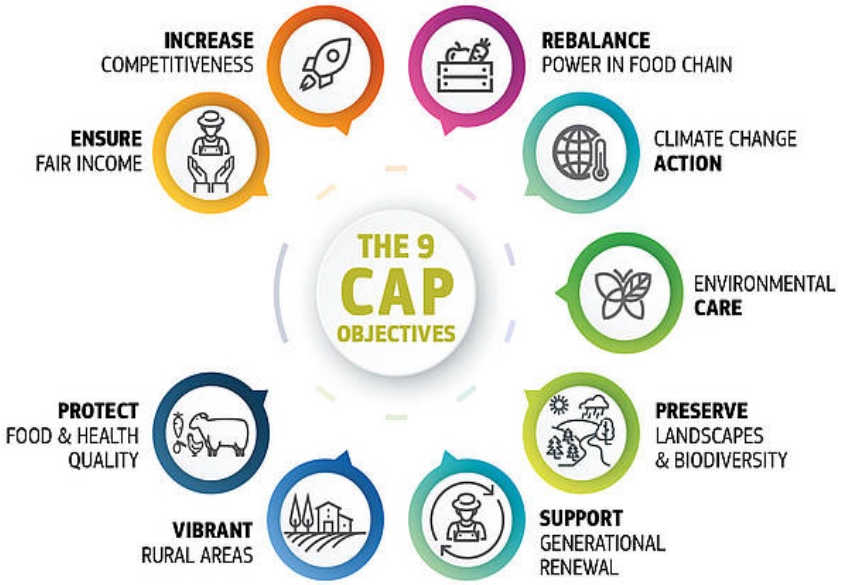

European Commission

The use of FADN data for the Impact assessment (IA) of the CAP in DG-AGRI

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DG Agriculture and Rural Development
Unit C3 – Farm economics

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FADN at the service of the CAP

Among other objectives, the **Common Agricultural Policy (CAP)** supports agricultural income since its origin in 1962.

The EU FADN survey, established in 1965, supplies key data to **evaluate the income** of agricultural holdings and the **impacts** of the Common Agricultural Policy.

Necessity of evidence based policy making.

Role of FADN in DG-AGRI

Since autumn 2017, FADN data have been used at the Commission mainly for:

Preparing for the new CAP discussions

- Statistical annex
- Analysis of challenges
- **CAP impact assessment (IA)** - *focus of this presentation*

CAP evaluations and research

- Data access requests (investigation, ECA)

Information and analyses

- Milk costs of production
- CAP indicators (CMEF)
- Beef and cereal sectorial reports (to be published)

Multi-criteria Analysis for the future CAP and the 3 working groups in the IA

Economic challenges for the agricultural sector

Challenges related to environment and climate change

Broader socio-economic challenges facing agriculture and rural areas

Role of FADN in the IA

AidsK (Unit C.3): FADN databased (farm structure 2012) with policy as when fully implemented (2019) and possibility to change direct payments, very useful to work on payments distribution as well as winners and losers (types of farming, MS…)

IFM-CAP (JRC), farm model (based on FADN) – same properties as AidsK with additional possibility to address change in land allocation between crops with changes in policy.

Some agri-environmental indicators.

JRC projects using FADN data

IFM-CAP (Individual farm model)

- EU-wide individual farm level partial equilibrium model
- Assess impact of CAP on farms' economic & environmental performance
- Assess distributional effects over the farm population
- The model is applied to the mojority of FADN individual farms

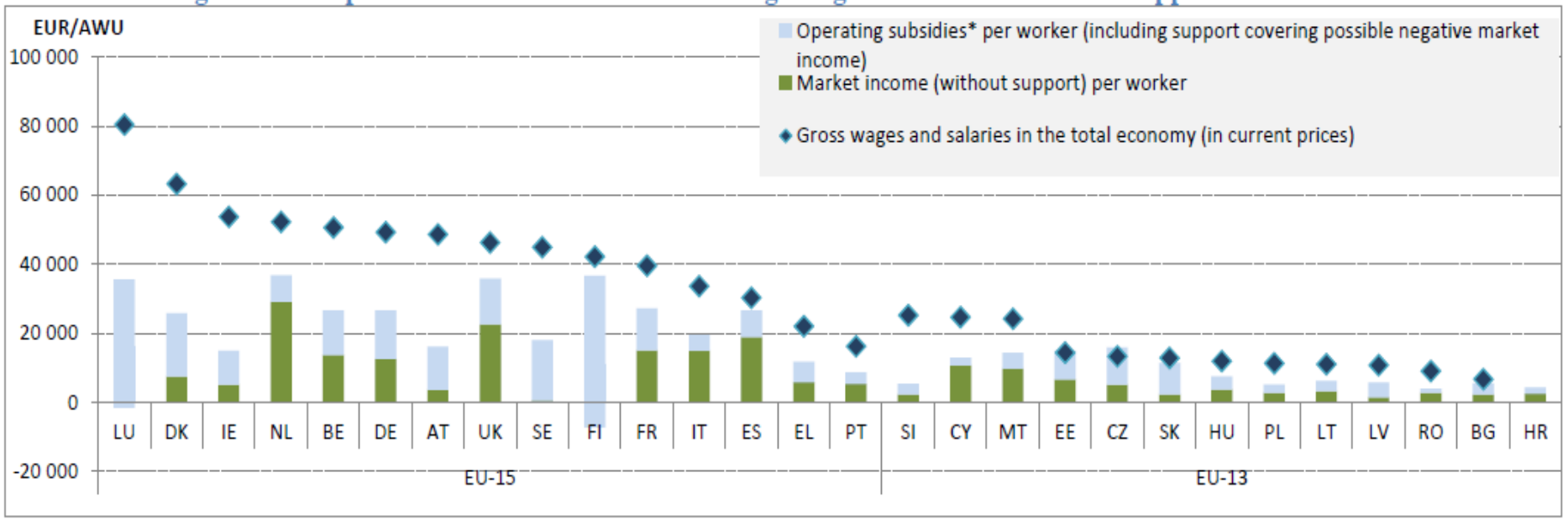
JRC projects using FADN data

IFM-CAP in the IA of the options:

- Land allocation and activities
- Agricultural income
- Share of farmers with low profitability (in difficulty)

Farmers income lagging behind

Figure 1: Comparison of farm income with average wages and share of income support - EUROSTAT



NB: Income indicator=Entrepreneurial income plus compensation of employees by total annual work units.
Source: EAA, ESTAT 2013-2015, EU FADN for number of hours worked

Proposed degressive reduction and capping

European Commission

- *All EU direct payments,*
- *All, paid and unpaid salaries exempted,*
- *60-75k, 25% reduction*
- *75-90k, 50% reduction*
- *90-100k, 75% reduction*
- *>100k, cap*

Agriculture and Rural Development

Savings

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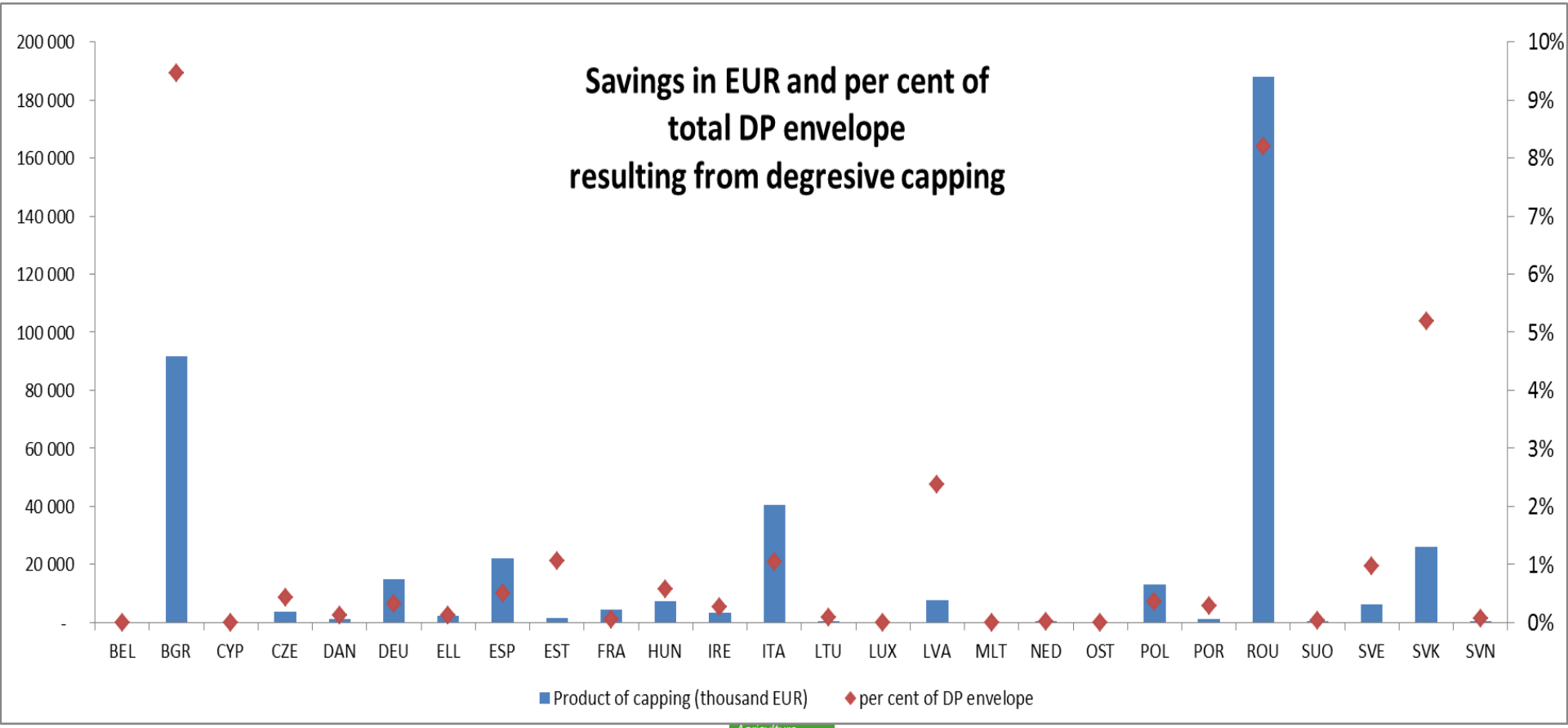
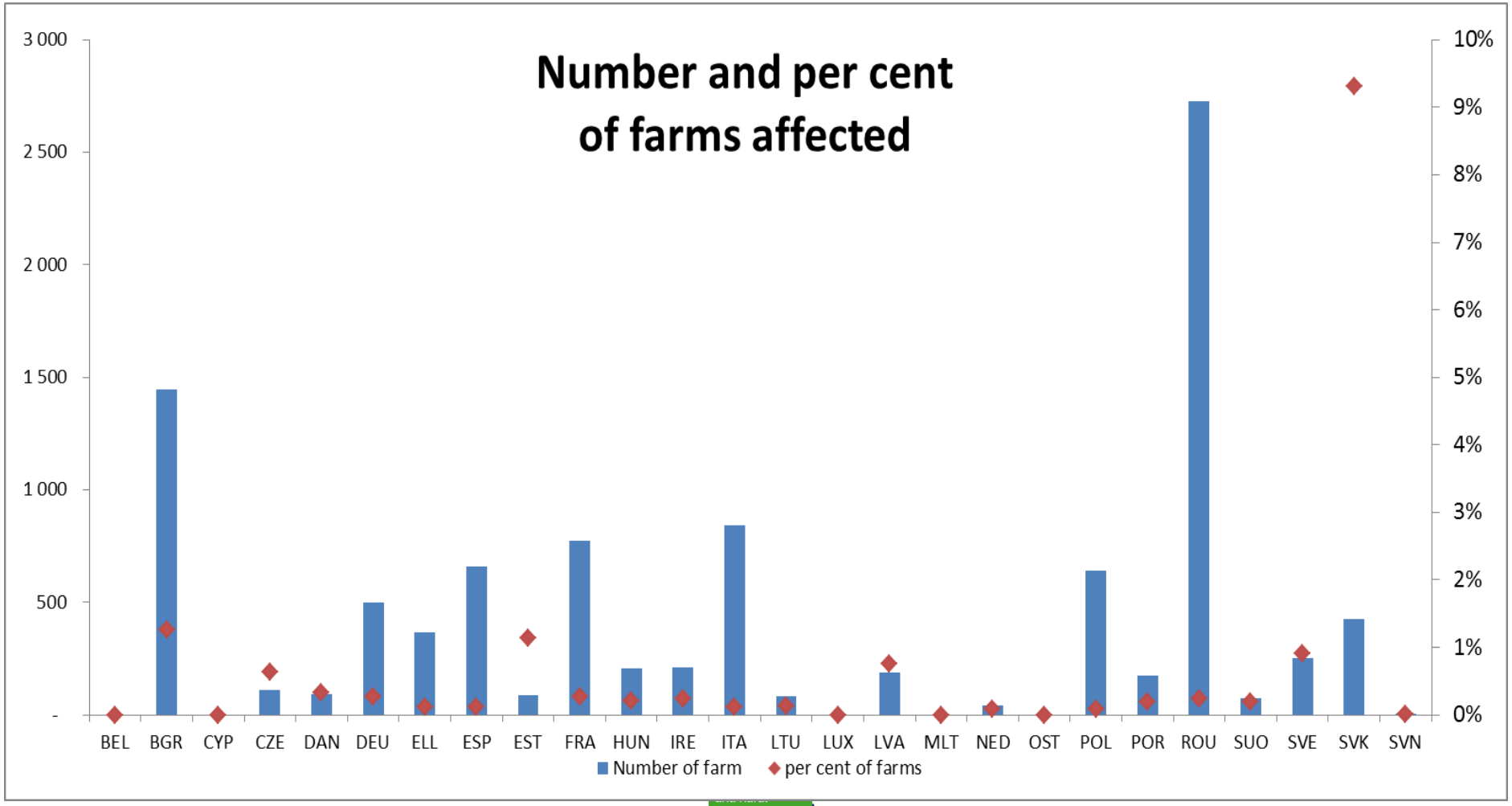
- **In EU 436 million euro (without UKI and HRV) which accounts for 1.1% of total DP envelope**



Agriculture and Rural Development

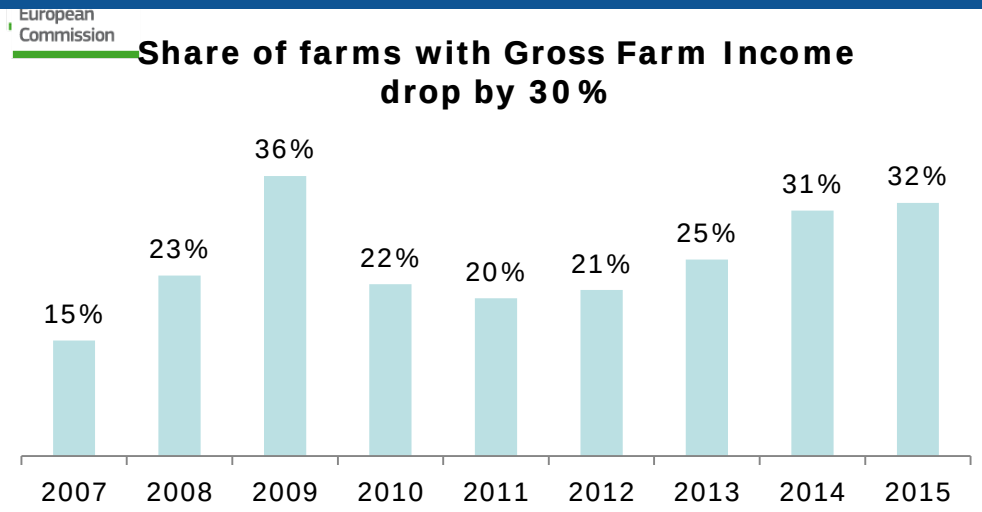
Farms affected by capping

- In EU 9.9 thousand farms which accounts for 0.21% of farms population

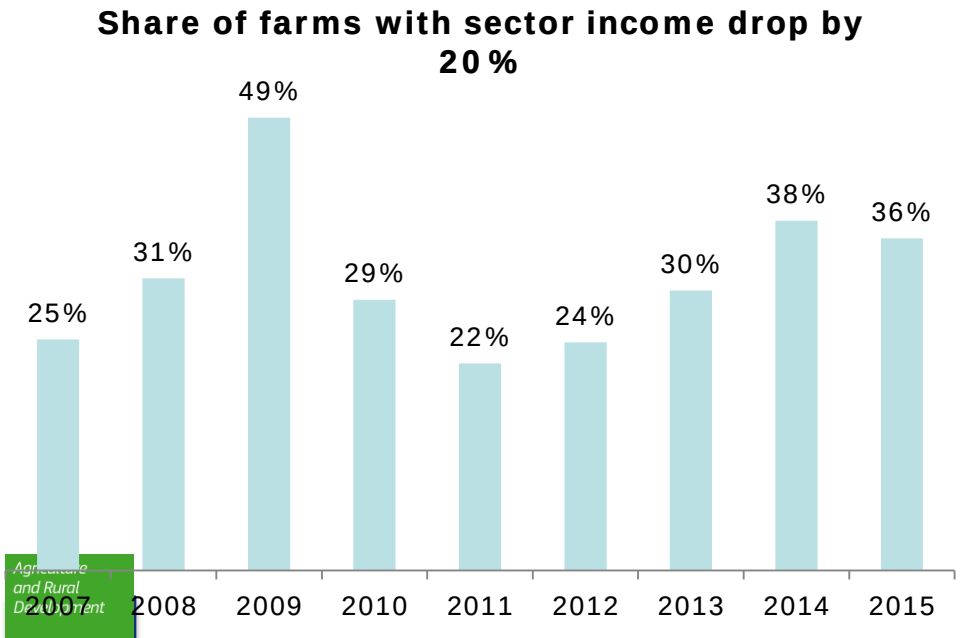


Income variability

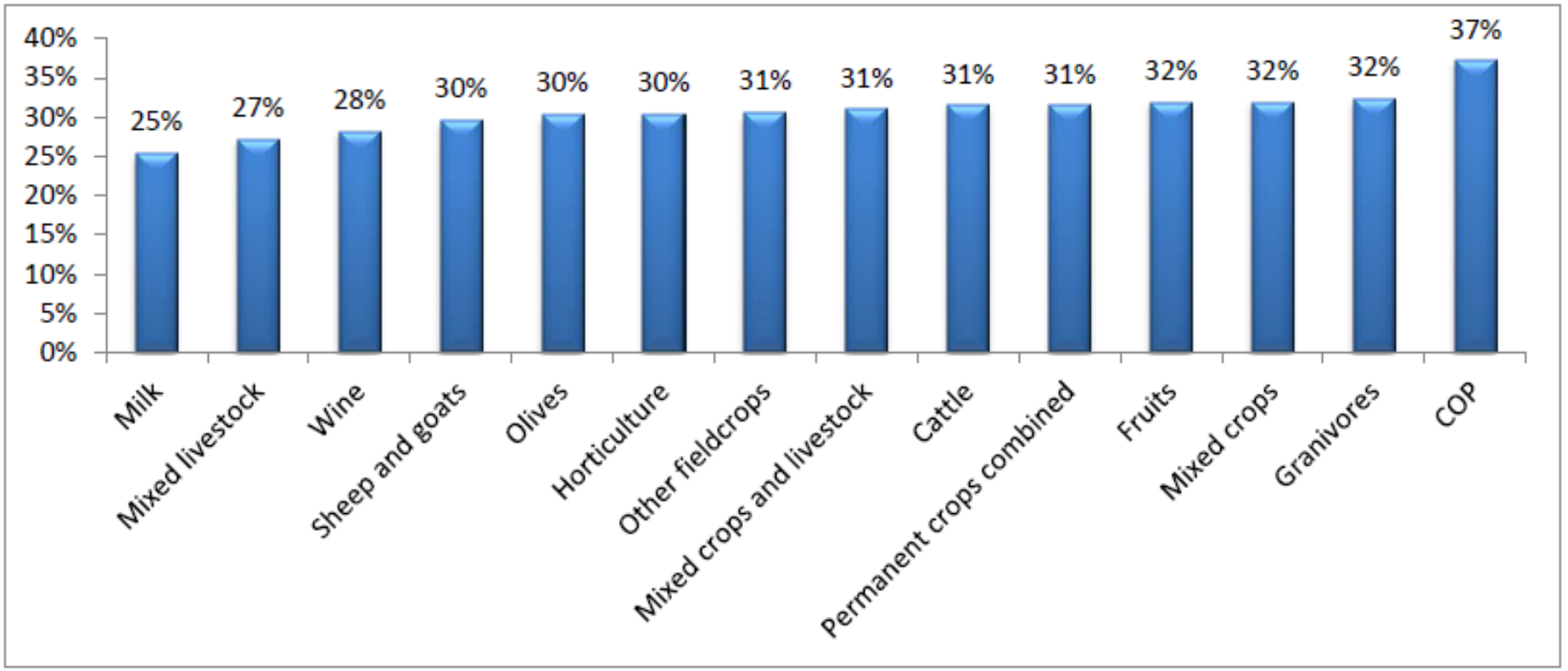
2007-2015
25%



2007-2015
31%



Income variability – share of farms with income drop over 30% by sector in 2007-2015



Further convergence towards 2026

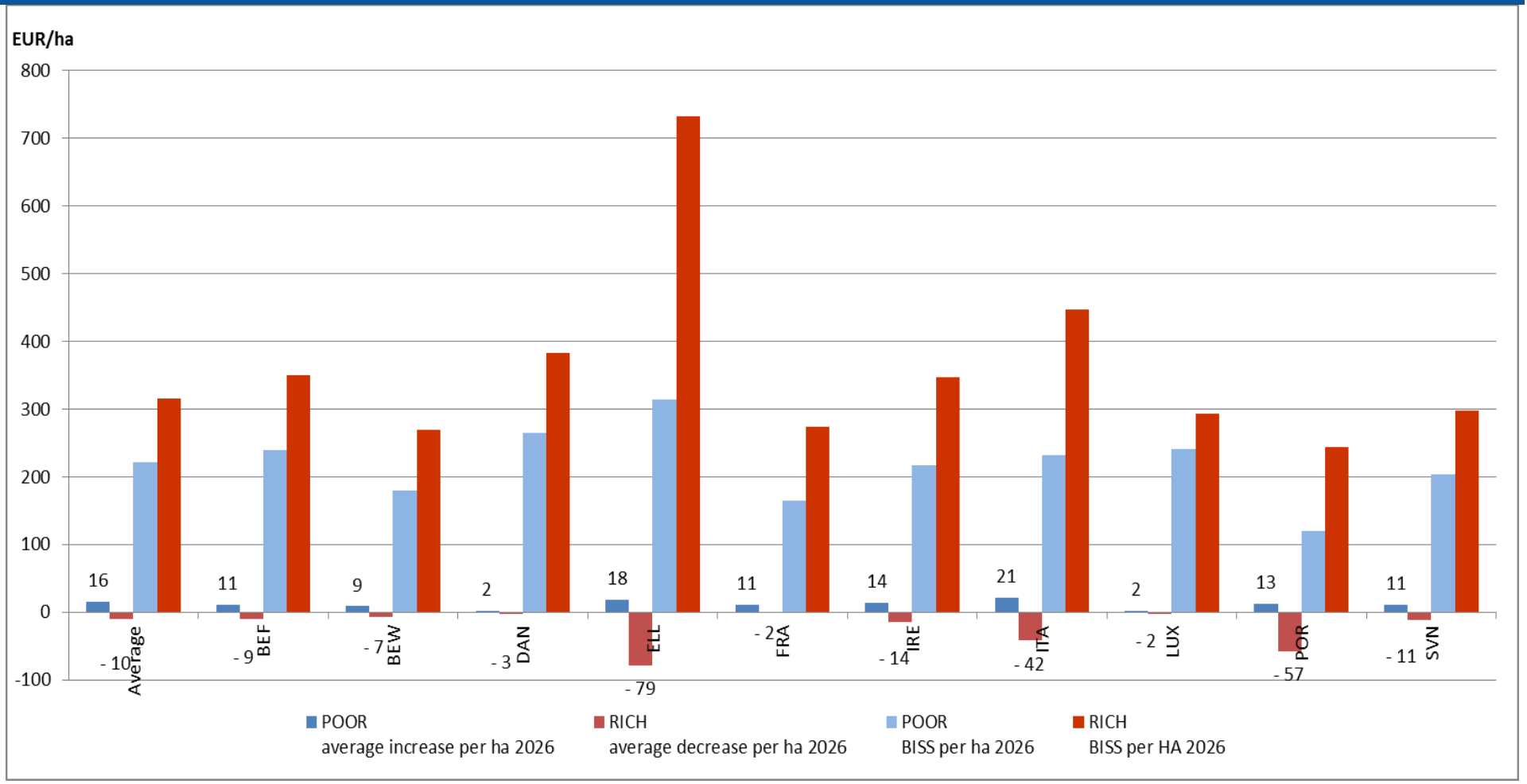
Commission

Scenario – continuation of the current policy

Continuation of the current convergence rules, without capping,

Analysis of 'POOR' i.e. those with BISS (Basic income sustainability support = current BPS+greening element) below the average value in 2026, and 'RICH' farms i.e those with BISS/ha above the average in 2026,

Further convergence towards 2026



NB: POOR are farms below the average BPS+GREENING value in 2019, RICH are farms above the average BPS+GREENING value in 2019

New model AISA2020 to replace AIDSK

AISA – agricultural income support analysis

Fed with FADN 2015 data (the first year of the current CAP)

Baseline – current policy assumptions in 2020

Flexible to simulate effect of different ***convergence / capping / redistribution*** *scenarios for all the MS*

Thank you!

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