two other beef production systems. Fatteners are intensive producers all over the EU. The differences lie in the age and weight of the animals slaughtered but also in the market conditions: the price for young bulls is very high in Italy, where the animals are

mainly of specialised meat breeds (*Charolais* and *Limousin*) with good conformation and a relatively heavy carcass weight.

The MS where crossing between meat and milk breeds is widespread obtain lower output per male: €790/male in Denmark or €882/male in Finland. In Sweden crossed and milk breeds are also fattened and the price per kg for young bulls was the lowest in the MS studied. Swedish farmers nevertheless obtained €1 015/male sold because they also fatten a few females.

In Ireland and in the UK the price per kg was low in comparison with the other MS for young bulls and steers. In addition, farmers in these two countries also fatten a large proportion of crossed breeds. As a result, the output obtained per male sold was below the EU-15 average at €932 in Ireland and €951 in the UK.

Coupled DP range from 0 in Germany, Ireland and the UK to €457/male in Finland where the EU DP are supplemented by national aid. DP are also high in Slovenia (€250/male), Sweden (€162/male) and Denmark (€123/male).

The **total operating costs** in 2006 ranged from €688/male in Spain to €1 242/male in Italy. Spain had the lowest non-specific costs (€45/male) together with Italy (€54/male). Feed costs and the other specific livestock costs were fairly similar in these two MS and close to the EU-15 average. The difference lies in the animal purchase costs which were €550 higher in Italy: Spanish fatteners buy younger animals than Italians, for example.

In Italy, **animal purchases** accounted for 63% of the total costs, at €899/male. This share was just 49% in 2000, but has been increasing with weanling prices. Also, the average herd size more than tripled between 2000 and 2006: from 113 males fattened per year in 2000 to 356 in 2006.

Sweden, Finland, Germany and Austria have operating costs close to the EU-15 average (€1 027/male sold). The peculiarity of these MS is their high non-specific costs, especially in the Nordic countries where they are three times higher than the average.

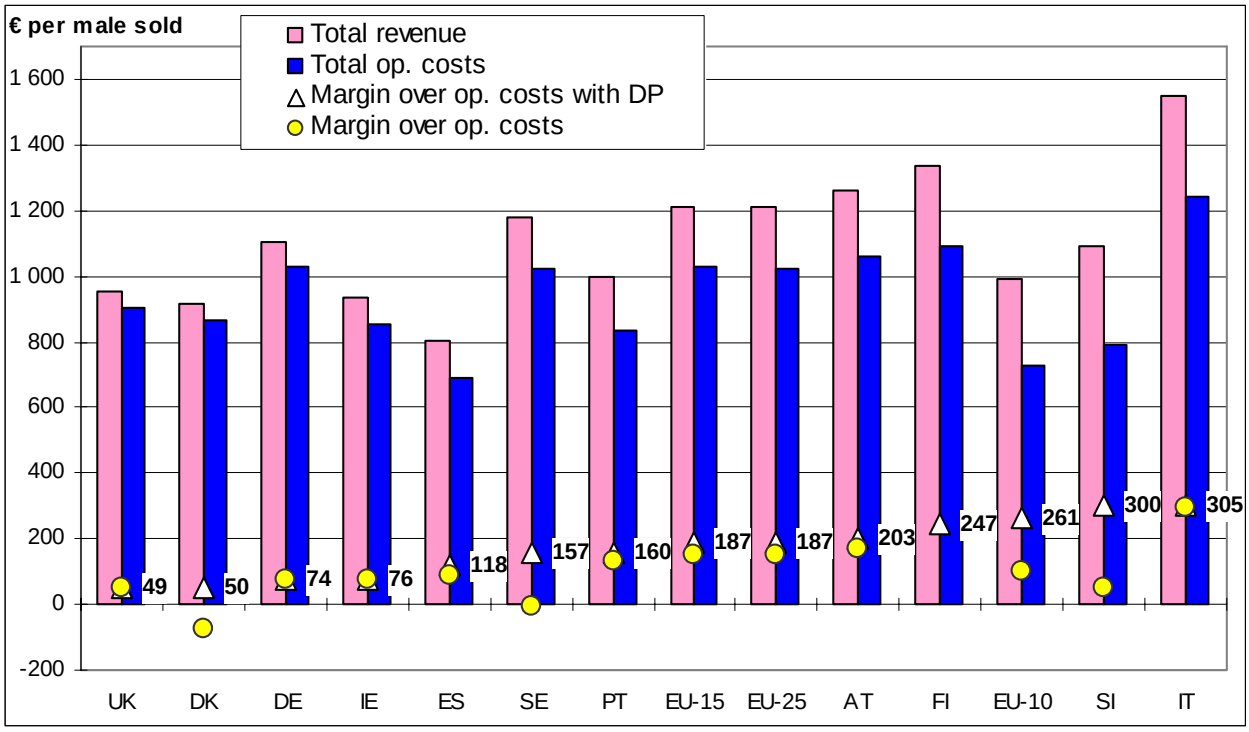
In Ireland, Denmark and the UK the operating costs were between €850 and €900/male. On the two islands the feed costs were very low, in particular in Ireland (€123/male) where the feeding system is based mainly on grass which is well suited to steers. In Denmark, animal purchase costs were relatively low, because young crossed or milk animals are bought.

In Slovenia and Portugal the total operating costs were fairly low, at €793/male and €837/male respectively. Portugal is penalised by its dry climate implying high feed costs (€339/male).

In the end, the **margin over operating costs** was negative in Finland (-€210/male), Denmark and Sweden. The highest margin was obtained in Italy (€295/male), well ahead of Austria (€168/male) and Portugal (€134/male). The other MS had margins between €50 and €80/male.

The ranking of the MS changes drastically once DP are added. Slovenia then comes out with the best margin together with Italy at €300/male followed by Finland (€247/male) where the DP are so high that, from the lowest margin over operating costs, Finland leaps to third place once DP are added. Sweden also moves up the rankings. In the end, the lowest margins were obtained in the UK and Denmark at €50/male.

Figure 29: Margin over operating costs by MS in euros per male sold
Specialist fatteners – 2006



Source: DG AGRI EU FADN

6.2.2. Margin over total input in 2006

The range of **non-operating costs** also shows a narrower spread than for breeders and B&F: from €142/male in Spain to 1 066 in Sweden.

They are directly linked to the labour productivity and average wages. The lowest non-operating costs were observed in Spain and Italy (€191/male), where 1 AWU fattens an average of 126 and 184 males respectively. Labour productivity was also very high in the UK (120 males/AWU) but wages were much higher. Spain has another comparative advantage in the form of the lowest capital costs.

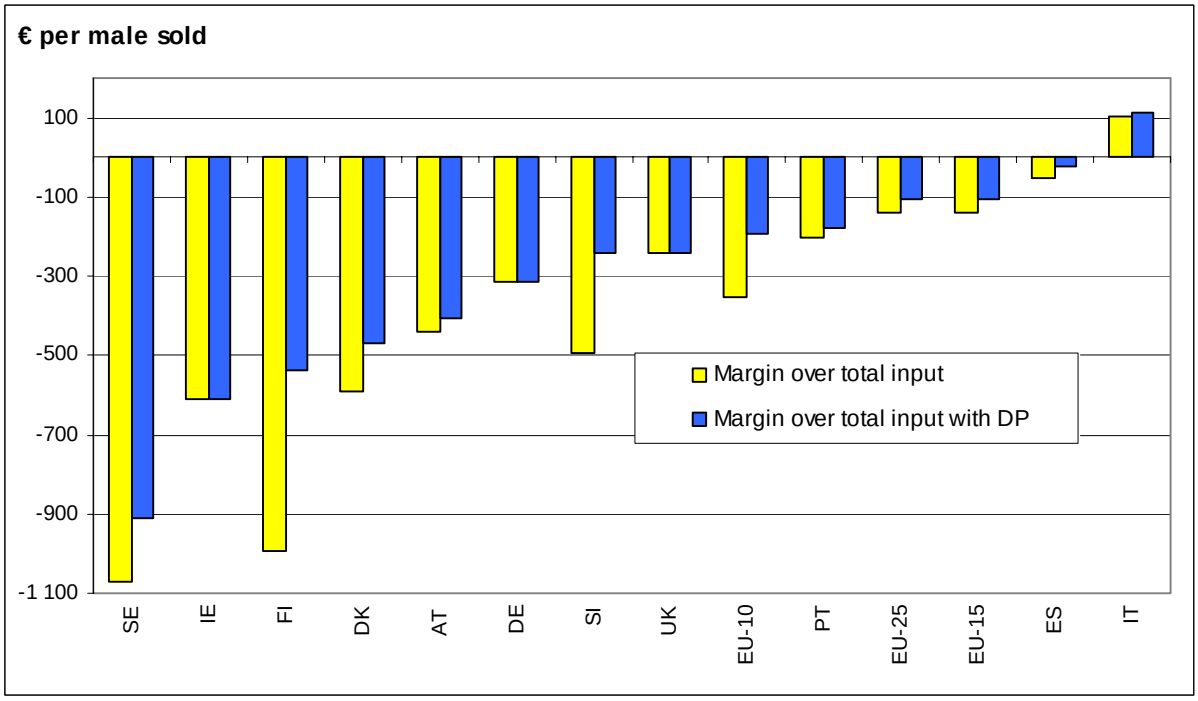
At the other end of the scale, Sweden has extremely high non-operating costs, followed by Finland (€783/male). In fact, Sweden has the highest labour costs, the highest land costs, together with Denmark, and the highest capital costs.

As a result, Sweden had the lowest **margin over total input** with DP (-€909/male). The next MS was not Finland, because of the high coupled DP paid there. In fact, Finland came third from last. Ireland came second with a margin of -€612/male.

In contrast to the other beef production systems, a positive average margin over total input can be observed in Italy (€113/male). The result was not positive every year; the margin was negative in 2000, 2001 and 2005. And 2006 was the first year that it was so high. This can be explained by the good trend on the beef meat market combined with the limited increase in weanling prices.

The margin over total input with DP was -€24/male in Spain, followed by Portugal (-€177/male), the UK and Slovenia (-€243/male in both MS).

Figure 30: Margin over total input by MS in euros per male sold
Specialist fatteners – 2006



Source: DG AGRI EU FADN

6.3. Regional analysis

Four of the MS analysed are considered as a single region in the FADN (Denmark, Ireland, Austria and Slovenia). Moreover, in Portugal, Finland, Sweden and the UK the number of specialist fatteners is too low to indicate results at regional level. Therefore only Italy, Spain and Germany are analysed in this section.

In Italy, 95% of the specialist fatteners are located in the three northern regions: *Veneto*, *Piemonte* and *Lombardia*. In *Veneto*, the average number of males fattened per farm (643) is huge in comparison with the other two regions. The stocking density is very high (7.6 LU/ha) and the share of forage in the UAA (63%) is the highest out of the three regions because the feeding system is based on silage maize. The highest margin over operating costs with DP was obtained in this region (€328/male), followed by *Piemonte* (€275/male) and *Lombardia* (€200/male).

In Germany, three regions concentrate 92% of the specialist fatteners: *Bayern*, *Niedersachsen* and *Nordrhein-Westfalen*. The average farm size is smaller in *Bayern* with 95 males sold per year compared with 139 in *Niedersachsen*. The smallest margin was obtained in *Bayern* at €73/male, which is the German average. The highest was in *Niedersachsen* at €110/male. The difference between the regions is quite limited.

In Spain, results can be given only for *Cataluña* and *Aragon*, where 50% of the fatteners are located. The peculiarity of these regions in comparison with the national average is the high number of males sold per year (above 220). These two regions are quite similar in structure (area, number of animals fattened, density and labour) but the margin in *Aragon* is much higher (€166/male) than in *Cataluña* (€27/male). The operating costs are higher in *Aragon* because of animal purchases but output is higher too.

Table 18: Margin over operating costs by region in euros per male sold
Specialist fatteners – 2006

	Farms represented	Av. number of males sold	Av. UAA	Av. labour in AWU	Stocking density	Output per male	Total op. costs per male	Margin over op. costs per male sold	
								without DP	with DP
Niedersachsen	730	139	54	1.7	2.5	996	886	110	110
Nordrhein-Westfalen	570	120	44	1.3	3.1	1 150	1 065	86	86
Bayern	1 280	95	47	1.3	2.8	1 202	1 129	73	73
Germany	*2 790*	*115*	*50*	*1.5*	*2.8*	*1 105*	*1 030*	*74*	*74*
Aragon	1 270	218	46	1.3	1.5	874	742	133	166
Cataluna	1 110	236	48	1.3	1.9	638	637	0	27
Spain	*4 770*	*147*	*39*	*1.2*	*1.3*	*776*	*688*	*87*	*118*
Piemonte	780	169	33	1.9	4.9	1 688	1 418	270	275
Lombardia	900	97	17	1.3	6.0	1 284	1 089	196	200
Veneto	1 340	643	58	2.4	7.6	1 538	1 221	317	328
Italy	*3 190*	*356*	*39*	*1.9*	*6.9*	*1 537*	*1 242*	*295*	*305*
EU-15	**21 010**	**132**	**43**	**1.3**	**2.2**	**1 180**	**1 027**	**153**	**187**

Source: DG AGRI EU FADN

6.4. Trend in the margin over operating costs between 2000 and 2006

In the EU-15, between 2000 and 2006 the average number of males fattened per farm increased from around 100 in 2000 and 2001 to about 130 from 2004. The stocking density increased from 1.9 LU/ha in 2000 to a maximum of 2.5 in 2004 and 2005 before slipping back to 2.2 LU/ha in 2006.

Over the same period **output** per male sold increased each year except in 2001 because of the sanitary crisis on the beef market. Not only the price per kg increased but also the average carcass weight (which rose by 10 kg for young bulls to 353 kg in 2006).

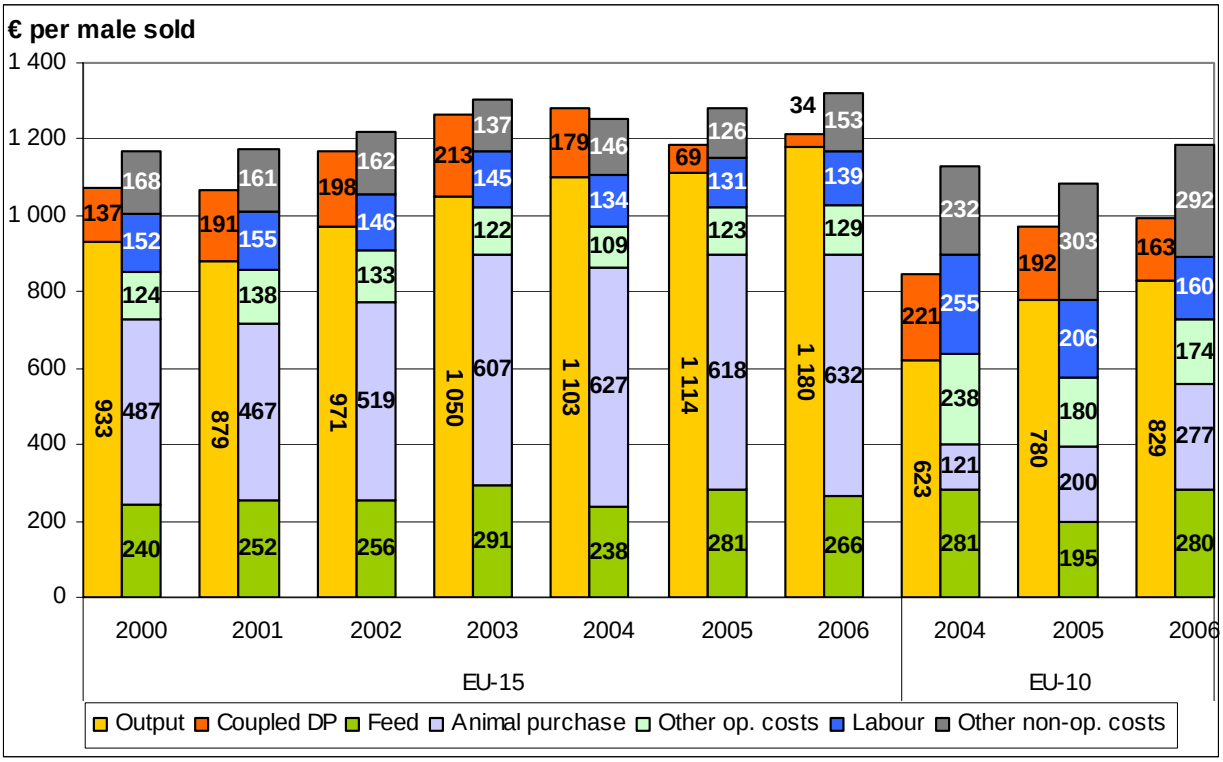
The **DP** per male sold increased up to 2003 with the implementation of Agenda 2000 and decreased drastically in 2005 and 2006. It peaked in 2003 at €213/male and hit a low in 2006 with €34/male.

Feed costs increased from 2000 to peak in 2003 at €291/male, before decreasing the following year to the minimum of €238/male. The levels observed in 2005 and 2006 were fairly high. The main cost (animal purchases) rose considerably over the period: from €487/male sold in 2000 to €632/male in 2006. The other operating costs remained fairly stable. As a result, the total operating costs increased by 21% over the period.

In the **EU-15**, the lowest **margins over operating costs** observed over the period (between €20 and €30/male) were in 2001 because of the crisis and in 2003 when food prices were highest. The highest levels were achieved in 2004 (€129/male) and 2006 (€153/male).

Including DP, the highest margin was recorded in 2004 at €308/male. At €187/male, in 2006 the margin sank to below all the levels attained before 2005. Nevertheless, with the addition of decoupled payments, in 2006 income reached its highest level over the period.

Figure 31: Revenue and costs in the EU in euros per male sold
Specialist fatteners – 2000-2006



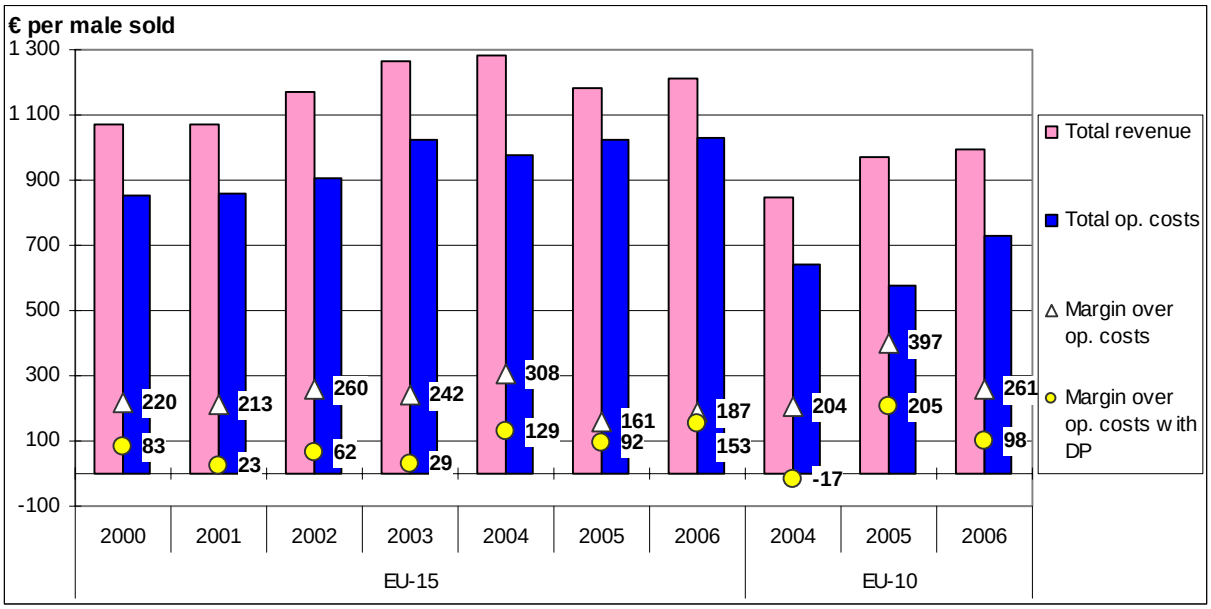
Source: DG AGRI EU FADN

In the **EU-10**, the structure of the farms changed between 2004 and 2006: the area increased by 10 ha to 37 ha and the number of male animals sold per year rose by 6 to 30. Nevertheless, this should be taken cautiously because the number of farms in the sample is rather low.

Output increased by 33% from 2004 to 2006: prices per kg increased following accession to the EU. DP decreased slightly from €221/male to €163/male.

The total operating costs increased by 14% because of the higher cost of animal purchases. In the end the **margin over operating costs** with DP increased from €204/male in 2004 to €397/male in 2005 and slipped back to €261/male in 2006.

Figure 32: Margin over operating costs in the EU
Specialist fatteners – 2000-2006



Source: DG AGRI EU FADN

6.5. Distribution of the margin over operating costs

In the EU-15, the median margin over operating costs was €93/male with DP and €53/male without. In both cases the difference between the margin obtained by the 25% of the fatteners with the highest margins and the 25% with the lowest was not very large: around €200/male. It is noteworthy that with the drastic reduction of DP in revenue the median and the average are moving apart, as observed in 2006. The difference between the median and the margin shows that not all farmers benefited equally from the good market conditions and that many had a below-average margin.

The trend in the median margin over operating costs with DP followed the trend in the average from 2000 to 2005, but in 2006 the median slipped back to €93/male whereas the average increased.

The interquartile range of the margin with DP varied between €230 and €315/male between 2000 and 2005. In 2006, the interquartile range was at its lowest level over the period. This was not exactly the case for the margin without DP, because the low level of the interquartile range in 2006 (around €200/male) had already been attained in 2000 and 2001. The highest interquartile range was achieved in 2002, but was still rather low at €267/male.

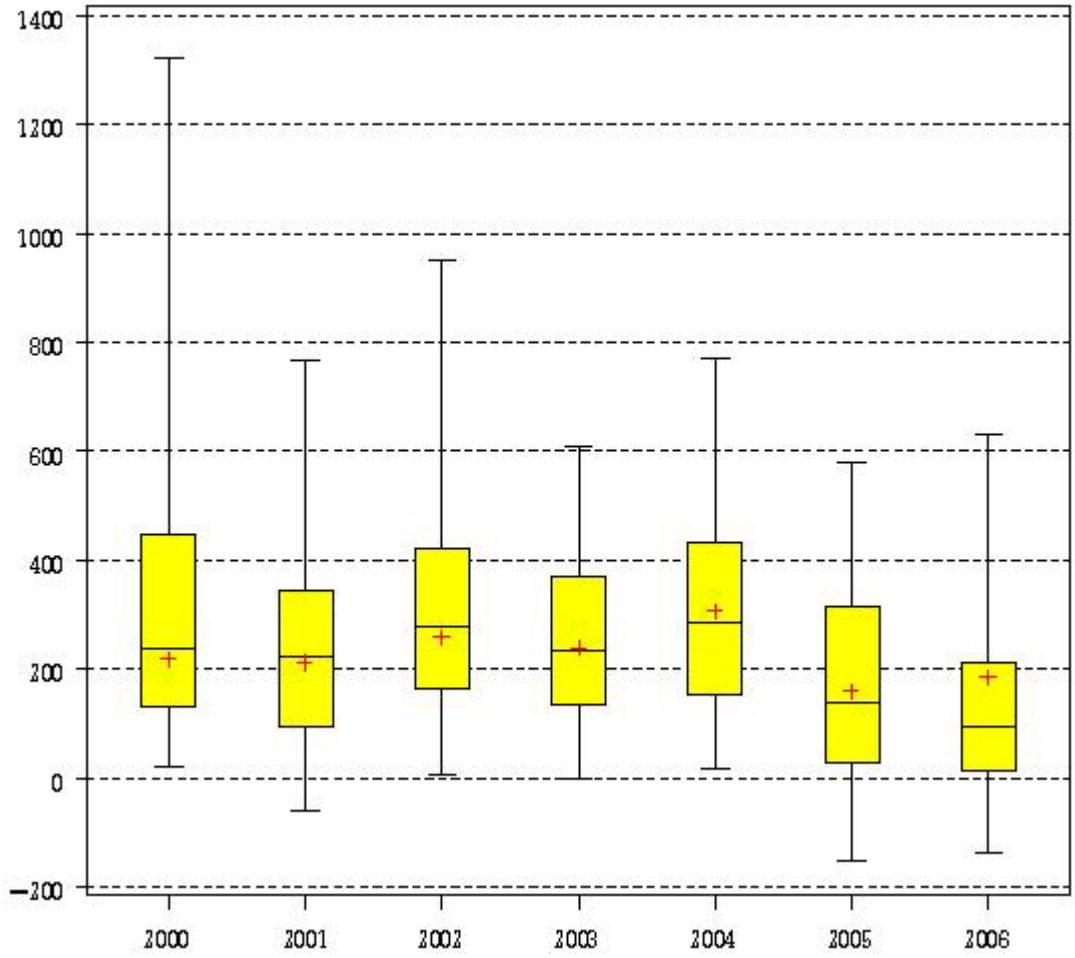
In the EU-10, the levels of the average and the median for both margins were fairly close. Moreover, the interquartile range was as small as in the EU-15.

Table 19: Margin over operating costs – median and interquartile range
Specialist fatteners – 2000–2006

		EU-15								EU-10			
		2000	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**06/00**	**2004**	**2005**	**2006**	**06/04**
Margin over op. costs with DP	Median	240	224	280	235	284	138	**93**	-61%	224	280	**235**	5%
	Interquartile range	315	251	259	234	281	287	**198**	-37%	209	330	**198**	-5%
	P95 - P5	1 300	828	944	610	753	730	**770**	-41%	690	1 063	**1 031**	49%
Margin over op. costs	Median	49	2	15	-26	19	61	**53**	9%	-347	197	**103**	
	Interquartile range	195	198	267	225	220	259	**194**	-1%	333	82	**265**	-20%
	P95 - P5	1 078	776	1 111	714	885	667	**874**	-19%	717	1 122	**1 041**	45%

Source: DG AGRI EU FADN

Figure 33: Distribution of the margin over operating costs with DP in the EU-15
Specialist fatteners – 2000–2006



Note: Whiskers indicate percentiles 5 and 95. The boxes indicate percentiles 25 and 75. __ marks the median. + marks the average. Outliers are not included.
Source: DG AGRI EU FADN

The distribution of the margin around the median is analysed only in MS where at least 20 farms are included in the sample.

In 2006, the biggest difference between the median margin over operating costs with DP and the average was observed in Ireland (64% lower).

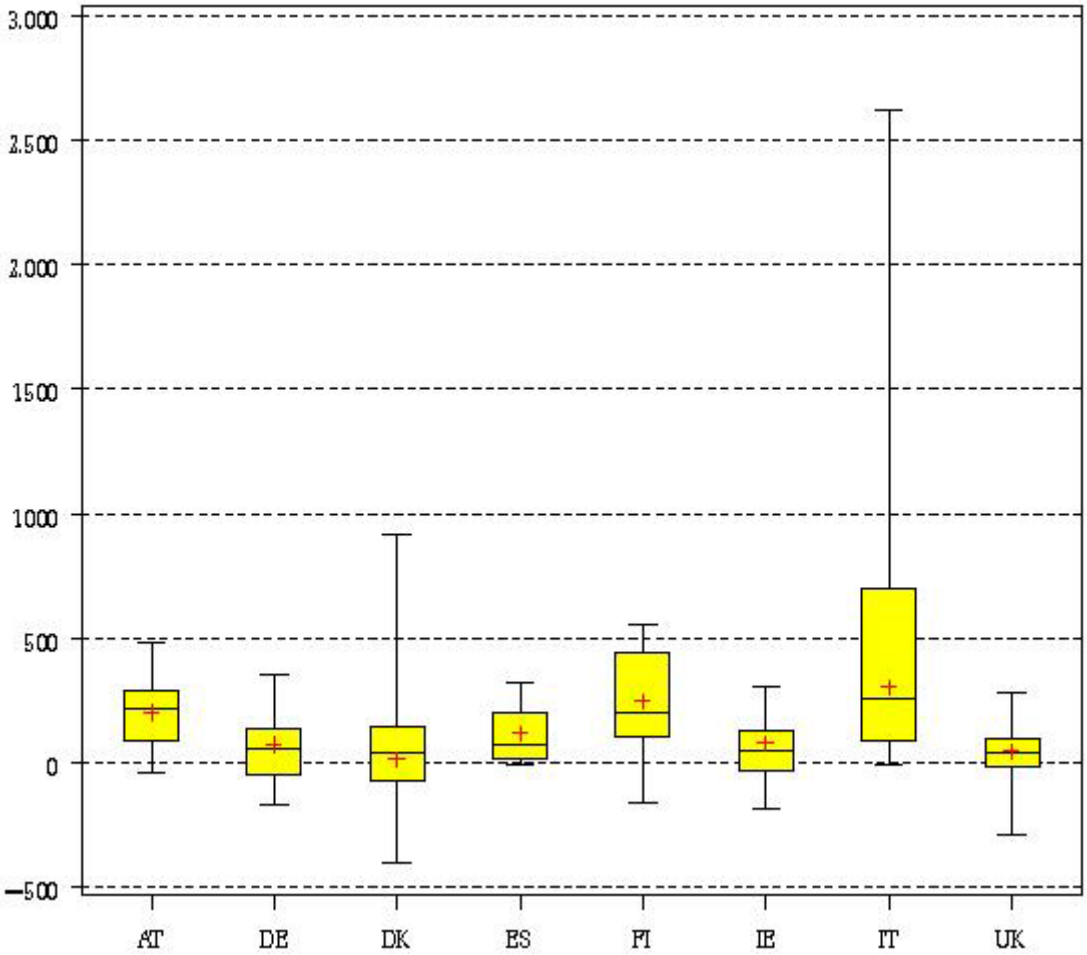
The distribution around the margin was quite limited in every MS except Italy and Denmark. In the UK the interquartile range was very low at €110/male sold. In Denmark, Germany, Spain, Ireland and Austria it ranged between €160 and €220/male.

By contrast, in Italy it was as high as €600/male. Moreover, the difference between the 5% of farmers with the best results (P95) and those with the lowest margins (P5) was extremely high at €2 600/male. This was in line with the large differences observed between the regional averages.

In Denmark the difference between P5 and P95 was also quite high at around €1 300/male.

In Finland the interquartile range was rather wide (€330/male) and the difference between P5 and P95 was €717/male.

Figure 34: Distribution of the margin over operating costs with DP by MS Specialist fatteners – 2006



Note: Whiskers indicate percentiles 5 and 95. The boxes indicate percentiles 25 and 75. __ marks the median. + marks the average. Outliers are not included.
Source: DG AGRI EU FADN

7. INCOME ANALYSIS

The aim of the income analysis is to put into perspective the economic results obtained per animal and the income received by the farmers. Decoupled subsidies (including rural development measures) are excluded from the margin calculation per animal but are included in farm income.

7.1. EU averages

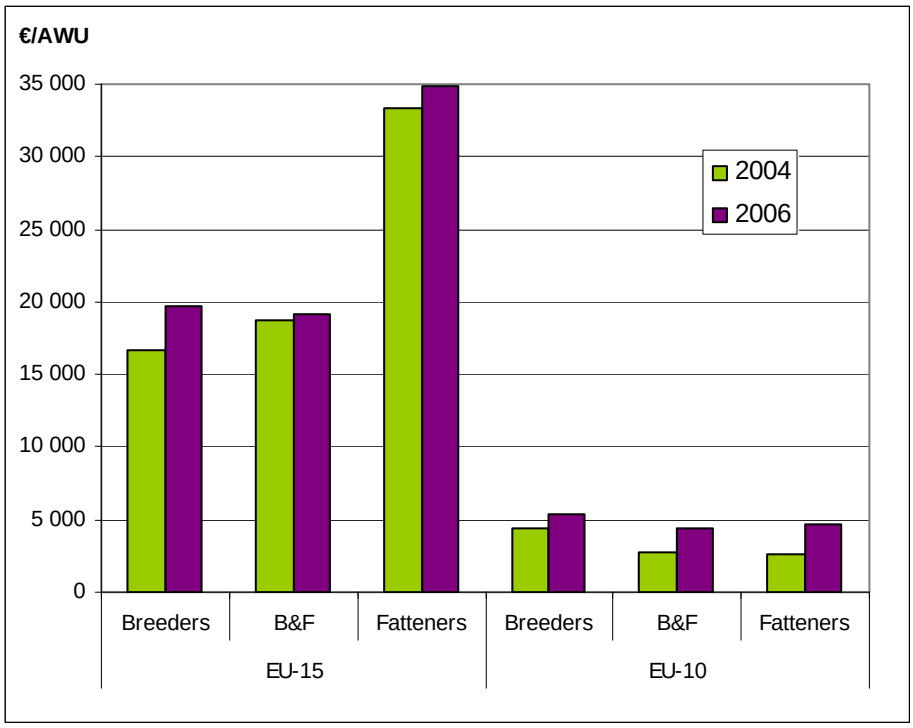
In the **EU-15**, despite the fact that specialist fatteners had the lowest margin per male sold, in the end they obtained the highest income per AWU due to the big average herd size. In 2006, specialist fatteners had FNVA/AWU close to €34 900, which was 80% higher than breeders and fatteners' income (€19 170/AWU) and than breeders' income (€19 700/AWU).

In addition, the income of breeders and B&F was below the EU-15 average income in 2006 (for all types of farming together) of €22 840/AWU.

In the **EU-10**, the income per AWU was about €5 000/AWU for the three beef production systems. Except for breeders, the average margin over operating costs with DP was higher than in the EU-15. However, the farms were very small in comparison with the EU-15. Moreover, the decoupled payments per AWU were, on average, smaller than in the EU-15, especially because in Slovenia they are still all coupled.

Beef producers in the EU-10 earned income below the EU-10 average for all types of farming together (€6 400/AWU).

Figure 35: Income of beef specialists in 2004 and 2006
FNVA/AWU in euros per AWU

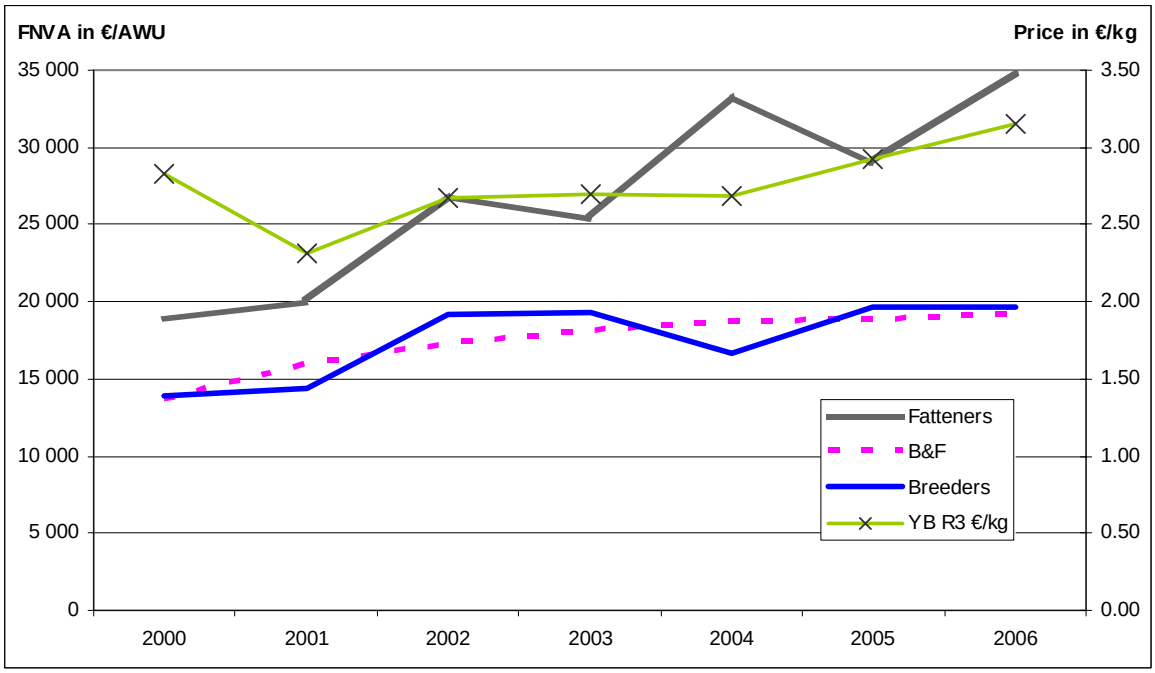


Source: DG AGRI EU FADN

In the EU-15 from **2000 to 2006** the income of fatteners was always higher than the FNVA/AWU of breeders and B&F. However, the difference increased over the years.

More specifically, the FNVA for fatteners increased from less than €20 000/AWU in 2000 to close to €35 000/AWU in 2006. This was directly linked to the good beef market prices and to the increase in labour productivity. Over the same period income in the other two beef production systems also increased but by much less: from under €15 000/AWU to around €20 000/AWU.

Figure 36: Trend in the income of beef specialists in the EU-15
FNVA/AWU in euros per AWU



Source: DG AGRI EU FADN

7.2. Analysis by MS

The figures set out below rank the MS in descending order of average FNVA/AWU. They also indicate the margin over operating costs.

For **breeders** no clear relationship can be noted between the margin level and the income level except in Belgium where both were the highest. Finland had the second best income but the margin with DP was below the EU-15 average. In this MS the decoupled subsidies were very high and the subsidies (EU, national, coupled and decoupled) per AWU totalled €46 500/AWU.

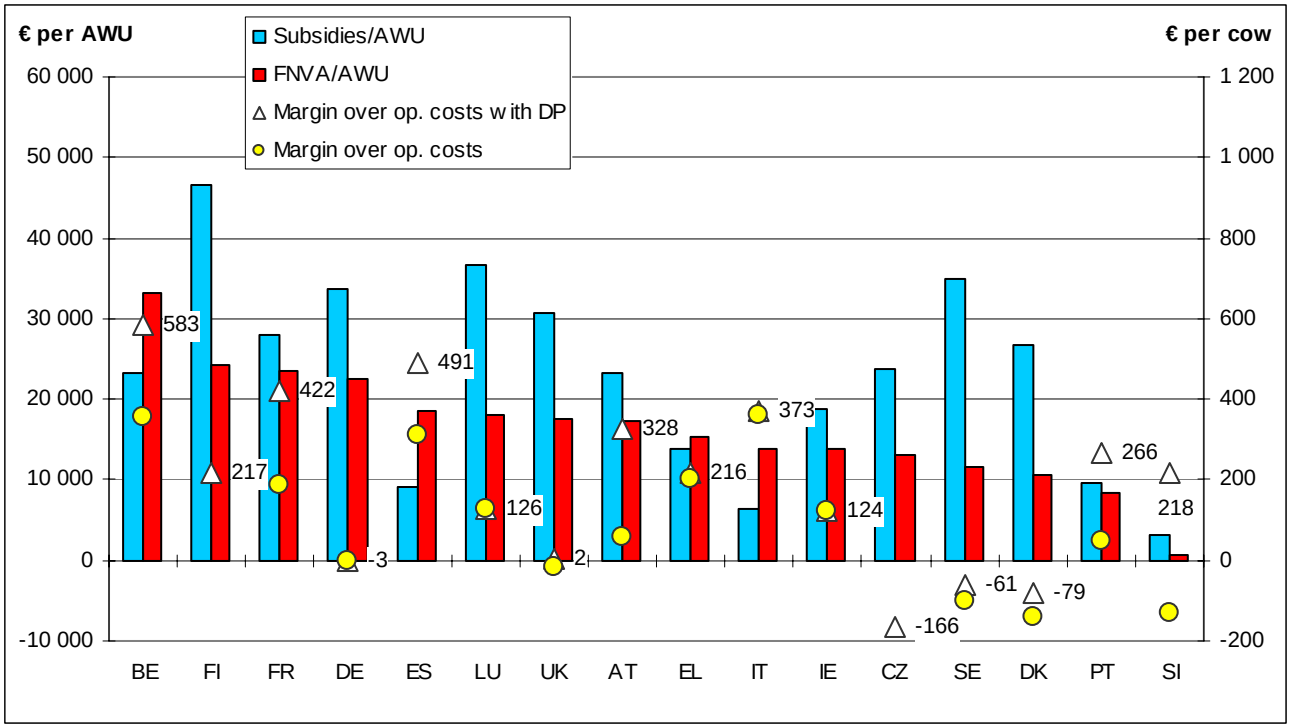
Total subsidies were lower than income in only four MS: Belgium, Spain, Greece and Italy.

Italy and Slovenia had amongst the highest margins with DP but Slovenia had the lowest income (€623/AWU) and Italy was seventh from bottom.

Despite margins close to or below €0/cow, Germany and the UK had the fourth and seventh highest FNVA/AWU respectively. These two MS had an above-average number of cows (73 and 67 cows/farm respectively). Moreover, their subsidies were huge (over €30 000/AWU).

Figure 37: Specialist breeders' income and margin in 2006 by MS

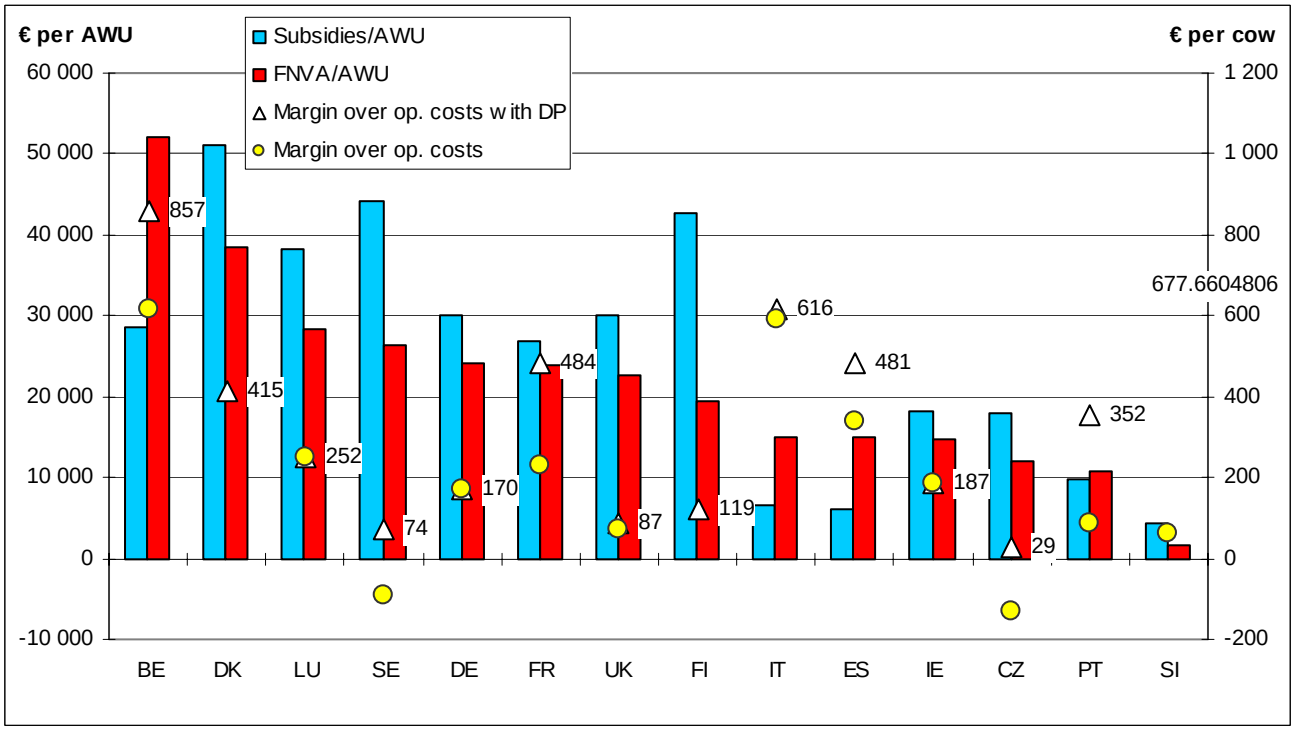
FNVA/AWU in € per AWU – Margin in euros per suckler cow



Source: DG AGRI EU FADN

Figure 38: Specialist breeders and fatteners' income and margin in 2006 by MS

FNVA/AWU in € per AWU – Margin in euros per suckler cow



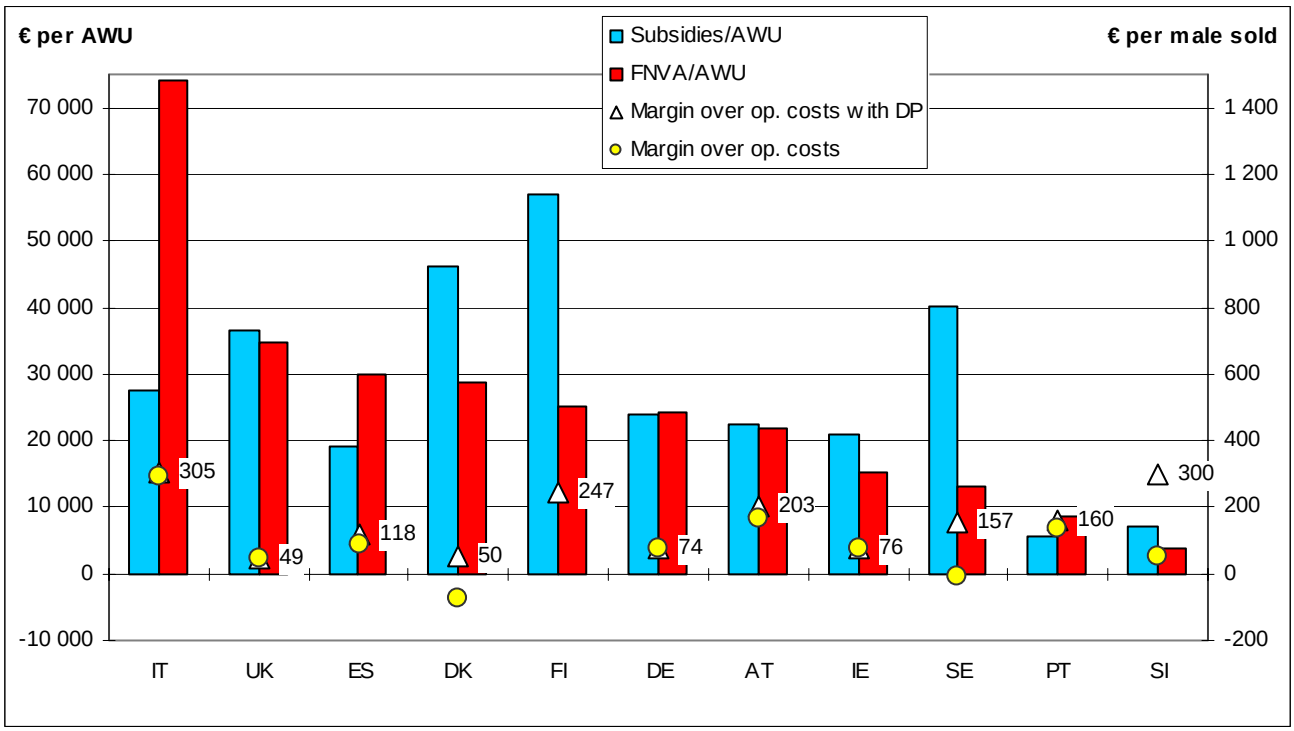
Source: DG AGRI EU FADN

Similar comments can be made on **B&F**. Belgium, Italy, Portugal and Slovenia had very high margins per suckler cow but out of these MS only Belgium had high income per AWU (over €50 000/AWU). Italy had income below the EU-15 average for B&F and Portugal and Slovenia had the lowest income at below €11 000/AWU.

In Finland despite subsidies above €40 000/AWU, the income earned equalled the EU-15 average.

Figure 39: Specialist fatteners' income and margin in 2006 by MS

FNVA/AWU in € per AWU – Margin in euros per male sold



Source: DG AGRI EU FADN

Italian specialist **fatteners** achieved very high income in 2006 – close to €75 000/AWU. This is an exceptional result. In 2005, 2004 and 2002 their income was around €40 000/AWU and in 2000 and 2001 around €20 000/AWU. Italian producers combined good performance per animal with a very high number of animals fattened per farm (356 in 2006).

With 163 male animals sold per year and total subsidies of €36 600 per AWU, the UK ranked second (€35 000/AWU) despite the very low margin per animal.

Spain, Italy and Portugal were the three MS with subsidies below the income level. Nevertheless, Spain recorded the third highest income.

In Denmark the margin was low, the number of males fattened per farm was below the EU-15 average but the level of subsidies was very high (€46 100/AWU). Danish fatteners therefore earned income slightly below €30 000/AWU, putting them fourth in the ranking.

Swedish farmers received a similar amount of subsidies to the Danish and had a margin per animal €100 higher. They nevertheless had far lower FNVA/AWU (-€15 600). This can be partly explained by their lower labour productivity (60 males fewer fattened per AWU) and is also linked to the high depreciation in Sweden. Depreciation is not deducted from the margin over operating costs but is deducted from FNVA/AWU.

8. CONCLUSIONS

In the EU-15 in 2006 breeders obtained a higher **margin over operating costs** with EU and national coupled payments (€387/cow) than B&F (€356/cow). The result for fatteners is not directly comparable because it is expressed per male fattened and sold per year. Fatteners' margin over operating costs was €187/male.

Therefore breeders and B&F seem to be better off than fatteners. However, this is not the case because specialist fatteners are intensive producers fattening large numbers of males every year and their **income,** expressed as FNVA/AWU, is very high (€35 000/AWU in 2006) whereas breeders and B&F have income below the EU-15 average (€22 800/AWU).

In the EU-10 the margins over operating costs with coupled payments obtained by B&F and fatteners were higher than in the EU-15 because the main producer is Slovenia where the DP were still fully coupled in 2006. Without DP the margin was narrower than in the EU-15. Breeders' margin with DP was negative because of the influence of the Czech Republic on the results. In addition, the farms are very small and their income is very low for all three beef production systems studied (below €5 500/AWU).

If all the costs are taken into account (including the imputed costs for own factors), the EU average margins are negative. In fact, every MS showed a negative average **margin over total input** with coupled DP for the three beef production systems analysed, except fatteners in Italy. Some farmers, especially breeders and B&F, tend to underestimate the cost of family labour and also consider farming a way of life. However, the EU average profit per AWU is positive for fatteners.

The average margin over operating costs differs widely between **Member States**. Belgium has the highest for breeders and B&F (€583/cow and €857/cow respectively). Italy has the highest for fatteners together with Slovenia (around €300/male). At the other end of the scale, the margin is negative for Czech and German breeders.

The differences are mainly linked to the production systems in place in each MS, including the type of animals produced. For example, in Spain farmers tend to have low costs for equipment and buildings and finish the animals before the age of one. In Ireland feed costs are very limited because feeding is based on grass and mainly steers are produced. In Belgium the specific costs (feed, animal purchase and veterinary costs) are high but the output obtained from the heavy *Blanc Bleu Belge* young bulls is even higher.

Moreover, the **distribution and regional analyses** show that the margin also varies widely within the MS. This is particularly true in Italy and Denmark. And in the Czech Republic breeders' average margin over operating costs with DP is far below 0. However, 50% of the breeders have a positive margin.

In addition, there is no clear link between the EU average margin per cow and **LFA** status. It is true that the results are influenced by the MS included in the sample for each zone and that within each MS the ranking of the zones is not always identical. Nevertheless the income of specialist beef producers in mountainous areas is always lower than in the other LFA categories. This is linked, in particular, to the smaller number of cows managed per person in the mountains.

The analysis of breeders and B&F by herd size shows that the best margin over operating costs per cow is not obtained by the farms with the largest herds. However, when labour and capital costs are included, the economies of scale are clear and the margin over total input per cow and the income per AWU increase with herd size.

Between 2000 and 2006, the main event was the progressive decoupling of DP from 2005 on. This had a stronger impact on the margin with DP than the sanitary crisis in 2001. B&F felt the impact most because they were eligible for almost all the beef measures. Excluding DP, the margin over operating costs for breeders fluctuated between €140 and €220/cow. Breeders and fatteners' margin narrowed from 2000 to 2003 but then widened again. For fatteners the margin did not increase every year, but since 2001 the trend has been clearly positive.

Annex 1: Adapted GLS typology

4000: Cattle, dairying (CD)	**Grazing LU (incl. calves for fattening) ≥ 5 and dairy cows LU ≥ 3**
4100: Specialist dairying	Sheep, goats LU/grazing LU < 0.2 and cow LU/total cows LU < 0.1 and MC LU (> 1year)/DC LU < 0.25 and (cattle LU (< 1year) + CF LU)/DC LU < 0.35
4200: Cattle, dairying - Cattle, fattening	Sheep, goats LU/grazing LU < 0.25 cow LU/total cows LU < 0.1
4210: CD — Cattle, fattening — Calves	*and MC LU (> 1 year)/DC LU < 0.25* *and (cattle LU (< 1 year) + CF LU)/DC LU ≥ 0.35*
4220: CD — Cattle, fattening — Young cattle	*and MC LU (> 1 year)/DC LU ≥ 0.25* *and MC LU (> 2 years) < MC LU (1-2 years)*
4230: CD — Cattle, fattening — Steers	*and MC LU (> 1 year)/DC LU ≥ 0.25* *and MC LU (> 2 years) > MC LU (1-2 years)*
4300: Cattle, dairying — Suckler cows	Sheep, goats LU/grazing LU < 0.2 and cow LU/total cows LU ≥ 0.1
4310: CD — Suckler cows — Breeder	*MC LU (> 1 year)/cows LU < 0.1*
4320: CD — Suckler cows — Breeder-fattener	*MC LU (> 1 year)/cows LU ≥ 0.1*
4400: Cattle, dairying — Sheep and goats	Sheep, goats LU/grazing LU ≥ 0.2 and cow LU/total cows LU < 0.1
4410: CD — Sheep, goats — mainly dairying	*TO milk and other milk products (ewe, goat) ≥ TO meat*
4420: CD — Sheep, goats — mainly fattening	*TO milk and other milk products (ewe, goat) < TO meat*
5000: Cattle, fattening (CF)	**Grazing LU (incl. calves for fattening) ≥ 5 and dairy cows LU < 3 and cattle LU ≥ 3**
5100: Cattle, fattening — Fattener	Sheep, goats LU/grazing LU < 0.2 and cow LU < 3
5110:CF, Fattener — Calves	*Cattle LU/(cow LU+1) ≥ 8* *and CF LU/cattle LU ≥ 0.2*
5120: CF, Fattener — Young cattle	*Cattle LU/(cow LU+1) ≥ 8* *and CF LU < 5* *and MC LU (1-2 years)/cattle LU > 0.4*
5130: CF, Fattener — Steers	*Cattle LU/(cow LU+1) ≥ 8* *and MC LU (1-2 years)/cattle LU < 0.4* *and MC LU (>2 years)/cattle LU ≥ 0.4*
5140: CF, Fattener — Diversified	*Considered as CF, Fattener — Young cattle for Spain and Denmark* *Other cattle holdings, fattening type — Fattener*
5200: Cattle fattening — Suckling	Sheep, goats LU/grazing LU < 0.2 and cow LU ≥ 3
5210: CF — Suckling — Breeder	*MC LU (> 1 year)/cow LU < 0.25* *and MS/cow < 0.9*
5220: CF — Suckling — Fattener	*MC LU (> 1 year)/cow LU ≥ 0.25* *Or (MC LU (> 1 year)/cow LU < 0.25 and MS/cow >= 0.9)*
5300: Cattle, fattening — Sheep, goats	Sheep, goats LU/grazing LU ≥ 0.2
5310: CF — Sheep, goats — mainly dairying	*TO milk and other milk products (ewe, goat) ≥ TO meat*
5320: CF — Sheep, goats — mainly fattening	*TO milk and other milk products (ewe, goat) < TO meat*
6000: Sheep/goats	**Grazing LU (incl. calves for fattening) ≥ 5 and dairy cows LU < 3 and cattle LU < 3 and sheep, goats LU ≥ 3**
6100: Sheep, goats — mainly milk	TO milk and other milk products (ewes, goats) ≥ TO meat
6110: Sheep, goats — mainly milk — Sheep	*(TO sheep's milk + TO other sheep's milk products) ≥ (TO goats' milk + TO other goats' milk products)*
6120:Sheep, goats — mainly milk — Goats	*(TO sheep's milk + TO other sheep milk products) < (TO goats' milk + TO other goats' milk products)*
6200: Sheep, goats — mainly fattening	TO milk and other milk products (sheep, goats) < TO meat
7000: Small farms	**Grazing LU (incl. calves for fattening) < 5**

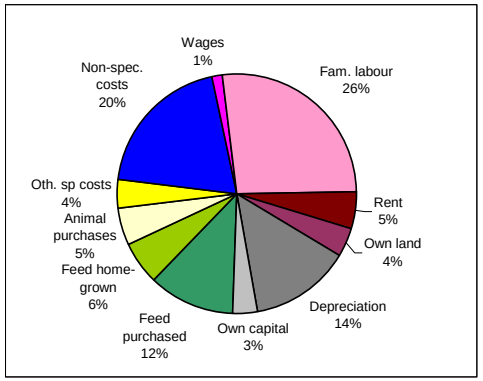
Abbreviations: MC: Male cattle; **LU**: Livestock unit; **GL**: Grazing livestock; **Cow**: Suckler cow; **CF**: Calves for fattening; **DC**: Dairy cow; **TO**: Total output; **MS**: Male cattle sold (including females < 1 year)

Annex 2: Specialist breeders — composition of the margin in 2006 (Source: DG AGRI EU FADN)

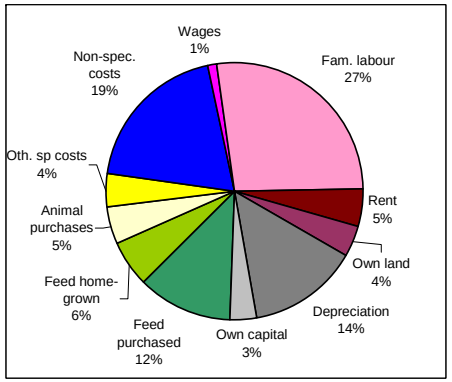
CATTLE BREEDERS	EU-25	EU-15	EU-10	BE	DK	DE	EL	ES	FR	IE	IT	LU	AT	PT	FI	SE	UK	CZ	SI
	2006	2006	2006	2006	2006	2006	2006	2006	2006	2006	2006	2006	2006	2006	2006	2006	2006	2006	2006
Farms represented	97 860	94 010	3 610	3 000	1 240	1 520	1 620	24 790	37 850	8 240	7 750	200	700	4 000	340	830	1 800	670	1 060
Av. Labour in AWU	1.3	1.3	1.8	1.4	0.7	1.8	1.3	1.3	1.3	0.9	1.4	1.0	1.6	1.4	1.3	1.2	1.3	2.2	1.7
Beef specialisation - % output	**83%**	**83%**	**70%**	**86%**	**67%**	**75%**	**79%**	**87%**	**83%**	**82%**	**72%**	**75%**	**98%**	**66%**	**77%**	**82%**	**71%**	**76%**	**78%**
Average UAA - ha	69	68	57	55	33	126	15	55	91	40	33	63	70	67	56	101	98	136	12
Forage crops - ha	59	58	49	48	22	115	10	49	78	39	28	52	66	31	44	88	85	126	11
Stocking density - LU/ha	1.0	1.0	0.6	2.0	1.6	0.9	2.0	0.7	1.1	0.8	1.1	1.2	0.5	0.5	0.9	0.7	1.2	0.4	0.8
Av. number of suckler cows - head	**42**	**43**	**24**	**56**	**22**	**73**	**25**	**36**	**55**	**21**	**28**	**39**	**26**	**26**	**29**	**44**	**67**	**41**	**8**
Male cattle sold (incl. fem. < 1 year) - head	25	26	11	28	11	40	12	25	33	12	14	20	17	15	16	25	42	26	5
TOTAL BEEF OUTPUT	**877**	**892**	**348**	**1 190**	**1 286**	**603**	**712**	**782**	**976**	**727**	**805**	**906**	**797**	**431**	**779**	**845**	**884**	**407**	**391**
TOTAL BEEF COUPLED DP	**182**	**183**	**181**	**226**	**61**	**0**	**12**	**180**	**236**	**0**	**14**	**0**	**270**	**218**	**537**	**41**	**18**	**131**	**348**
TOTAL OPERATING COSTS	**684**	**688**	**533**	**834**	**1 426**	**606**	**509**	**472**	**791**	**603**	**446**	**780**	**740**	**383**	**1 099**	**946**	**901**	**703**	**521**
TOTAL SPECIFIC COSTS	**393**	**398**	**234**	**601**	**817**	**180**	**411**	**387**	**402**	**330**	**320**	**380**	**302**	**242**	**366**	**448**	**576**	**186**	**208**
Feed	261	265	142	329	548	103	276	288	272	137	274	215	121	133	221	305	256	110	106
Animal purchase	72	72	45	105	155	37	111	69	65	118	24	68	93	85	30	52	194	24	40
Other sp. livestock costs	60	61	47	167	114	40	24	30	65	75	21	97	89	24	114	91	125	51	62
TOTAL NON-SPECIFIC COSTS	**291**	**290**	**299**	**233**	**609**	**426**	**97**	**85**	**389**	**272**	**126**	**399**	**438**	**141**	**734**	**498**	**325**	**518**	**312**
TOTAL NON-OPERATING COSTS	**800**	**808**	**570**	**873**	**1 760**	**774**	**478**	**646**	**816**	**1 228**	**910**	**958**	**1 372**	**471**	**1 688**	**1 402**	**827**	**545**	**1 444**
labour costs	418	421	343	436	720	357	276	488	345	723	640	389	575	271	718	721	413	335	921
land costs	129	131	50	123	489	116	61	115	134	243	67	203	157	41	217	175	162	47	53
capital costs	254	256	177	313	552	301	142	43	337	261	203	366	639	159	753	506	251	164	470
TOTAL INPUT	**1 485**	**1 496**	**1 103**	**1 707**	**3 187**	**1 380**	**987**	**1 117**	**1 607**	**1 831**	**1 356**	**1 737**	**2 112**	**853**	**2 787**	**2 349**	**1 728**	**1 248**	**1 964**
Gross market margin	**484**	**495**	**114**	**590**	**469**	**423**	**301**	**395**	**574**	**396**	**485**	**525**	**495**	**189**	**413**	**397**	**308**	**221**	**183**
Gross market margin with coupled DP	667	677	295	816	530	423	313	575	810	396	499	525	765	407	950	437	327	351	531
Margin over operating costs	**193**	**204**	**-185**	**356**	**-141**	**-3**	**204**	**311**	**186**	**124**	**359**	**126**	**57**	**48**	**-321**	**-102**	**-17**	**-297**	**-130**
Margin over operating costs with coupled DP	375	387	-4	583	-79	-3	216	491	422	124	373	126	328	266	217	-61	2	-166	218
Margin over total input	**-608**	**-604**	**-755**	**-516**	**-1 901**	**-777**	**-275**	**-335**	**-631**	**-1 104**	**-551**	**-832**	**-1 315**	**-423**	**-2 009**	**-1 504**	**-843**	**-842**	**-1 573**
Margin over total input with coupled DP	-425	-421	-574	-290	-1 840	-777	-262	-155	-394	-1 104	-537	-832	-1 044	-204	-1 471	-1 463	-825	-711	-1 226
Interest	31	31	57	22	53	18	54	37	25	68	15	6	14	189	166	115	76	112	595
Margin over 'cash' costs	**-169**	**-114**	**-249**	**-33**	**-183**	**-49**	**-234**	**-203**	**-87**	**-271**	**-164**	**-111**	**-381**	**251**	**-237**	**-123**	**76**	**0**	**-499**
Margin over 'cash' costs with coupled DP	167	161	68	143	320	151	369	204	132	101	-29	-22	-208	898	453	418	423	533	976
INCOME per AWU																			
FNVA/AWU	18 936	19 711	5 307	33 110	10 569	22 548	15 425	18 449	23 454	13 901	13 942	17 978	17 185	8 272	24 290	11 711	17 608	12 990	623
Profit/AWU	-3 703	-3 897	-2 163	642	-57 497	-9 179	6 526	271	-2 439	-13 865	-8 588	-2 254	-6 014	453	-3 619	-35 171	-21 077	2 156	-5 920
Total subsidies/AWU	19 038	19 443	10 423	23 290	26 637	33 627	13 882	9 164	27 876	18 699	6 367	36 691	23 213	9 592	46 508	34 906	30 640	23 788	3 035

Annex 3.1: Breakdown of costs by MS – Specialist breeders – 2006 (Source: DG AGRI EU FADN)

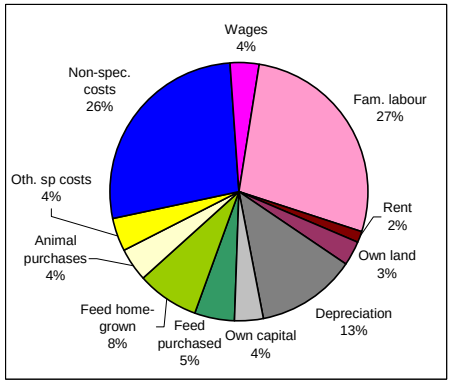
EU-25



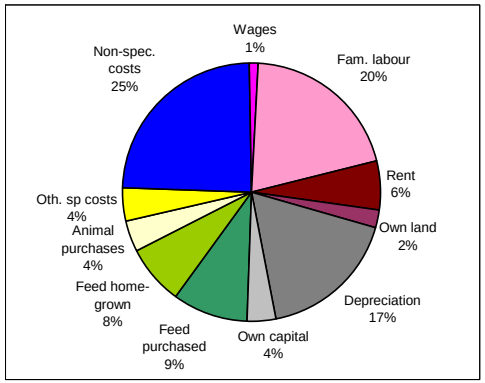
EU-15



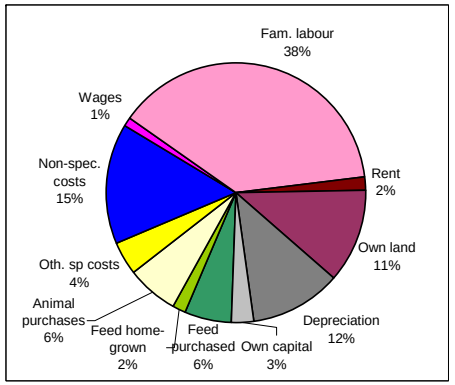
EU-10



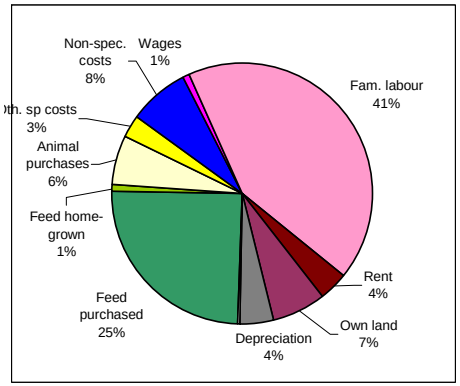
France



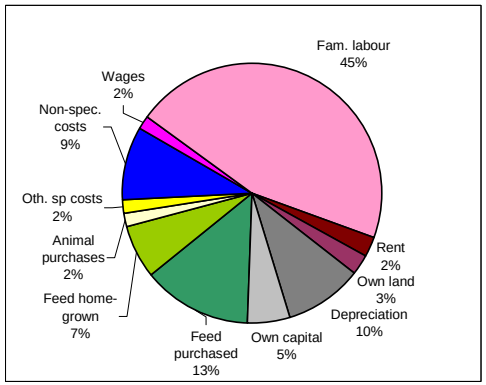
Ireland



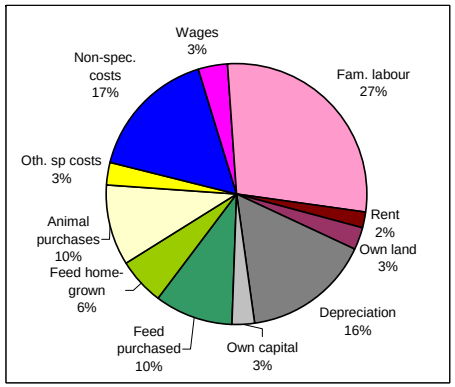
Spain



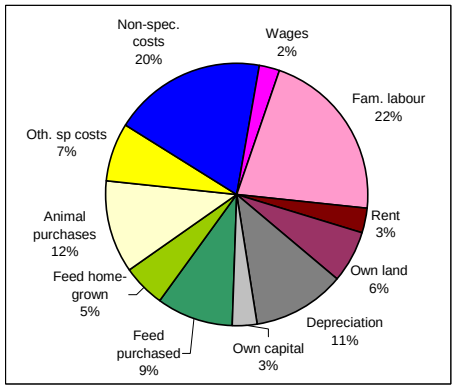
Italy



Portugal

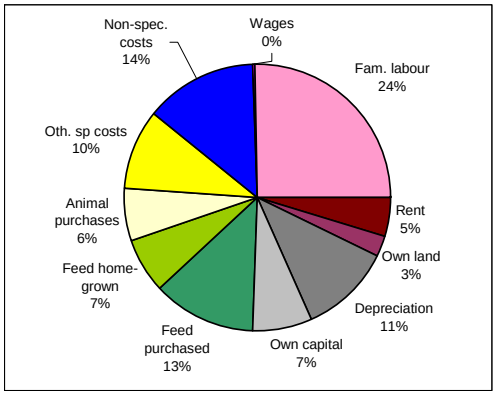


UK

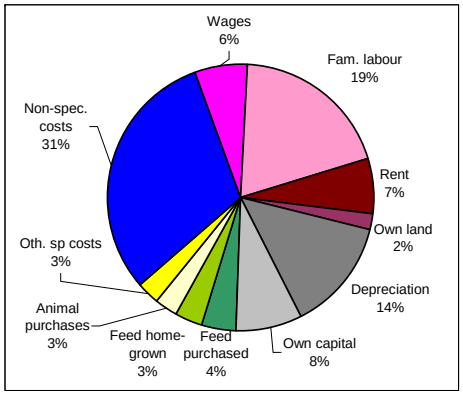


Annex 3.2: Breakdown of costs by MS – Specialist breeders – 2006 (Source: DG AGRI EU FADN)

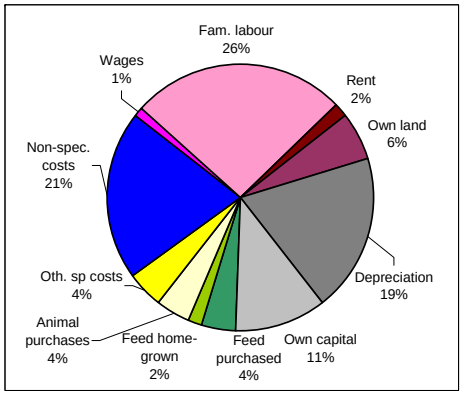
Belgium



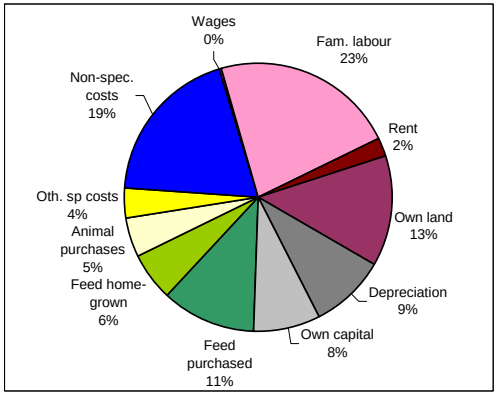
Germany



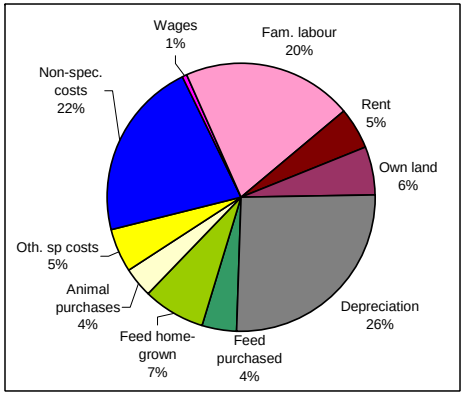
Austria



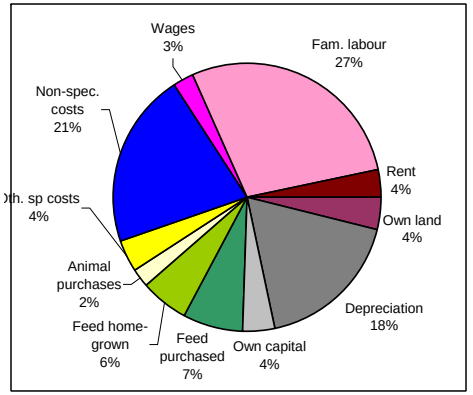
Denmark



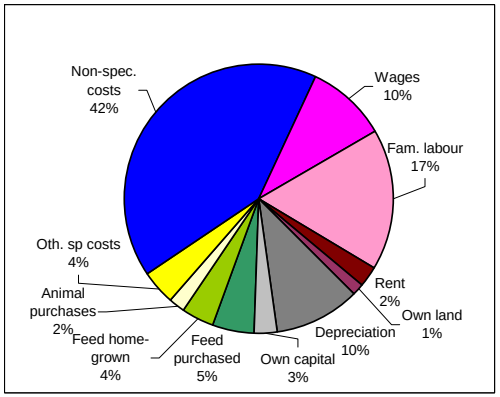
Luxembourg



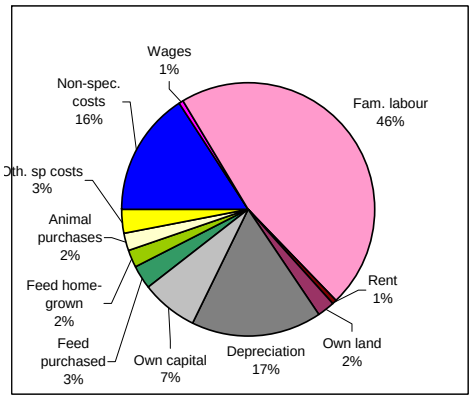
Sweden



Czech Republic

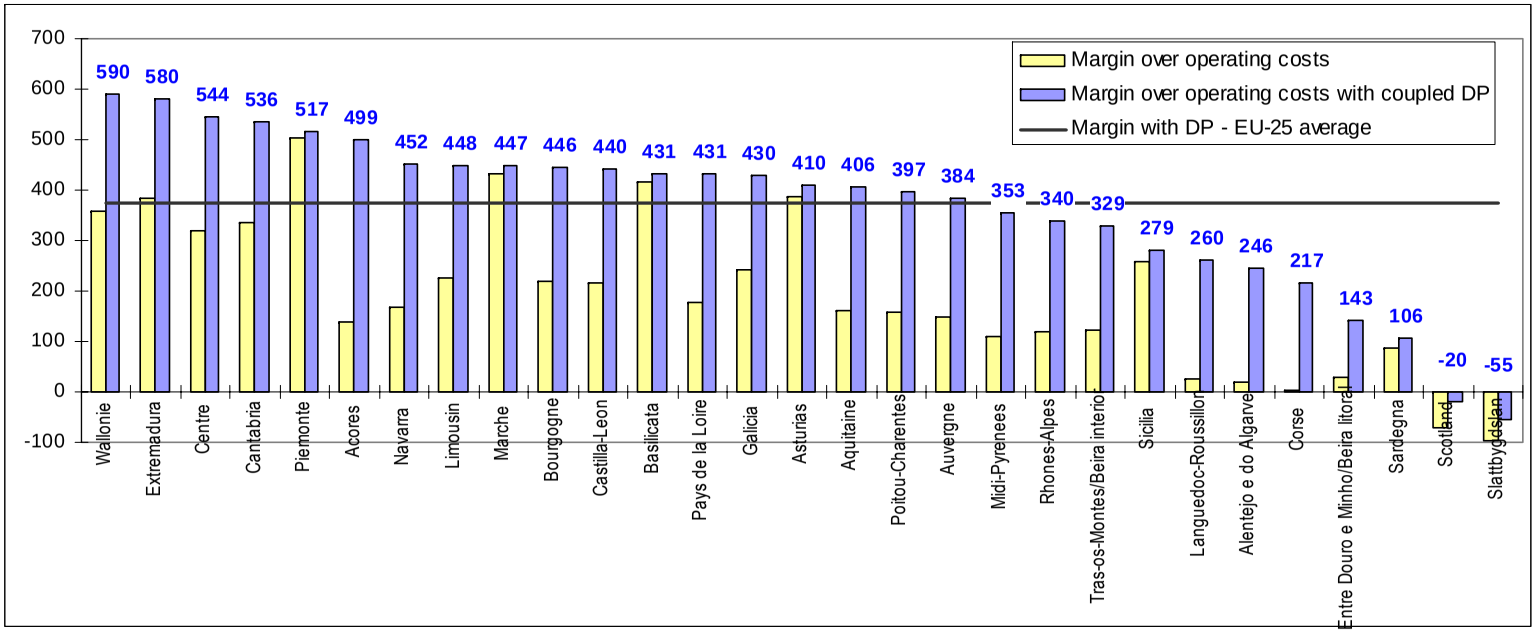


Slovenia

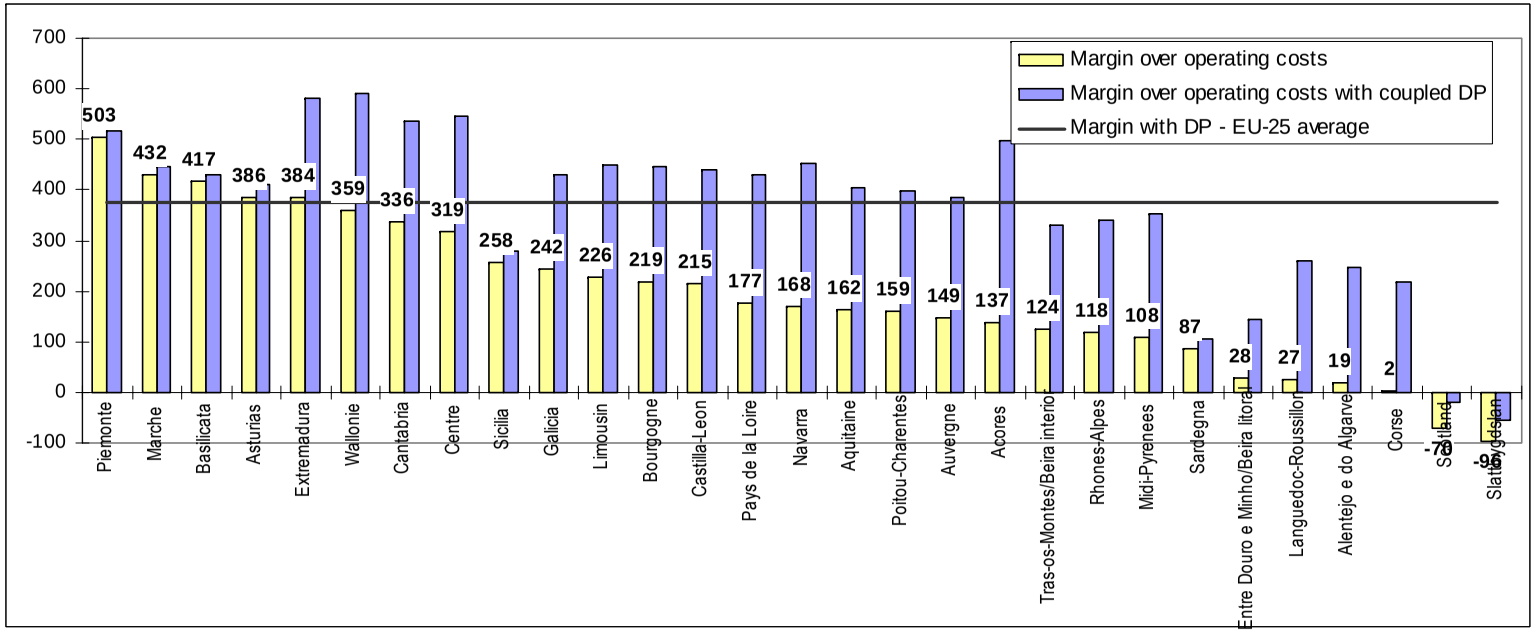


Annex 4: Margin over operating costs by region in 2006 – Specialist breeders in euros per suckler cow (Source: DG AGRI EU FADN)

Annex 4.1: Ranking of margins with DP



Annex 4.2: Ranking of margins without DP



Annex 5: Composition of the margin by MS and LFA category in 2006 – Specialist breeders in euros per suckler cow

						Economic results in euros per suckler cow										
	LFA class	Farms represented	S. cow/ farm	S. cow/ AWU	% Forage area	Total output	Coupled DP	Operating costs	Specific costs	Non-sp. costs	Non-op. costs	Total input	Margin over op. costs	Margin over op. costs with DP	Margin over total input	Margin over total input with DP
BE	Other LFA	1 930	62	46	91%	1 141	228	764	545	219	844	1 608	377	605	-467	-239
	Non-LFA	1 070	46	34	76%	1 313	224	1 009	741	268	943	1 952	304	528	-639	-415
DK	Non-LFA	1 240	22	33	67%	1 286	61	1 426	817	609	1 760	3 187	-141	-79	-1 901	-1 840
DE	Non-LFA	1 520	73	41	91%	603	0	606	180	426	774	1 380	-3	-3	-777	-777
ES	LFA Mountain	12 070	29	22	98%	740	141	431	336	96	967	1 398	309	450	-659	-517
	Other LFA	9 900	42	36	79%	822	199	508	436	72	392	900	315	514	-77	122
	Non-LFA	2 830	40	26	99%	768	228	465	367	98	579	1 043	303	531	-276	-47
FR	LFA Mountain	9 710	53	41	95%	906	231	801	388	413	884	1 685	105	335	-779	-549
	Other LFA	20 230	60	45	84%	1 012	234	788	412	376	800	1 588	224	458	-576	-341
	Non-LFA	7 910	47	40	77%	958	250	786	390	396	777	1 563	172	422	-604	-355
IE	Other LFA	7 650	20	21	99%	640	0	544	265	279	1 287	1 831	96	96	-1 191	-1 191
IT	LFA Mountain	5 380	29	21	88%	656	16	334	230	105	835	1 170	322	338	-514	-498
	Other LFA	420	26	17	79%	809	9	542	378	164	1 083	1 625	267	277	-816	-807
	Non-LFA	1 960	26	19	68%	1 253	11	763	580	183	1 100	1 864	490	501	-610	-599
LU	Other LFA	200	39	39	82%	906	0	780	380	399	958	1 737	126	126	-832	-832
AT	LFA Mountain	570	26	16	96%	788	268	736	318	417	1 405	2 141	53	321	-1 352	-1 084
PT	LFA Mountain	1 540	14	9	59%	511	203	414	300	113	786	1 200	97	300	-689	-485
	Other LFA	2 300	35	27	43%	406	225	371	222	149	384	755	35	260	-349	-124
SE	Other LFA	600	39	33	89%	899	42	914	420	494	1 562	2 476	-15	27	-1 577	-1 535
	Non-LFA	210	62	48	81%	715	35	890	456	434	1 082	1 972	-175	-140	-1 257	-1 222
UK	Other LFA	1 210	68	50	92%	917	20	934	624	311	862	1 796	-17	3	-879	-859
	Non-LFA	590	66	52	74%	814	15	829	473	356	752	1 582	-15	-1	-768	-753

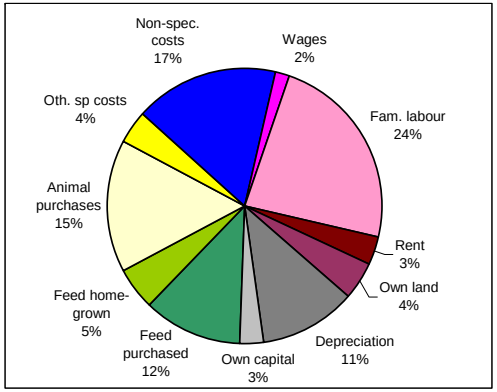
Source: DG AGRI EU FADN

Annex 6: Specialist breeders and fatteners – composition of the margin in 2006 (Source: DG AGRI EU FADN)

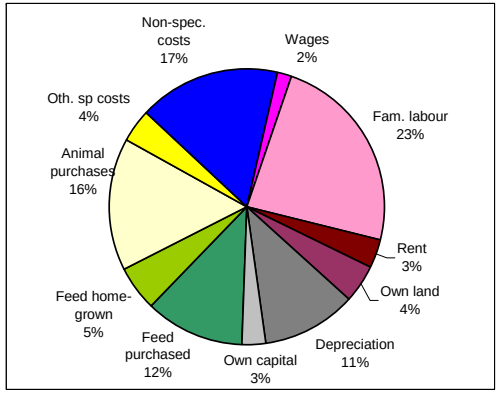
CATTLE BREEDERS & FATTENERS	EU-25	EU-15	EU-10	BE	DK	DE	ES	FR	IE	IT	LU	PT	FI	SE	UK	CZ	SI
	2006	2006	2006	2006	2006	2006	2006	2006	2006	2006	2006	2006	2006	2006	2006	2006	2006
Farms represented	72 770	67 630	5 050	1 410	470	1 540	13 400	14 860	16 670	5 430	70	2 620	550	1 000	7 700	560	3 240
Av. labour in AWU	1.3	1.3	1.7	1.6	1.0	1.8	1.2	1.4	1.1	1.4	1.2	1.5	1.4	1.5	1.4	1.7	1.7
Beef specialisation - % output	**79%**	**80%**	**71%**	**76%**	**76%**	**68%**	**84%**	**82%**	**84%**	**72%**	**75%**	**78%**	**83%**	**68%**	**76%**	**75%**	**72%**
Average UAA - ha	57	58	32	64	52	97	30	87	42	30	81	57	56	132	101	85	13
Forage crops - ha	49	50	26	42	24	84	26	73	41	23	63	36	37	110	89	75	12
Stocking density - LU/ha	1.2	1.2	0.6	3.0	3.1	1.1	1.1	1.3	1.2	1.2	1.7	0.6	0.9	0.7	1.3	0.5	1.0
Avg number of suckler cows - head	**33**	**34**	**9**	**58**	**22**	**43**	**28**	**52**	**20**	**18**	**51**	**24**	**17**	**37**	**54**	**23**	**6**
Male cattle sold (incl. fem. < 1 year) - head	35	36	13	54	130	59	30	47	20	22	48	28	24	62	64	21	10
									-118								
TOTAL BEEF OUTPUT	**1 398**	**1 404**	**1 042**	**2 948**	**5 037**	**1 672**	**1 193**	**1 437**	**1 195**	**1 840**	**1 680**	**646**	**1 506**	**1 651**	**1 273**	**709**	**1 154**
TOTAL BEEF COUPLED DP	**142**	**137**	**395**	**240**	**729**	**0**	**141**	**253**	**0**	**22**	**0**	**265**	**839**	**167**	**16**	**161**	**616**
				3 188	5 766	1 672	1 334	1 690	1 195	1 862	1 680	912	2 345	1 818	1 289	870	1 770
TOTAL OPERATING COSTS	**1 184**	**1 185**	**1 003**	**2 331**	**5 350**	**1 501**	**852**	**1 206**	**1 007**	**1 246**	**1 428**	**560**	**2 225**	**1 744**	**1 202**	**842**	**1 093**
TOTAL SPECIFIC COSTS	**807**	**811**	**539**	**1 965**	**4 205**	**834**	**737**	**729**	**677**	**1 012**	**1 016**	**412**	**982**	**1 013**	**803**	**319**	**580**
Feed	376	378	281	818	1 905	330	354	379	260	502	390	260	548	479	351	211	267
Animal purchase	346	347	199	931	2 043	424	346	277	329	455	500	111	285	362	327	49	248
Other sp. livestock costs	85	86	58	217	257	80	38	72	87	55	126	42	149	171	126	59	64
TOTAL NON-SPECIFIC COSTS	**376**	**374**	**464**	**366**	**1 145**	**667**	**116**	**478**	**331**	**234**	**412**	**148**	**1 243**	**731**	**399**	**523**	**513**
		1.3															
TOTAL NON-OPERATING COSTS	**1 063**	**1 057**	**1 372**	**1 058**	**3 052**	**1 208**	**634**	**931**	**1 569**	**1 503**	**913**	**496**	**3 086**	**1 705**	**1 052**	**806**	**2 077**
labour costs	563	560	732	514	1 155	525	477	392	939	973	340	278	1 536	923	526	482	1 030
land costs	179	181	81	174	941	175	94	160	311	117	244	55	369	158	211	74	96
capital costs	320	316	558	370	955	508	63	379	319	412	329	163	1 182	624	316	250	952
TOTAL INPUT	**2 246**	**2 242**	**2 374**	**3 389**	**8 402**	**2 709**	**1 486**	**2 137**	**2 576**	**2 749**	**2 341**	**1 056**	**5 312**	**3 449**	**2 254**	**1 648**	**3 170**
Gross market margin	**591**	**593**	**503**	**983**	**832**	**838**	**456**	**708**	**518**	**828**	**665**	**234**	**524**	**638**	**470**	**391**	**574**
Gross market margin with DP	733	730	898	1 223	1 560	838	597	962	518	850	665	500	1 363	806	485	552	1 191
Margin over operating costs	**214**	**219**	**39**	**617**	**-314**	**170**	**341**	**231**	**187**	**593**	**252**	**87**	**-719**	**-93**	**71**	**-133**	**62**
Margin over operating costs with DP	356	356	434	857	415	170	481	484	187	616	252	352	119	74	87	29	678
Margin over total input	**-848**	**-838**	**-1 332**	**-441**	**-3 365**	**-1 038**	**-293**	**-700**	**-1 381**	**-910**	**-661**	**-409**	**-3 806**	**-1 798**	**-981**	**-939**	**-2 016**
Margin over total input with DP	-706	-701	-938	-201	-2 637	-1 038	-152	-447	-1 381	-887	-661	-144	-2 967	-1 631	-966	-778	-1 399
Interest	44	45	17	86	772	98	6	49	33	1	52	19	101	126	47	18	14
Margin over 'cash' costs	**-204**	**-198**	**-444**	**116**	**-1 851**	**-524**	**184**	**-270**	**-181**	**233**	**-398**	**-115**	**-1 968**	**-965**	**-364**	**-479**	**-643**
Margin over 'cash' costs with coupled DP	-63	-61	-49	357	-1 122	-524	325	-16	-181	255	-398	150	-1 130	-798	-348	-318	-27
INCOME per AWU																	
FNVA/AWU	17 832	19 167	4 363	52 088	38 539	24 172	14 883	23 926	14 716	14 927	28 360	10 812	19 351	26 360	22 621	12 086	1 592
Profit/AWU	-6 756	-7 166	-3 024	12 532	-40 911	-6 577	-1 210	-1 827	-14 158	-8 662	4 541	3 134	-12 247	-18 132	-15 747	1 176	-5 924
Total subsidies/AWU	18 473	19 599	6 741	28 528	51 210	30 052	6 113	26 853	18 213	6 604	38 264	9 723	42 661	44 232	30 176	18 068	4 279

Annex 7.1: Breakdown of costs by MS – Specialist breeders and fatteners – 2006 (Source: DG AGRI EU FADN)

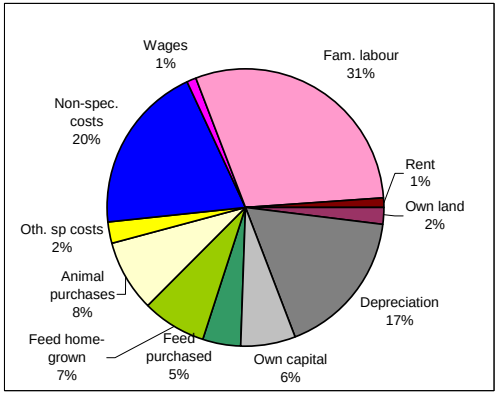
EU-25



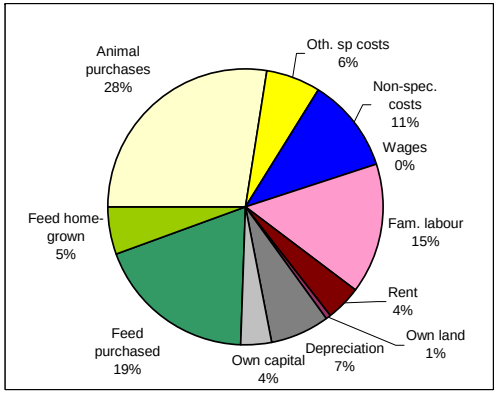
EU-15



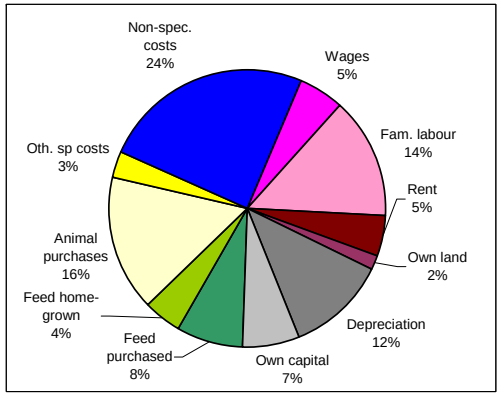
EU-10



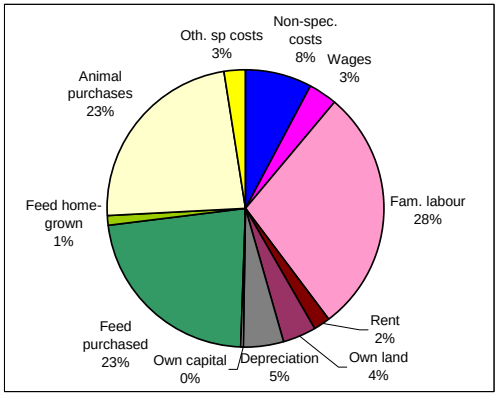
Belgium



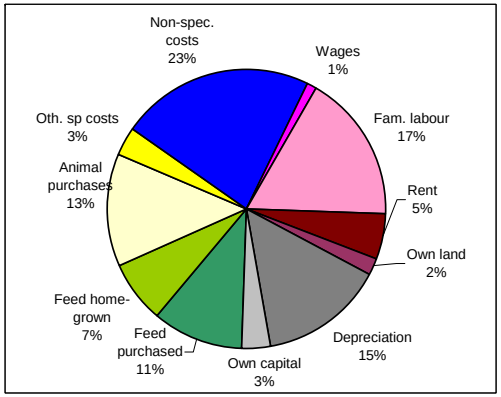
Germany



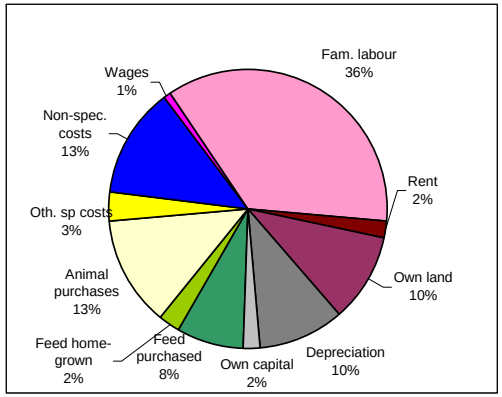
Spain



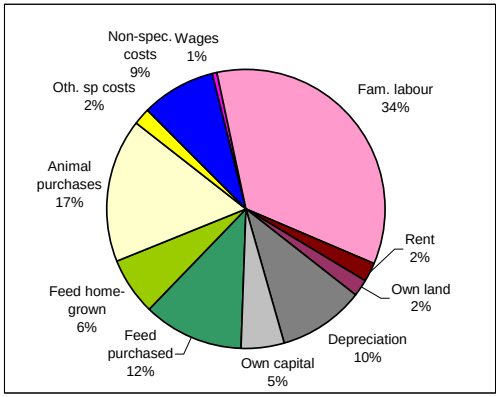
France



Ireland

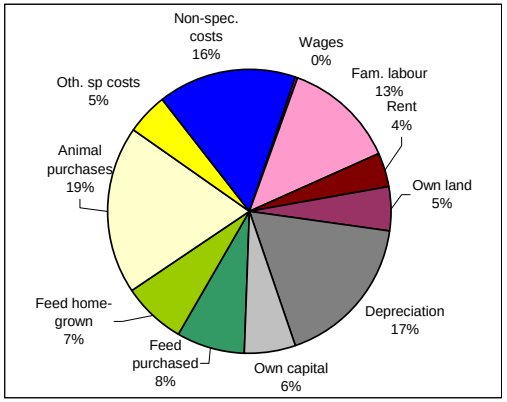


Italy

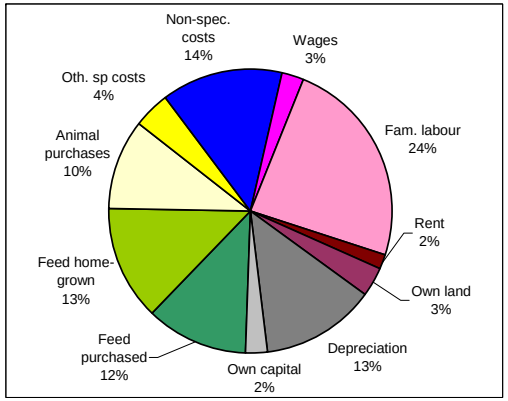


Annex 7.2: Breakdown of costs by MS – Specialist breeders and fatteners – 2006 (Source: DG AGRI EU FADN)

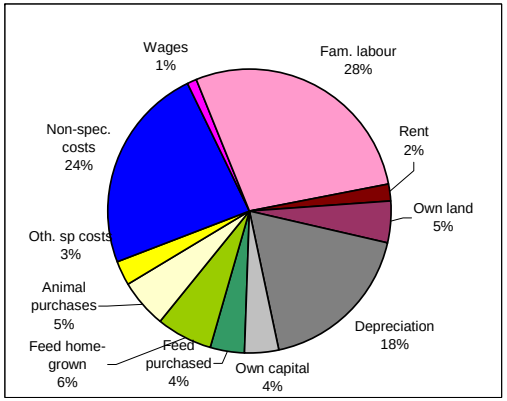
Luxembourg



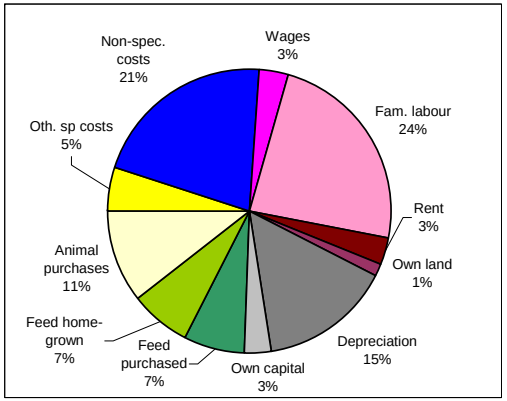
Portugal



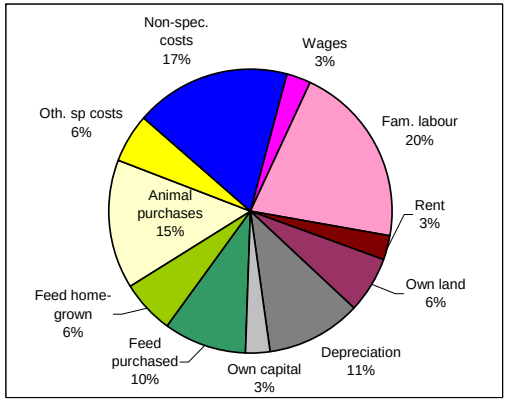
Finland



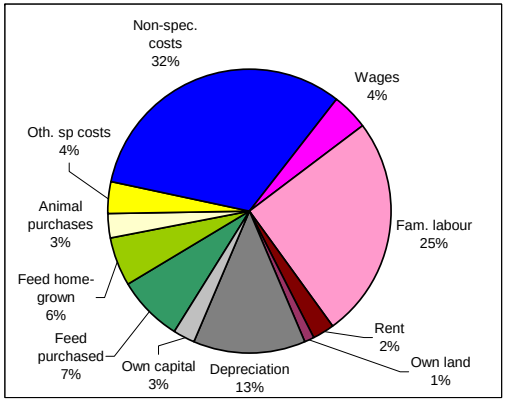
Sweden



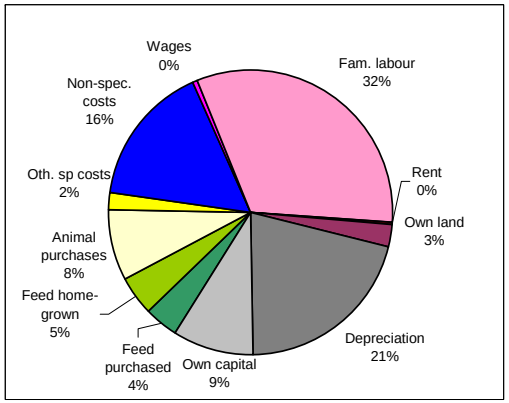
UK



Czech Republic



Slovenia

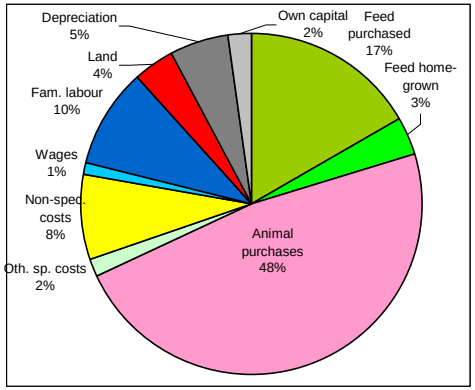


Annex 8: Specialist fatteners – composition of the margin in 2006 (Source: DG AGRI EU FADN)

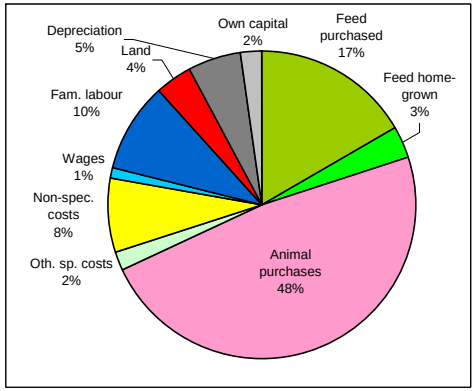
FATTENERS	EU-25	EU-15	EU-10	DK	DE	ES	IE	IT	AT	PT	FI	SE	UK	SI
	2006	2006	2006	2006	2006	2006	2006	2006	2006	2006	2006	2006	2006	2006
Farms represented	21 470	21 010	460	720	2 790	4 770	4 880	3 190	660	310	1 140	800	640	120
Av. labour in AWU	1.3	1.3	1.6	0.8	1.5	1.2	0.9	1.9	1.1	1.6	1.5	1.3	1.4	1.6
Beef specialisation - % output	**81%**	**82%**	**70%**	**63%**	**69%**	**88%**	**81%**	**88%**	**69%**	**78%**	**85%**	**70%**	**68%**	**77%**
Average UAA - ha	43	43	37	38	50	39	30	39	27	16	66	122	78	17
Forage crops - ha	29	29	24	7	29	27	29	22	16	9	35	89	59	16
Stocking density - LU/ha	2.2	2.2	1.2	4.8	2.8	1.3	1.2	6.9	1.9	1.7	1.7	0.7	1.9	1.4
Male cattle sold (incl. fem. < 1 year) - head	**130**	**132**	**30**	**85**	**115**	**147**	**37**	**356**	**47**	**28**	**82**	**66**	**163**	**33**
Purchase price cattle < 1 year - €/head	434	436	235	244	512	342	461	623	644	434	275	270	266	418
Purchase price male cattle 1-2 year - €/head	910	911	432	244	732		620	1 016	572	563		466	727	623
Selling price male cattle (incl. fem.<1) - €/head	1 157	1 159	767	611	1 109	770	893	1 515	1 233	1 071	840	885	979	832
TOTAL BEEF OUTPUT	**1 177**	**1 180**	**829**	**790**	**1 105**	**776**	**932**	**1 537**	**1 229**	**970**	**882**	**1 015**	**951**	**842**
TOTAL BEEF COUPLED DP	**35**	**34**	**163**	**123**	**0**	**30**	**0**	**10**	**35**	**26**	**457**	**162**	**0**	**250**
TOTAL OPERATING COSTS	**1 025**	**1 027**	**731**	**864**	**1 030**	**688**	**856**	**1 242**	**1 061**	**837**	**1 091**	**1 021**	**902**	**793**
TOTAL SPECIFIC COSTS	**920**	**922**	**570**	**684**	**821**	**643**	**712**	**1 183**	**842**	**664**	**756**	**692**	**755**	**631**
Feed	266	266	280	366	268	275	123	264	182	339	420	305	185	226
Animal purchase	630	632	277	276	525	349	562	899	639	308	310	329	520	377
Other sp. livestock costs	24	25	13	42	27	19	27	20	21	16	26	59	50	28
TOTAL NON-SPECIFIC COSTS	**105**	**105**	**161**	**180**	**209**	**45**	**144**	**59**	**219**	**173**	**335**	**328**	**147**	**162**
TOTAL NON-OPERATING COSTS	**293**	**293**	**452**	**519**	**389**	**142**	**688**	**191**	**608**	**337**	**783**	**1 066**	**292**	**543**
labour costs	139	139	160	204	140	99	406	83	227	248	307	445	144	196
land costs	52	52	33	160	88	16	131	33	61	17	116	158	56	35
capital costs	102	101	259	156	161	27	152	75	320	72	359	463	91	312
TOTAL INPUT	**1 318**	**1 320**	**1 183**	**1 383**	**1 419**	**830**	**1 544**	**1 433**	**1 669**	**1 174**	**1 874**	**2 086**	**1 194**	**1 336**
Gross market margin	**257**	**257**	**260**	**107**	**284**	**132**	**220**	**354**	**387**	**307**	**125**	**323**	**196**	**212**
Gross market margin with DP	292	291	423	229	284	163	220	363	422	333	582	485	196	462
Margin over operating costs	**152**	**153**	**98**	**-73**	**74**	**87**	**76**	**295**	**168**	**134**	**-210**	**-5**	**49**	**50**
Margin over operating costs with DP	187	187	261	50	74	118	76	305	203	160	247	157	49	300
Margin over total input	**-141**	**-140**	**-354**	**-593**	**-315**	**-55**	**-612**	**104**	**-440**	**-203**	**-992**	**-1 071**	**-243**	**-493**
Margin over total input with DP	-106	-106	-191	-470	-315	-24	-612	113	-405	-177	-536	-909	-243	-243
Interest	12	12	24	107	17	5	12	0	17	0	52	75	20	20
Margin over 'cash' costs	**30**	**31**	**-174**	**-338**	**-91**	**36**	**-96**	**214**	**-118**	**23**	**-637**	**-562**	**-77**	**-227**
Margin over 'cash' costs with coupled DP	65	65	-11	-216	-91	66	-96	224	-83	49	-180	-400	-77	23
INCOME per AWU														
FNVA/AWU	34 297	34 920	4 722	28 663	24 307	30 047	15 177	74 023	21 746	8 475	25 106	13 087	34 629	3 800
Profit/AWU	5 266	4 932	16 486	-44 698	-11 338	13 441	-14 394	40 400	-3 032	1 918	-6 484	-38 100	1 258	-4 801
Total subsidies/AWU	25 994	26 380	6 754	46 091	23 922	19 246	21 034	27 506	22 349	5 595	56 855	40 110	36 645	7 123

Annex 9.1: Breakdown of costs by MS – Specialist fatteners – 2006 (Source: DG AGRI EU FADN)

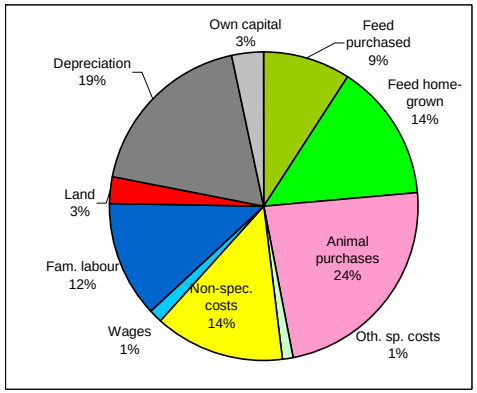
EU-25



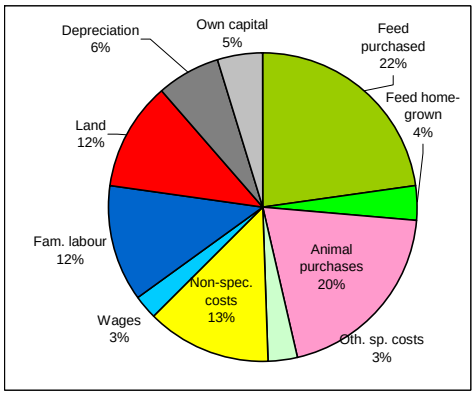
EU-15



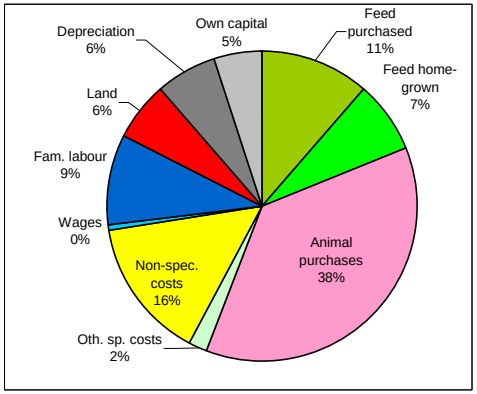
EU-10



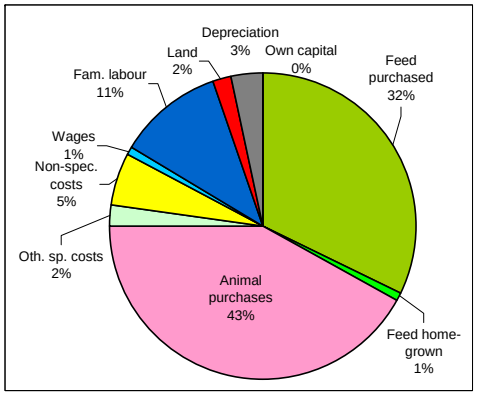
Denmark



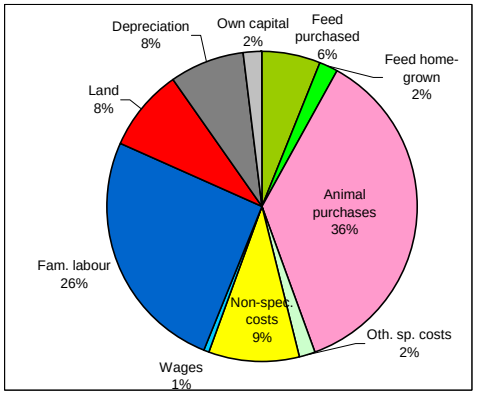
Germany



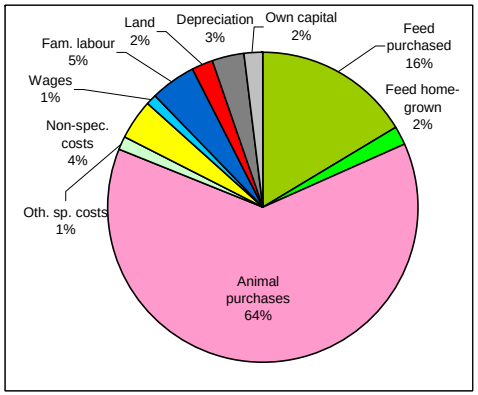
Spain



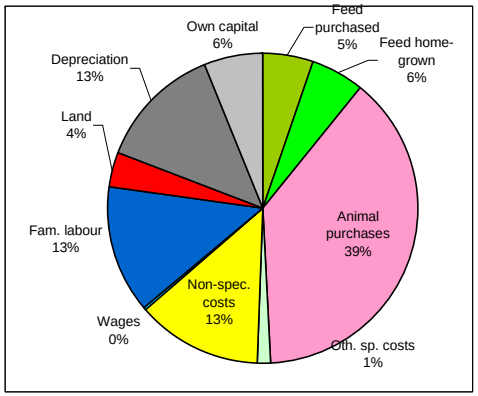
Ireland



Italy

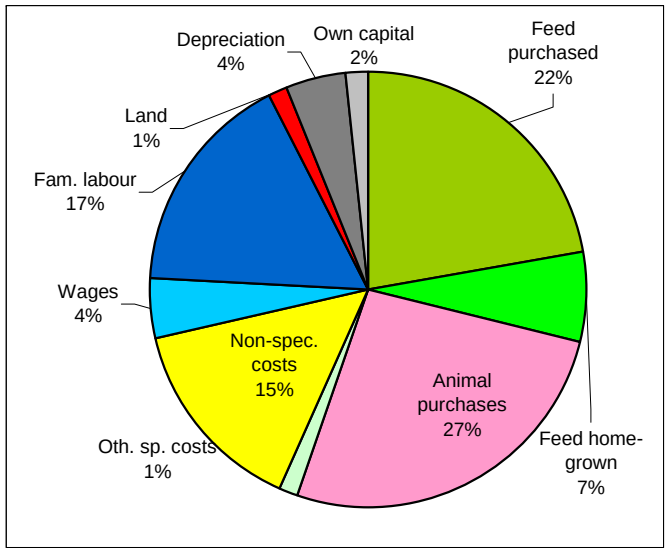


Austria

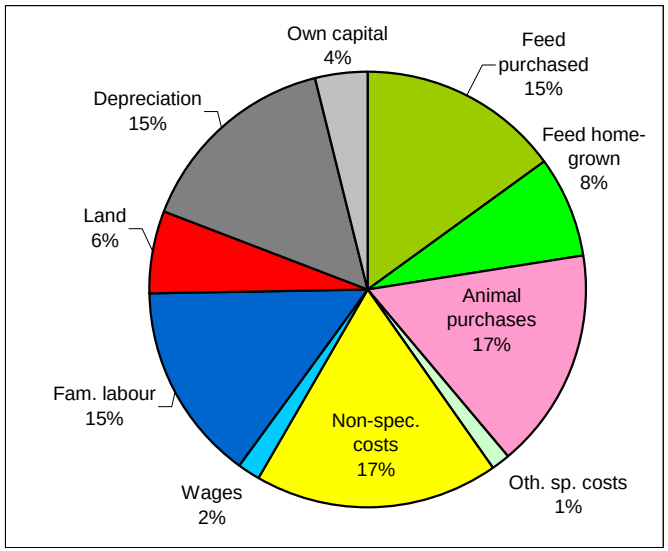


Annex 9.2: Breakdown of costs by MS – Specialist fatteners – 2006 (Source: DG AGRI EU FADN)

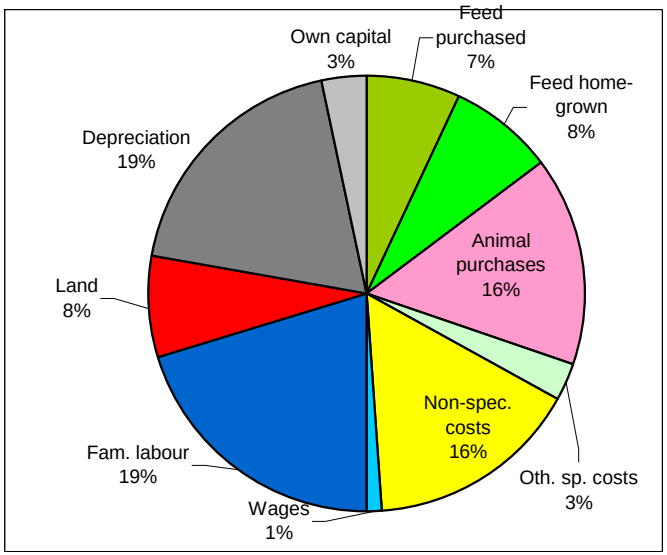
Portugal



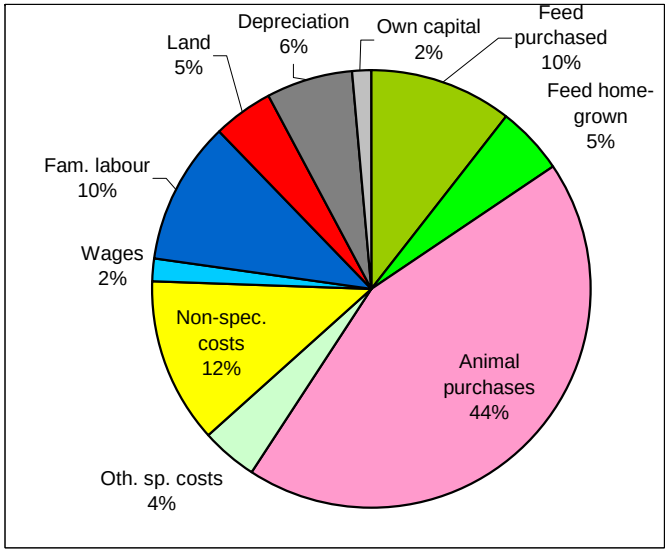
Finland



Sweden



UK



Slovenia