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## IMPACTS OF AGRI-ENVIRONMENTAL POLICY ON THE EFFICIENCY OF ESTONIAN FARMS

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### BACKGROUND

- Survey are carried out to gather necessary information for the assessment of the agri-environment support i.e. Axis II of the RDP measures and gather background information for the development of measures in the future.
- The activities of Axis II are targeted at improving and maintaining agricultural environment. The measures are preliminarily related to the preservation of biodiversity, water, soil and traditional agricultural landscape, as well as in-creasing sustainability of the rural population.
- In 2011 the area covered by agri-environment support measures accounted for 61% of the total area of Single Area Payment .

## AGRI-ENVIRONMENTAL PAYMENTS

The following agri-environment support (AES) measures are being implemented under Axis II of the RDP 2007-2013 (10 measures):

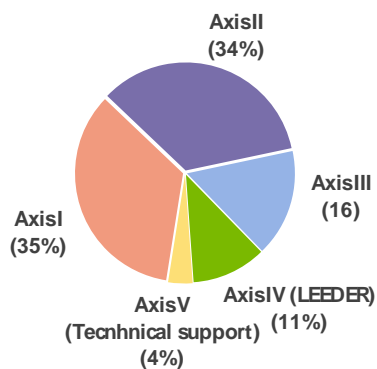
- support for less-favoured areas (2.1)
- Natura 2000 support for agricultural land (2.2)
- support for environmentally friendly management (2.3.1)
- support for organic production (2.3.2)
- support for keeping animals of local endangered breeds (2.3.3)
- support for growing plants of local varieties (2.3.4)
- support for the maintenance of semi-natural habitats (2.3.5)
- support for grazing animals (2.4)
- support for the establishment and restoration of stone walls (2.5.1)
- Natura 2000 support for private forest land (2.7)

**NB!** If an agricultural holding joins the agri-environment support scheme, the holding is obliged to implement the measure for five years.

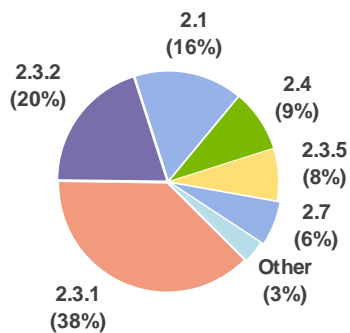
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## STRUCTURE OF SUBSIDIES PAID UNDER RDP IN ESTONIA, 2012

RDP (167 million euros)



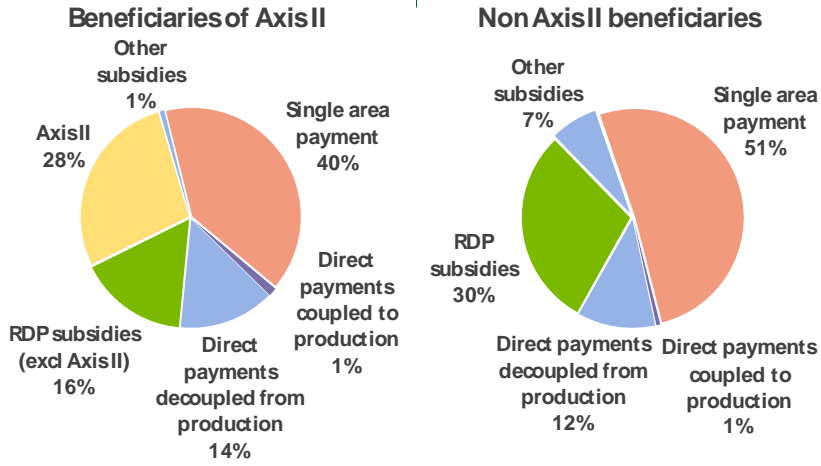
Axis II (58 million euros)



RDP – Rural Development Plan  
SOURCE: AGRICULTURAL REGISTERS AND INFORMATION BOARD

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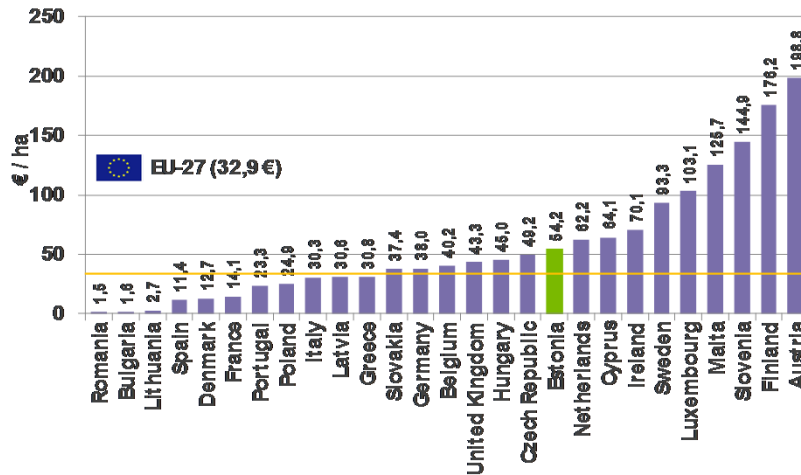
## STRUCTURE OF SUBSIDIES PAID FOR FARMERS



RDP – Rural Development Plan  
SOURCE: AGRICULTURAL REGISTERS AND INFORMATION BOARD

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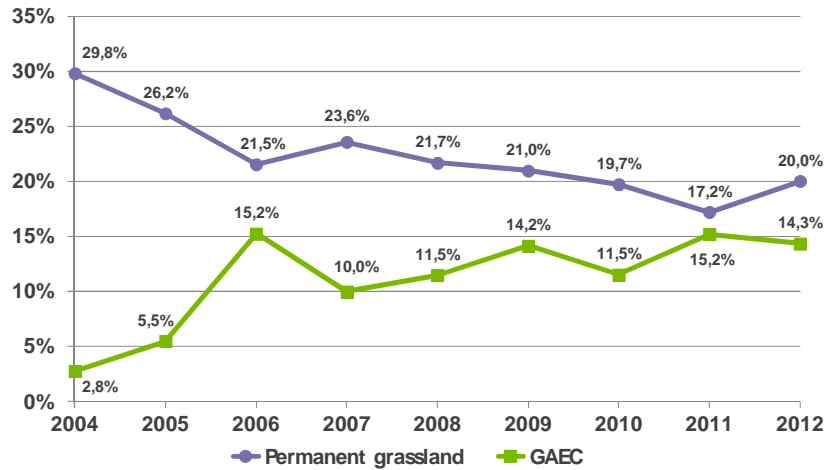
## AVERAGE ENVIRONMENTAL SUBSIDIES PER HECTARE OF UAA IN 2010



SOURCE: EU FADN – DG AGRI

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## SHARE OF PERMANENT GRASSLAND AND GAEC<sup>1</sup>

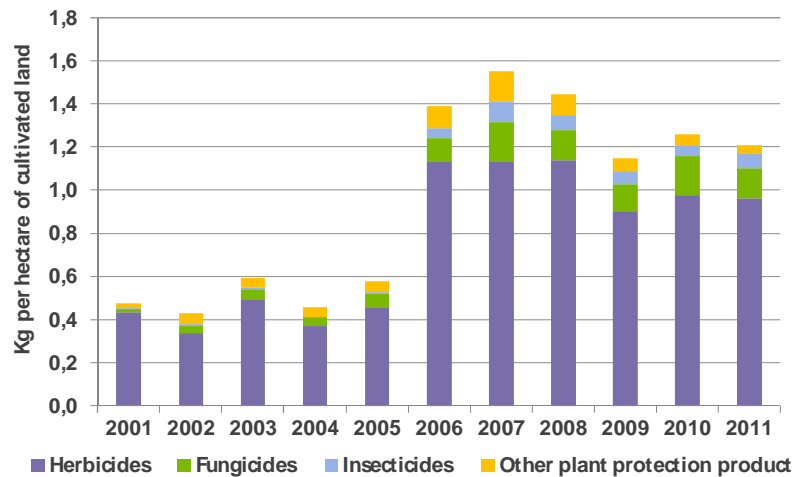


<sup>1</sup> Land not used for agricultural production but maintained in good agricultural and environmental condition.

SOURCE: STATISTICS ESTONIA

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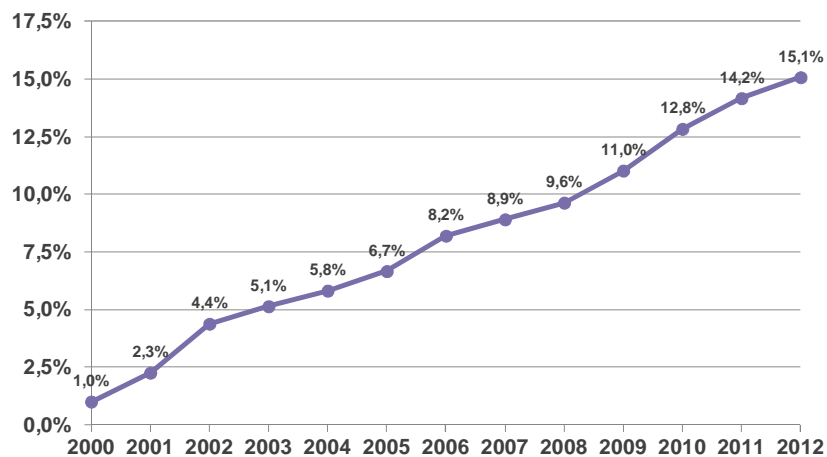
## USE OF PESTICIDES IN AGRICULTURAL HOLDINGS IN ESTONIA, 2001-2011



SOURCE: STATISTICS ESTONIA

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## SHARE OF THE ORGANIC AREA IN THE TOTAL UAA IN ESTONIA, 2000-2012



SOURCE: STATISTICS ESTONIA, AGRICULTURAL BOARD

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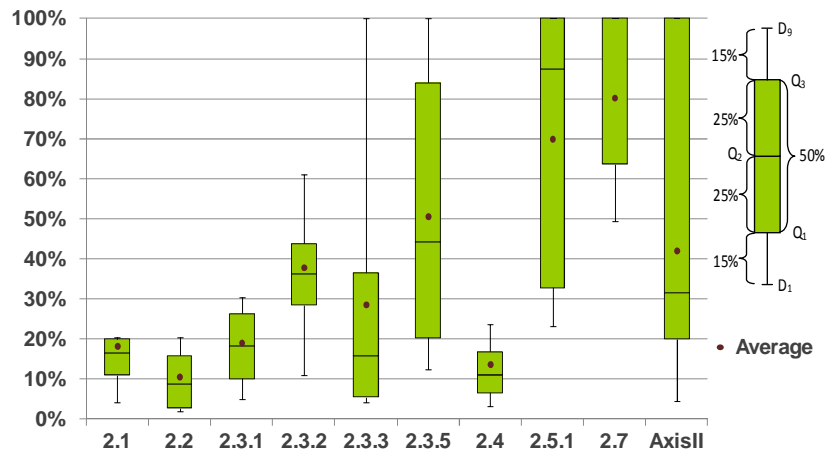
## THE REPRESENTATIVITY OF THE POPULATION OF BENEFICIARIES OF AXIS II IN 2012

	2.1	2.2	2.3.1	2.3.2	2.3.3	2.3.5	2.4	2.7	Axis II
<b>Beneficiaries of Axis II</b>	8 281	1 400	1 907	1 162	616	872	2 425	3 452	13 665
of which SO <4000 €	4 774	796	48	160	325	483	459	3 066	8 253
of which SO > 4000 €	3 507	604	1 859	1 002	291	389	1 966	386	5 412
<b>Sample farms</b>	319	62	318	133	43	43	244	40	564
<b>Total UAA - thous ha</b>	456	117	544	113	70	70	330	56	820
of which SO <4000 €	37	7	0	2	5	5	4	6	45
of which SO > 4000 €	419	110	543	111	65	65	326	50	774
<b>Representativity</b>									
<b>Beneficiaries of Axis II</b>	42%	43%	97%	86%	47%	45%	81%	11%	40%
<b>Total UAA</b>	92%	94%	100%	99%	92%	92%	99%	89%	94%

SOURCE: OWN CALCULATION BASED ON AGRICULTURAL REGISTERS AND INFORMATION BOARD FADN DATA

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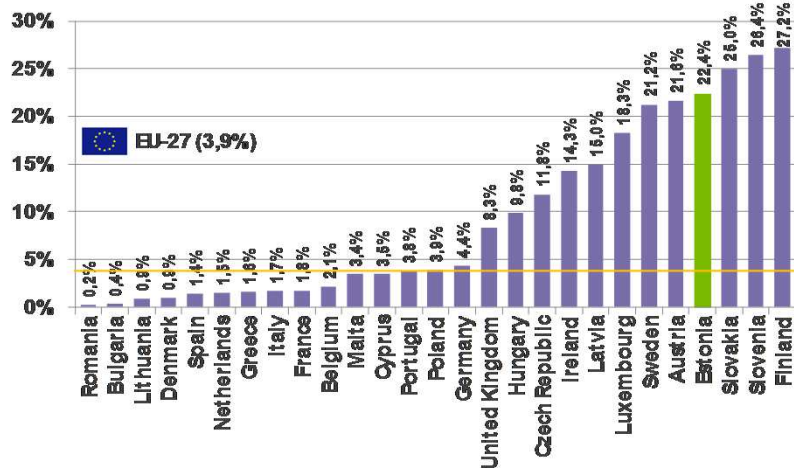
## SHARE OF MEASURE SUPPORT IN TOTAL SUBSIDIES BY AXIS II MEASURES IN ESTONIA, 2010



SOURCE: AGRICULTURAL REGISTERS AND INFORMATION BOARD

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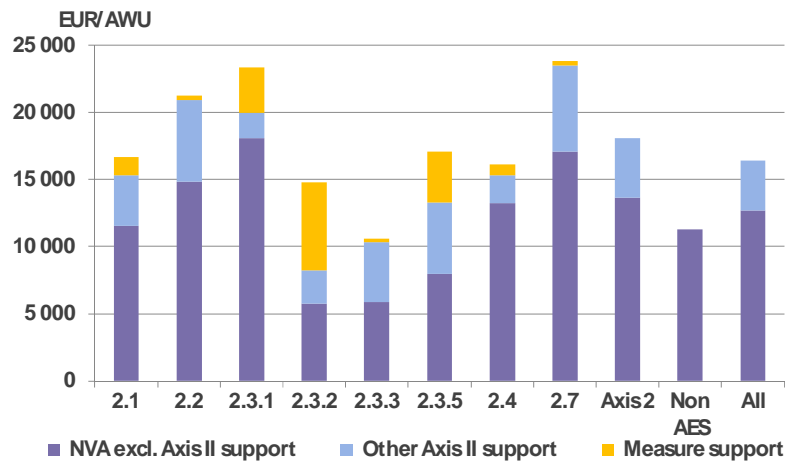
## SHARE OF ENVIRONMENTAL SUBSIDIES IN FARM INCOME IN 2010



SOURCE: EU FADN – DG AGRI

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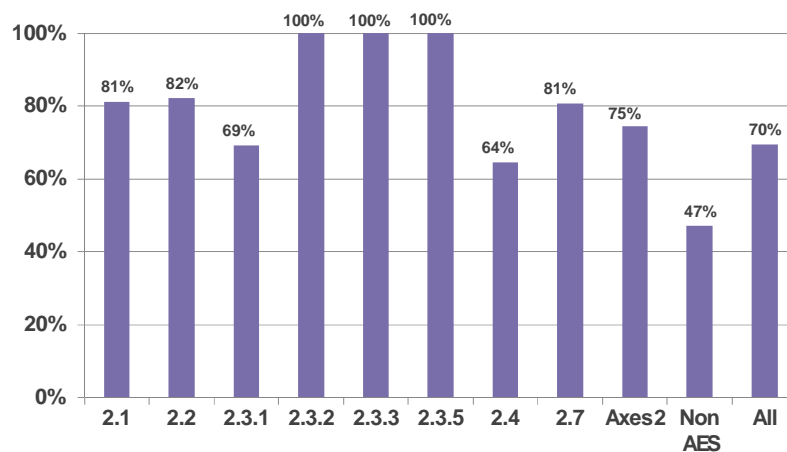
## NET VALUE ADDED PER ANNUAL WORK UNIT BY AXIS II MEASURES IN ESTONIA, 2011



SOURCE: OWN CALCULATION BASED ON FADN DATA

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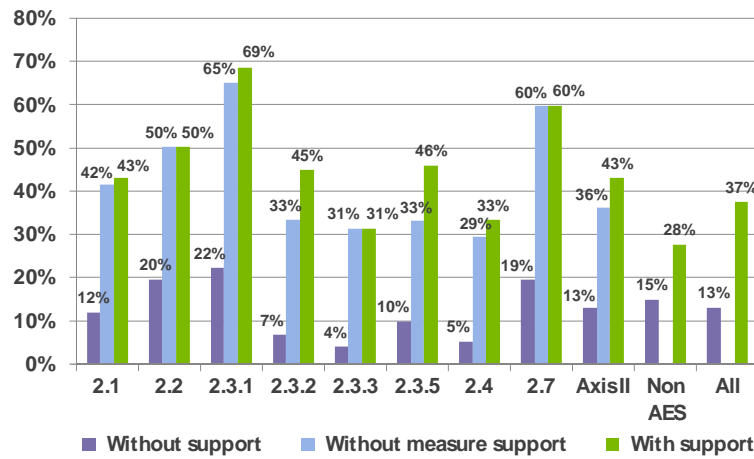
## SHARE OF SUBSIDIES IN FARM INCOME IN ESTONIA, 2011



SOURCE: OWN CALCULATION BASED ON FADN DATA

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## SHARE OF SUSTAINABLE<sup>1</sup> FARMS BY AXIS II MEASURES IN ESTONIA, 2011

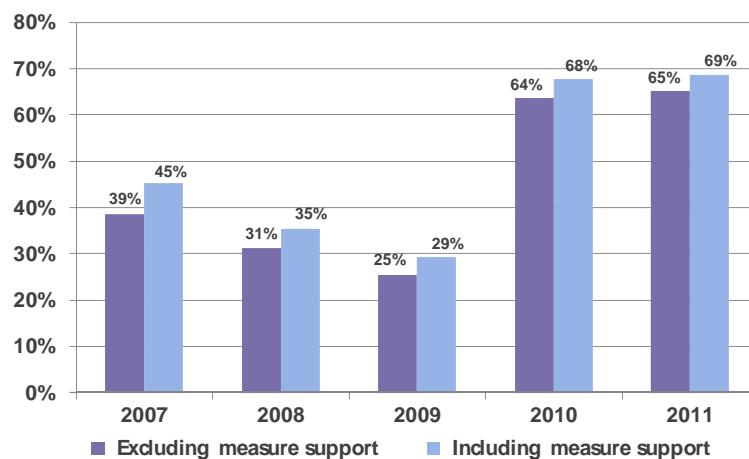


<sup>1</sup> Sustainable farms defined on the bases of the Farm Gross Value Added (GVA) produced on the farm per Annual Work Unit, i.e. in order to be sustainable, a farm should produce GVA at least 80% of average labour cost per year in food industry and plus 5% of the average value of the fixed assets.

SOURCE: OWN CALCULATION BASED ON FADN DATA.

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## SHARE OF SUSTAINABLE FARMS (BENEFICIARIES)

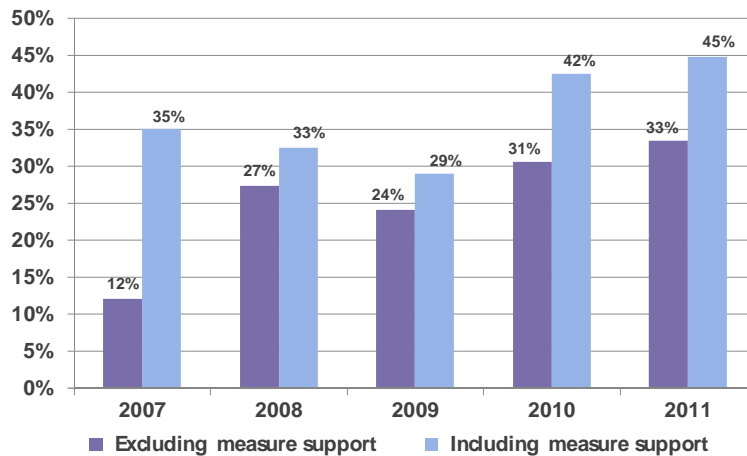


<sup>1</sup> SUPPORT FOR ENVIRONMENTALLY FRIENDLY MANAGEMENT  
SOURCE: OWN CALCULATION BASED ON FADN DATA.

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## SHARE OF SUSTAINABLE FARMS (BENEFICIARIES)



<sup>1</sup> SUPPORT FOR ORGANIC PRODUCTION  
SOURCE: OWN CALCULATION BASED ON FADN DATA.

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## CONCLUSIONS

- Beneficiaries of Axis II receive on average higher subsidies per hectare than non-AES farms.
- The support for beneficiaries of Axis II are very important for their economic viability.
- The sustainability of the beneficiaries of Axis II depends greatly on the AES.
- Beneficiaries of Axis II have on average a significantly higher income per AWU in comparison with non-AES farms.
- Beneficiaries of Axis II have on average a higher share of subsidies in farm income than non-AES farms.
- Beneficiaries of Axis II have on average a higher share of sustainable farms than non-AES farms.

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