



**Rebalancing the agricultural direct payments between the EU-15
and the EU-12, particularly through a minimal basic aid**

Jacques Berthelot (jacques.berthelot4@wanadoo.fr)

August 2, 2011

Plan

I – The false assertion that the single area payment scheme of the EU-10 will catch up with the single payment scheme of the EU-15

II – The disparities in the farm structures between the EU-15 and the EU-12 in 2007

- 1) Synthesis of the main disparities in the structures of small farms
- 2) The disparity in the acreage size of small farms
- 3) The disparity in the economic dimension of farms
- 4) The disparity in agricultural employments according to the economic dimension of farms
- 5) The disparity in the AWU and their origin, from family or hired labour
- 6) The unequal distribution of AWU according to the acreage size of farms
- 7) The unequal distribution of AWU according to the economic dimension of farms
- 8) The unequal distribution of farms of less than 2 ha and 4 ESU

III – The large disparities in the distribution of direct aids between the EU-15 and the EU-12 in 2009

- 1) The disparity in the acreage benefitting from direct aids
- 2) The imbalance in the number of farms getting direct aids
- 3) The inequality in the ceilings of direct aids
- 4) The inequality in the actual direct aids in 2009 and 2010
- 5) The disparity in direct aids per farm in 2009
- 6) The disparity in the ceilings of direct aids per ha
- 7) Some convergence of direct aids taking into account those to rural development?

IV – The food dumping of the EU-15 in the EU-12 justifies to rebalance the direct aids

V – Which basic direct aid to grant from 2014 to 2020 and from which resources?

In its communication of 18 November 2010 on *"The CAP towards 2020: Meeting the food, natural resources and territorial challenges of the future"* the European Commission underlines *"the most significant criticism [of the CAP], i.e. the issue of equity in the distribution of direct payments between Member States"*¹ and adds: *"Some redistribution of funds between Member States based on objective criteria could be envisaged"*².

In the Dess' report of 31 May 2011 on *"The CAP towards 2020: meeting the food, natural resources and territorial challenges of the future"* the European Parliament stresses that *"small farmers in the EU make a vital contribution to the CAP's objectives and the obstacles they face must be duly taken into account amid the reform process... Whereas, in the new Member States applying the single area payment scheme, a large proportion of farmers, especially in the stock breeding sector, are not entitled to direct payments because they do not own*

¹ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:0672:FIN:en:PDF>

²

<http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/10/587&format=HTML&aged=0&language=EN&guiLanguage=en>

agricultural land", hence it "calls for a fair distribution of CAP funding for the first and second pillars both among Member States and among farmers within a Member State"³.

In its financial proposals of 29 June 2011 the EU Commission states that "For historical reasons, the level of direct support for EU farmers per hectare differs substantially across the EU. For example, the average direct payment per hectare of potentially eligible land and per beneficiary for the year 2013 is €94.7 in Latvia and €457.5 in the Netherlands. The EU-27 average is €269.1. The reformed CAP will include a system of 'convergence' to reduce these disparities and promote a fairer distribution of financial support"⁴.

The French Confédération Paysanne had recommended in April 2010, in a report on the CAP after 2013, to "create a specific support for small farms, for all farms justifying a social, environmental and economic role"⁵.

This recommendation has been taken back in the report of the French Economic, Social and Environmental Council (CESE) of 3 June 2011, presented by Régis Hochart: "The CESE recommends that a basic decoupled lump sum of direct aid be attributed to every farm according to the number of full time-equivalent agricultural workers (AWU), men and women, working on the farm. This measure would permit simultaneously to help to maintain "small farms", which is called for by the Commission. To encourage the preservation of transmissible farms, the CESE proposes to limit this support to 6 AWU, the farmer devoting at least half of his time to the farm. Such a measure would be acceptable at the EU level with an amount of lump sum payment correlated to the level of the average income of each Member State. The Report of the [French] Senate of 16 November 2010 – "Give a new meaning to the CAP" – shares also the idea of supports linked to the standard of living of each Member State"⁶.

The French PAC 2013 network suggests an amount of 2,500 euros per AWU for this base aid: "Within the farm income support envelope, we are asking the Commission to evaluate the impact of a redistribution of direct payments among holdings, based on the introduction of an annual lump sum payment of around EUR 2500 per full-time equivalent job, in order to ensure equity among the EU farmers, taking into account the different levels of purchasing power within the Member State concerned"⁷.

We assume that, through the expression "taking into account the different levels of purchasing power within the Member State concerned", the issue is not to compare the purchasing power of one euro among the 27 Member States (MS) but indeed, as stated by the CESE report, to contemplate "an amount of lump sum payment correlated to the level of the average income of each Member State". However the CESE expression is ambiguous: does it imply a positive or a negative correlation?

Should we give a lower amount of base aid in the MS with an average national income lower than the EU-27 average, so as to avoid national political difficulties which would emerge if the farmers would get an income significantly larger than that of the other social groups, due

³ <http://www.arc2020.eu/front/wp-content/uploads/2011/06/AGRI-Dess-Report-prov-EN.pdf>

⁴ http://ec.europa.eu/budget/library/biblio/documents/fin_fwkl420/MFF_COM-2011-500_Part_II_en.pdf

⁵ Confédération Paysanne, *PAC 2013, Une PAC pour la souveraineté alimentaire en Europe et dans le monde*, avril 2010.

⁶ Régis Hochart, *La future PAC après 2013*, Rapport du Conseil économique, social et environnemental, 3 juin 2011, <http://www.lecese.fr/index.php/rapports-et-avis/q-la-future-pac-apres-2013-q>.

⁷ Report not yet circulated.

not only to this base aid but also to the CAP direct payments generally? We remember that this was one of the arguments against aligning the direct aids in the EU-10 (and after the EU-12) with those prevailing in the EU-15 when the EU-10 joined the EU in 2004.

Or does it imply a negative correlation where we would give a larger base aid in the MS whose national income, and also the average farmers' income, is lower so as to reduce the income gaps within the EU-27?

The present analysis does not pretend to reply to the Commission's proposal on "the base rate serving as an income support" for all EU-27 farmers. It aims more modestly to clarify the large disparities in the farm structures between the EU-15 and the EU-12 and the huge inequalities in the distribution of direct aids, decoupled or not, between them. And it shows the extent to which a minimal basic aid to the smallest farms would contribute to reducing the gaps in farm incomes, promoting at the same time a sustainable rural development, notably through a more employment intensive agriculture. This proposed basic aid would add to the base direct aid contemplated by the Commission and most stakeholders for the 2014-20 CAP.

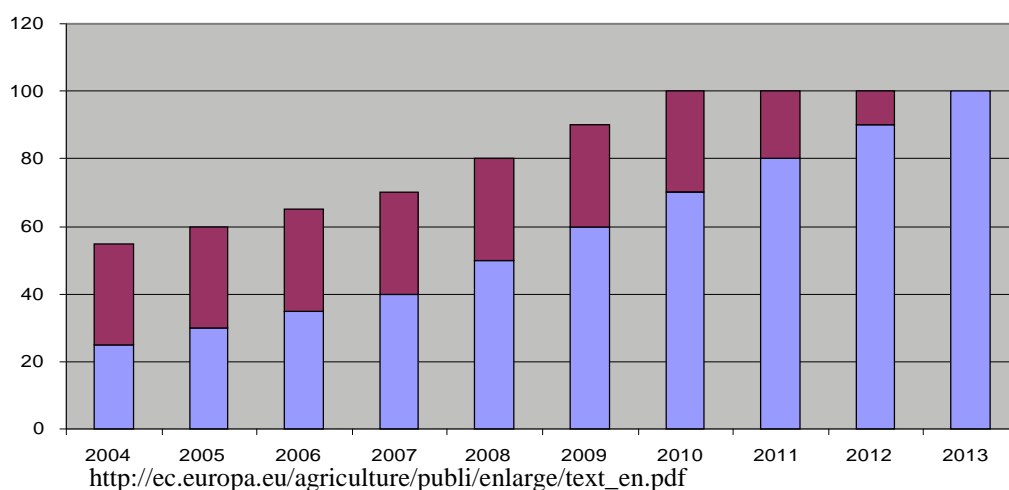
I – The false assertion that the EU-12 single payment will catch up with that of EU-15

The direct aids of the Single payment scheme (SPS) or the Single payment rights (SPRs) corresponded initially to the division of the coupled direct aids of the reference period 2000-2002 by the acreage admissible to benefit from the aids, that is the arable and forage acreage, knowing that the farmer was free to choose what to produce and was not obliged to produce at all. The aids integrated initially in the SPS covered the arable crops (cereals, including rice and hard wheat, oilseeds, pulses), grain legumes, seeds, starch potatoes, dried fodder, bovine cattle and sheep. The number of initial SPRs of each farmer was equal to the average number of hectares of his farm having received the corresponding direct payments from 2000 to 2002. However, on the one hand, some MS, notably France and Spain, had chosen not to "decouple", not to integrate within the SPS, part of their products, especially 25% of direct payments to arable crops and the suckler cow premium (SCP) and, on the other hand, many products have kept semi-coupled aids not yet put into the SPS: obligation to produce them but production levels limited by ceilings per MS⁸. Other products have progressively integrated the SPS: namely milk and sugar beet in 2007, fruits and vegetables and wine partially in 2008. Finally the "Health check" decisions of late 2008 have increased the decoupling in 2010 of the largest part of direct aids still coupled in some MS. As a result France transferred to the SPS 25% of the suckler cow premium, 100% of the slaughter premium of bovine cattle, the ewe premium, the direct aids to arable crops, the special quality premium to hard wheat, the aid to hops and the 60% of the tobacco aid still coupled. The integration in the SPS of a part of aids to permanent crops (fruits and vegetables and wine) has increased the acreage eligible for 'activation' of the SPRs so that all the used agricultural area (UAA) has become eligible, obviously excluding forests, which have never been part of the UAA, even if the copses of short rotation are activable. As Agrosynergie is saying, *"following the CAP health check, the specific support schemes which had been established or maintained for some products (hard*

⁸ The report of Agrosynergie (*Evaluation of market effects of partial decoupling*, October 2010) differentiates well "the sectors characterised by different support systems across Member States (cereals, protein crops, oilseeds, flax, hemp, tobacco, hops, processing tomatoes, citrus fruits for processing, seeds, beef and sheep and goat meat) and six sectors adopting the same aid system in all producer Member States (rice, cotton, dried fodder, sugar, starch potatoes, nuts and in particular almonds and hazelnuts)" (http://ec.europa.eu/agriculture/eval/reports/decoupling/index_fr.htm and http://ec.europa.eu/agriculture/eval/reports/decoupling/exec_sum_en.pdf).

wheat, pulses, rice, nuts, starch potatoes, dried fodder, seeds, cotton, fruits and vegetables, sheep and bovine cattle, separate payment for sugar – only in the new Member States applying the Single Area Payment Scheme, SAPS) will disappear at the latest in 2012. The only coupled direct aids which will remain in force are the ewe and goat premium and the suckler cow premium".

Let us clarify the huge ambiguity, including in the EU official texts, about the extensively shared assertion that the aids of the SAPS in the EU-8 MS (EU-10 minus Malta and Slovenia which had opted for the SPS) will catch up progressively with the level of direct aids of the UE-15 MS integrated in the SPS at the beginning of its implementation in 2005, according to article 143a of title IV bis of Regulation n° 1782/2003 on the "Implementation of the support schemes in the new Member States": *"In the new Member States direct payments shall be introduced in accordance with the following schedule of increments expressed as a percentage of the then applicable level of such payments in the Community as constituted on 30 April 2004: 25 % in 2004, 30 % in 2005, 35 % in 2006, 40 % in 2007, 50 % in 2008, 60 % in 2009, 70 % in 2010, 80 % in 2011, 90 % in 2012 and 100 % from 2013... The total direct support the farmer may be granted in the new Member States after accession under the relevant direct payment including all complementary national direct payments shall not exceed the level of direct support the farmer would be entitled to receive under the corresponding direct payment then applicable to the Member States in the Community as constituted on 30 April 2004"*⁹. This statement is reiterated by the Commission in a report on direct aids for 2009: *"The level of EU direct payments in the new Member States will progressively increase from 25% of EU-15 level in 2004 (25% of EU-15 level in 2007 for Bulgaria and Romania) to 100% in 2014 budget year at the latest (2017 for Bulgaria and Romania)"*¹⁰.



The SAPS in force in the new Member States of the EU-10 (EU-8 plus Bulgaria and Romania) is an EU decoupled direct payment per hectare (ha), whose amount increases gradually over the 2004-13 period from 25% to 100% of the national ceilings resulting from their accession agreements (for example €1.309 billion in 2013 for Hungary and €3 billion for Poland). In 2009 the EU-8 Member States (EU-10 except Bulgaria and Romania) have received 60% of the unit SPS aid level in the EU-15 and 70% in 2010 – that is payment per tonne or cattle head –, Bulgaria and Romania having received 35% and 40% in 2010.

⁹ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:62010J0115:EN:HTML>

¹⁰ http://ec.europa.eu/agriculture/fin/directaid/2009/annex2_en.pdf.

However the EU-10 Member States (MS) may increase the SAPS with "complementary national direct payments" (CNDPs or "top ups") – financed from their national budget and from a part of EU funds received for rural development (EAFRD) from 2004 to 2006 only – but these CNDPs could not exceed 30% of the national ceiling for the MS and the sum of the "community aid + top up" cannot exceed in any case the corresponding unit aid of the EU-15. If the CNDPs were equal at most to 30% of the EU-15 unit aid up to 2010 (see the graph), they could have reached 60% in Bulgaria and Romania in 2009 and 50% in 2010. So that the total unit direct aid could have reached in the EU-8 90% of the level of the unit aid in the EU-15 in 2009 and 100% in 2010 and Bulgaria and Romania might have granted unit aids of 95% of the EU-15 level in 2009 and 90% in 2010.

However one should not count these CNDPs as they diminish by the same amount the financial resources available in the EU-10 for their other activities, particularly for rural development. Otherwise one should also take into account the State aids granted to the EU-15 farmers. In fact it is the huge gap in yields and average acreage per AWU that was used to define the ceilings in the SAPS in 2003 which explains the large gap in the aids per AWU and per ha between the EU-15 and the EU-12.

This is confirmed by the Council Regulation (EC) No 583/2004 of 22 March 2004: *"The amount of direct payments, described in national ceilings, under the single payment scheme for the new Member States should be based on the quota, ceilings and quantities that were agreed in the accession negotiations multiplied by the relevant aid amounts per hectare, head or tonne"*¹¹. And Bénédicte Carlotti underlines: *"The differences in the level of aids per hectare among countries come essentially from the reference yields taken into accounts for the calculus of the aids envelopes"*¹².

The Tabadji report of the European Parliament of 1st March 2007 *"Emphasises that the new Member States were forced to apply complementary national direct payments (CNDP, 'top-ups'), which can be considered as a form of co-financing and a quasi-renationalization of Community direct payments, and that this led to serious political and economic difficulties in various new Member States as they imposed a serious burden on the national budgets and limited the possibility of applying state aid schemes... Notes that, in the case of some new Member States, in some sectors, the allocated quota levels led to the freezing or even decline of agricultural production, and that the fact that decoupled payments were linked to the lower level of quotas constituted a further subsidies disadvantage for the new Member States, in addition to the phasing-in; also notes that the problem occurs also in some of the old Member States"*¹³.

To establish the level of direct aids – for cereals, oilseeds, pulses, bovine and ovine meats – and production quotas – for milk and sugar –, the EU-15 has refused the request of the EU-10 to retain their production volumes of 1989, under the pretext that these volumes have collapsed afterwards. In fact this collapse was partially the result of the massive dumping of the products imported from the EU-12, then from the EU-15, which had benefitted at the same time of large export refunds up to 2000 and of direct payments, so that the deficit of their trade in agri-food products with the EU-15 has been increasing before their accession,

¹¹ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32004R0583:EN:HTML>

¹² Bénédicte Carlotti, *La PAC en débat : regards sur nos partenaires européens. Mise en oeuvre et premiers impacts de la réforme de 2003 et du système d'aides simplifié dans quelques États membres*, OCL, vol. 15 n° 2, mars-avril 2008, http://www.jle.com/e-docs/00/04/3F/4D/vers_alt/VersionPDF.pdf

¹³ <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+20070329+ITEMS+DOC+XML+V0//EN&language=EN#sdocta14>

and indeed ever since. It is also due to the even higher dumping of the EU-15 to Russia, which has deprived Poland and Romania from their traditional outlet, particularly in pig meat (see part IV below). Indeed the EU-10 production of cereals has fallen from 88 million tonnes in 1989 to 62 in 2000, that of milk from 39 million tonnes to 28, that of bovine meat from 2 million tonnes to 1 million and that of pig meat from 5.5 to 4.2 million tonnes¹⁴. In order to make budget savings and not to worsen the surpluses to be exported with refunds, capped at the WTO, the EU-15 has imposed to base the EU-12 levels of aids and production quotas on the production of the most recent years (1995 to 2000).

In other words, to speak of a progressive alignment of the aids levels of the EU-12 with those of the EU-15 is an outright lie: this phasing-in applies only to the rate of unit aid – per tonne (of crop products or milk), per ha (for several crops remained coupled) or per cattle head – and not to the gap between the levels of yields (per ha of crop products or milk cow) and acreage per farm or per AWU at the time when the aids ceilings were fixed.

II – The disparities in farm structures between the EU-15 and the EU-12 in 2007

1) Synthesis of the main disparities in the structure of small farms

The table 1 synthetizes the main disparities in the structure of small farms between the EU-15 and EU-12 in 2007, last available year for the data. They refer to the average used agricultural area (UAA), the share of the smallest farms in terms of UAA, economic dimension, agricultural jobs and their full-time equivalent or agricultural working units (AWU). The economic dimension is characterized by the number of European Size Units (ESU), one ESU corresponding to the Standard Gross Margin (SGM) of 1.5 ha of wheat or €1,200 in 2004, the SGM being the value of production per ha or cattle head minus the cost of variable production factors. The following sections will detail these points for all the EU-27 MS.

Table 1 – Large disparities in the structure of small farms between the EU-15 and the EU-12

	UE-27	UE-15	UE-12
Average UAA per farm	12.6 ha	22 ha	6 ha
Farms < 5 ha / total farms	68.6%	53%	79.5%
Farms < 2 ha / "	46.6%	32%	56.9%
Farms < 1 ESU / "	46.6%	15.7%	68.5%
Farms < 2 ESU/ "	60.6%	28.4%	83.7%
Farms < 4 ESU/ "	72.1%	44.8%	91.3%
Agricultural jobs	100%	43%	57%
% of " in farms < 1 ESU	38.6%	12.5%	58.4%
" in farms < 4 ESU	65.2%	38.1%	85.6%
Agricultural jobs per farm	1.95	2.03	1.89
AWU per farm	0.85	1	0.75
FAWU (family AWU) per farm	0.68	0.72	0.66
Paid AWU per farm	0.32	0.28	0.34
AWU per farm < 5 ha/ total AWU	46.8%	32.6%	60.3%
AWU per farm < 2 ha/ total AWU	26.7%	17.5%	35.4%
AWU per farm < 1 ESU/ "	24.2%	6.2%	40.2%
AWU per farm < 4 ESU/ "	49%	21.7%	61.2%
Agricultural jobs per AWU	2.47	2.27	2.65

¹⁴ Alain Poulliquen, *Competitiveness and farm incomes in the CEEC agri-food sectors. Implications before and after accession for EU markets and policies*, October 2001, http://ec.europa.eu/agriculture/publi/reports/ceeccomp/fullrep_en.pdf

2) The disparity in the acreage of farms between the EU-15 and EU-12

Table 2 – Distribution of farms according to their acreage (ha) between the EU-15 and EU 12 in 2007

Number of ha	Total farms	0 ha	0-2	2-5	5-10	10-20	20-30	30-50	50-100	>100
EU-27	13700460	251370	6385750	3007730	1560530	992 630	399 500	404 820	392 890	305 240
EU-15	5662500	85060	1813350	1188700	728 520	595 200	296 580	338 150	353 320	263 620
EU-12	8037960	166310	4572400	1819030	832 010	397 430	102 920	66 670	39 570	41 620
Belgium	48030	900	5 740	5 580	6 000	7 680	5 650	7 690	6 810	1 980
Bulgaria	493 140	11 210	417 390	39 240	10 060	5 480	1 940	1 630	1 970	4 220
Czech Repub.	39400	910	12 550	6 380	4 500	4 030	2 130	2 330	2 310	4 260
Denmark	44630	420	510	750	8 780	8 430	4 840	5 630	7 090	8 180
Germany	370 490	1 280	23 560	58 730	50 950	68 670	33 970	47 970	53 380	31 980
Estonia	23330	80	2 900	5 440	5 120	4 180	1 700	1 320	1 040	1 550
Ireland	128240	200	1 500	6 690	16 230	30 480	24 090	26 310	18 220	4 520
Greece	860 150	6 030	420 480	228 630	112 290	55 360	17 750	12 500	5 860	1 250
Spain	1 043 900	13 920	274 710	262 730	157 250	122 440	59 150	52 520	50 100	51 080
France	527 360	5 390	63 870	61 180	48 460	52 180	36 860	62 360	106 650	90 410
Italy	1 679 440	1 670	831 900	397 120	202 560	122 750	42 430	40 990	27 010	13 010
Cyprus	40 100	260	27 250	7 170	2 780	1 470	430	360	240	140
Latvia	107 740	260	18 500	25 290	27 060	20 760	6 420	4 360	2 880	2 210
Lithuania	230 270	70	31 740	107 530	46 390	24 670	7 540	5 440	3 910	2 980
Luxembourg	2 310	10	230	170	210	190	130	260	690	420
Hungary	626 320	60 370	452 340	47 490	24 380	17 210	6 240	6 140	5 660	6 490
Malta	11 010	240	9 670	820	260	20	0	0	:	:
Netherlands	76 750	1 800	8 770	10 910	10 970	12 150	8 350	12 640	9 210	1 950
Austria	165 410	870	19 130	35 340	30 120	35 340	18 240	15 090	8 000	3 280
Poland	2390 960	10 840	1046210	580230	389 400	239 270	64 400	36 970	15 790	7 850
Portugal	275 090	890	127 300	71 390	33 630	19 890	6 720	5 440	4 390	5 440
Romania	3 931 360	79 560	2485570	965 590	300 000	70 130	9 550	6 560	4 740	9 660
Slovenia	75 330	40	18 580	25 850	19 140	8 550	1 890	890	290	100
Slovakia	69 000	2 470	49 700	8 000	2 920	1 660	680	670	740	2 160
Finland	68 260	370	1 730	4 540	8 540	14 790	10 960	13 220	10 940	3 170
Sweden	72 610	450	700	9 740	13 170	14 140	7 660	8 810	10 050	7 890
United Kingd	299 830	50 860	33 220	35 200	29 360	30 710	19 780	26 720	34 920	39 060

Source : Eurostat.

Table 3 – The disparity in the share of the smallest farms between the EU-15 and EU 12 in 2007

	Total farms	<2 ha	% <2 ha	2-5 ha	% 2-5 ha	<5ha	% <5ha
EU-27	13700460	6637120	48.4%	3007730	22%	9644850	70.4%
EU-15	5662500	1898410	33.5%	1188700	21%	3087110	54.5%
EU-12	8037960	4738710	59%	1819030	22.6%	6557740	81.6%
Belgium	48030	6640	13.8%	5580	11.6%	12220	25.4%
Bulgaria	493 140	428 600	86.9%	39240	8%	467 840	94.9%
Czech Repub.	39400	13460	34.2%	6380	16.2%	19840	50.4%
Denmark	44630	930	2.1%	750	1.7%	1680	3.8%
Germany	370 490	24 840	6.7%	58730	15.9%	83 570	22.6%
Estonia	23330	2980	12.8%	5440	23.3%	8420	36.1%
Ireland	128240	1700	1.3%	6690	5.2%	8390	6.5%
Greece	860 150	426 510	49.6%	228630	26.6%	655 140	76.2%
Spain	1 043 900	288 630	27.6%	262730	25.2%	551 360	52.8%
France	527 360	69 260	13.1%	61180	11.6%	130 440	24.7%
Italy	1 679 440	833 570	49.6%	397120	23.6%	1 230 690	73.2%
Cyprus	40 100	27 510	68.6%	7170	17.9%	34 680	86.5%
Latvia	107 740	18 760	17.4%	25290	23.5%	44 050	40.8%
Lithuania	230 270	31 810	13.8%	107530	46.7%	139 340	60.5%
Luxembourg	2 310	240	10.4%	170	7.4%	410	17.8%
Hungary	626 320	512 710	81.9%	47490	7.6%	560 200	89.5%
Malta	11 010	9 910	90%	820	7.5%	10 730	97.5%
Netherlands	76 750	10 570	13.8%	10910	14.2%	21 480	28%
Austria	165 410	20 000	12.1%	35340	21.4%	55 340	33.5%
Poland	2390 960	1 057 050	44.2%	580230	24.3%	1 637 280	68.5%
Portugal	275 090	128 190	46.6%	71390	26%	199 580	72.6%
Romania	3 931 360	2 565 130	65.2%	965590	24.6%	3 530 720	89.8%
Slovenia	75 330	18 620	24.7%	25850	34.3%	44 470	59%
Slovakia	69 000	52 170	75.6%	8000	11.6%	60 170	87.2%
Finland	68 260	2 100	3.1%	4540	6.7%	6 640	9.8%
Sweden	72 610	1 150	1.6%	9740	13.4%	10 890	15%
United Kingd	299 830	84 080	28%	35200	11.7%	119 280	39.7%

The upper table 2 presents the distribution of farms of the EU-15 and EU-12 for all the available classes of acreage and the table 3 presents a more detailed analysis for the classes of acreage lower than 5 ha.

In 2007 70.4% of the EU-27 farms had less than 5 ha, of which 54.5% in the EU-15 – of which 76.2% in Greece, 73.2% in Italy and 72.6% in Portugal – and 81.6% in the EU-12, of which 94.9% in Bulgaria, 89.8% in Romania, 89.5% in Hungary and 87.2% in Slovakia. And 48.4% of the EU-27 farms had less than 2 ha, of which 33.5% in the EU-15 – of which 49.6% in Italy as in Greece and 46.6% in Portugal – and 59% in the EU-12, of which 86.9% in Bulgaria, 81.9% in Hungary, 75.6% in Slovakia and 65.2% in Romania.

3) The disparity of the EU-27 farms according to their economic dimension

46.6% of the EU-27 farms had an economic dimension lower than 1 ESU in 2007, of which 15.7% in the EU-15 and 68.5% in the EU-12. 60.6% of the EU-27 farms had less than 2 ESU, of which 28.4% in the EU-15 and 83.7% in the EU-12. 72.1% of the EU-27 farms had less than 4 ESU, of which 44.8% in the EU-15 and 91.3% in the EU-12.

Table 4 – Disparity in the distribution of the EU-27 farms according to their economic dimension (ESU) in 2007

ESU	<1	1-2	2-4	4-8	8-16	16-40	40-100	100-250	>250	Total
EU-27	6389650	1946750	1539190	1228620	906 900	837 190	544 400	242 400	65 350	13700450
EU-15	886 480	722 160	929 580	888 790	705 490	722 180	515 270	233 200	59 330	5662380
EU-12	5503170	1224590	609610	339830	201410	115010	29130	9 200	6 020	8038070
Belgium	1 870	1 890	2 960	3 950	4 700	7 480	12 800	10 910	1 450	48 010
Bulgaria	375 340	63 940	31 940	10 590	4 810	3 160	1 700	1 120	530	493 130
Czech Repub.	13 470	6 450	4 800	3 810	3 310	3 210	1 800	1 030	1 510	39 390
Denmark	260	1 240	3 190	7 150	7 450	8 750	6 390	6 280	3 920	44630
Germany	21 960	31 460	40 810	44 860	44 250	68 080	74 750	35 300	9 000	370 470
Estonia	10 590	5 440	3 140	1 670	990	800	380	220	110	23 340
Ireland	10 350	10 450	17 280	24 570	25 920	22 460	14 560	2 370	300	128 260
Greece	149 080	143 060	178 980	171 900	124 860	76 120	14 210	1 710	230	860 150
Spain	104 400	115 940	180 070	194 640	167 660	164 380	82 530	25 840	8 460	1 043 920
France	36 270	32 400	42 150	41 400	48 740	100 900	142 330	72 220	10 940	527 350
Italy	296 150	271 940	350 690	293 100	188 310	159 570	79 790	29 140	10 740	1 679 430
Cyprus	12 010	7 990	7 940	5 320	3 140	2 140	1 130	370	80	40 120
Latvia	63 380	21 550	11 590	5 610	2 920	1 690	670	230	100	107 740
Lithuania	145 020	45 610	21 620	9 430	4 550	2 600	910	350	190	230 280
Luxembourg	70	90	150	220	250	390	820	300	20	2 310
Hungary	485 490	52 980	35 510	23 330	13 560	9 550	3 670	1 160	1 080	626 330
Malta	3 400	2 820	2 210	1 100	730	590	140	20	0	11 010
Netherlands	:	:	1 030	7 510	8 960	12 780	19 450	20 880	6 130	76 740
Austria	34 530	14 130	19 110	22 750	24 140	33 180	14 400	2 760	430	165 430
Poland	1262820	361 420	299 820	221 560	146 320	80 310	14 560	2 900	1 260	2390970
Portugal	93 480	64 560	49 390	29 770	17 460	12 640	5 570	1 730	490	275 090
Romania	3064670	629 800	169 560	43 320	12 950	6 390	2 910	1 270	480	3931350
Slovenia	13 830	18 540	18 560	12 640	7 160	3 700	650	80	150	75 310
Slovakia	53 150	8 050	2 920	1 450	970	870	610	450	530	69 000
Finland	1 660	4 370	8 890	12 250	12 170	16 230	10 610	1 840	210	68 230
Sweden	15 080	9 310	10 770	10 330	8 130	8 530	7 040	2 760	670	72 620
United Kingd	121 320	21 320	24 110	24 390	22 490	30 690	30 020	19 160	6 340	299 840

4) The disparity in the agricultural jobs according to the economic dimension of farms

The following graph and the table 5 present the distribution of the agricultural jobs ("directly employed by the holding") in the EU-27 farms according to their economic dimension (ESU).

We see that the EU-12 groups together 57% of the 26.669 million agricultural jobs of the EU-27 against 43% in the EU-15. The farms below 1 ESU provide 58.4% of the EU-12 agricultural jobs against 12.3% in the EU-15. And the farms lower than 4 ESU provide 85.6% of the EU-12 agricultural jobs against 38.1% in the EU-15.

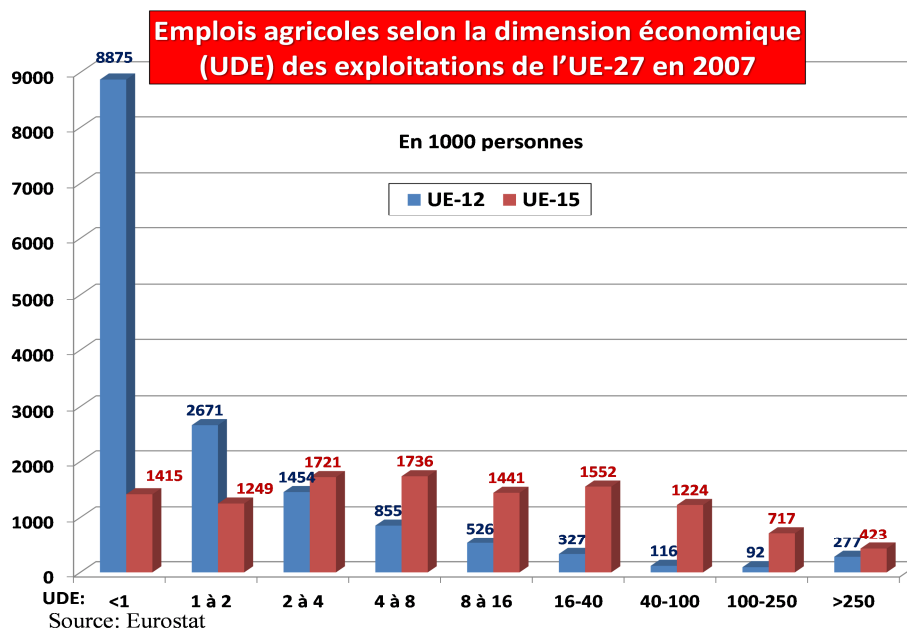


Table 5 – The agricultural jobs according to the economic dimension of the EU-27 farms in 2007

ESU	<1	1-2	2-4	4-8	8-16	16-40	40-100	100-250	>250	Total
EU-27	10290580	3920020	3174590	2590180	1966110	1879610	1339600	808440	700210	26669390
EU-15	1415250	1248730	1720760	1735620	1441390	1552340	1223780	716930	423440	11478260
EU-12	8875330	2671290	1453830	854560	525720	327270	115820	91510	276770	15191130
Belgium	2 410	2 420	3 960	5 610	7 240	12 300	23 820	25 170	6 130	89 050
Bulgaria	644 160	137 120	75 130	26 260	13 490	11 340	10 510	14 860	17 130	950 000
Czech Rep.	27 640	15 450	11 420	9 180	8 550	9 460	9 280	11 610	89 350	191 940
Denmark	380	1 720	4 420	9 740	10 610	12 610	10 640	14 740	20 240	85 100
Germany	34 080	52 480	76 330	90 710	95 930	160 850	198 440	114 800	91 510	915 130
Estonia	22 720	13 070	7 840	4 300	2 680	2 480	2 240	3 680	6 430	65 430
Ireland	15 050	15 990	28 560	44 420	50 640	46 780	33 790	7 390	1 650	244 290
Greece	207 340	221 390	304 480	318 060	250 250	165 080	34 410	5 560	1 610	1 508 180
Spain	167 100	213 040	361 430	396 320	338 960	338 830	180 770	71 260	57 550	2 125 270
France	45 840	42 370	61 350	63 420	80 980	180 260	295 920	211 890	78 390	1 060 420
Italy	447 210	446 390	625 430	568 060	389 400	352 610	201 670	91 360	52 010	3 174 150
Cyprus	21 510	15 830	16 520	11 130	7 220	5 640	3 950	1 910	780	84 480
Latvia	105 630	45 130	25 980	13 560	7 830	5 810	4 070	3 060	6 530	217 610
Lithuania	261 620	100 210	50 170	22 520	11 530	8 400	4 910	5 870	15 680	480 910
Luxembourg	100	140	230	360	480	830	2 060	1 000	100	5 290
Hungary	885 990	109 260	75 450	51 600	31 550	25 910	14 260	12 150	54 640	1 260 800
Malta	4 240	4 330	3 480	2 060	1 450	1 390	430	140	0	17 560
Netherlands			1 520	11 450	15 550	26 030	48 120	67 180	54 230	224 070
Austria	66 340	32 510	46 010	58 050	65 240	93 110	43 290	12 130	4 070	420 750
Poland	2 211 900	840 090	732 810	562 830	381 520	221 840	45 480	16 320	29 100	5 041 900
Portugal	200 850	156 430	123 430	77 020	47 190	38 210	22 040	9 920	7 200	682 290
Romania	4535420	1324120	398 890	111 620	34 270	19 330	13 120	11 170	19 620	6 467 560
Slovenia	30 590	45 720	49 050	35 920	22 120	12 150	2 390	490	2 160	200 590
Slovakia	123 910	20 960	7 090	3 580	2 510	3 520	5 180	10 250	35 350	212 350
Finland	2 150	7 020	15 320	22 390	24 410	36 290	28 040	6 450	1 450	143 540
Sweden	31 390	16 050	19 640	18 940	15 460	17 510	17 840	9 430	3 730	149 970
United Kingd	195 010	40 780	48 650	51 070	49 050	71 040	82 930	68 650	43 570	650 760

Crossing this table 5 on the distribution of agricultural jobs according to the economic dimension (ESU) of farms with the table 4 on the distribution of farms according to their economic dimension permits to deduct the table 6 on the number of jobs per farm according to their class of ESU. As foreseeable, there are always more agricultural jobs per class of ESU in the EU-12 than in the EU-15 and the gap increases as the class rises, particularly in the two last classes: almost 10 jobs (9.95) per farm in the class 100-250 ESU in the EU-12 against 3 (3.07) in the EU-15, and 46 jobs in the EU-12 against 7.14 in the EU-15 in the class of 250 ESU and more. This last class concerns the large production cooperatives which have

remained in several EU-12 MS, particularly in Slovakia (66.7 jobs), Czech Republic (59.2 jobs), Hungary (50.6 jobs).

Table 6 – Agricultural jobs per farm according to their economic dimension in the EU-27 in 2007

ESU	<1	1-2	2-4	4-8	8-16	16-40	40-100	100-250	>250	Total
EU-27	1,61	2,01	2,06	2,11	2,17	2,25	2,46	3,34	10,71	1,95
EU-15	1,60	1,73	1,85	1,95	2,04	2,15	2,38	3,07	7,14	2,03
EU-12	1,61	2,18	2,38	2,51	2,61	2,85	3,98	9,95	45,98	1,89
Belgium	1,29	1,28	1,34	1,42	1,54	1,64	1,86	2,31	4,23	1,85
Bulgaria	1,72	2,14	2,35	2,48	2,80	3,59	6,18	13,27	118,1	1,93
Czech Repub.	2,05	2,40	2,38	2,41	3,21	2,95	5,16	11,27	59,17	4,87
Denmark	1,46	1,39	1,39	1,36	1,42	1,44	1,67	2,35	5,16	1,91
Germany	1,55	1,67	1,87	2,02	2,17	2,36	2,65	3,25	10,17	2,47
Estonia	2,15	2,40	2,50	2,57	2,71	3,10	5,89	16,7	58,5	2,80
Ireland	1,45	1,53	1,65	1,81	1,95	2,08	2,32	3,12	5,50	1,90
Greece	1,39	1,55	1,70	1,85	2,00	2,17	2,42	3,25	7,00	1,75
Spain	1,60	1,84	2,01	2,04	2,02	2,06	2,19	2,76	6,80	2,04
France	1,26	1,31	1,46	1,53	1,66	1,79	2,08	2,93	7,17	2,01
Italy	1,51	1,64	1,78	1,94	2,07	2,21	2,53	3,14	4,84	1,89
Cyprus	1,79	1,98	2,08	2,09	2,30	2,64	3,50	5,16	9,75	2,11
Latvia	1,67	2,09	2,24	2,42	2,68	3,44	6,07	13,30	65,30	2,02
Lithuania	1,80	2,20	2,32	2,39	2,53	3,23	5,40	16,77	82,53	2,09
Luxembourg	1,43	1,56	1,53	1,64	1,92	2,13	2,51	3,33	5,00	2,29
Hungary	1,82	2,06	2,12	2,21	2,33	2,71	3,89	7,59	50,59	2,01
Malta	1,25	1,54	1,57	1,87	1,99	2,36	3,07	7,00		1,59
Netherlands			1,48	1,52	1,74	2,04	2,47	3,22	8,85	2,92
Austria	1,92	2,30	2,41	2,55	2,70	2,81	3,01	4,39	9,47	2,54
Poland	1,75	2,32	2,44	2,54	2,61	2,76	3,12	5,63	23,10	2,11
Portugal	2,15	2,42	2,50	2,59	2,70	3,02	3,96	5,73	14,69	2,48
Romania	1,48	2,10	2,35	2,58	2,65	3,03	4,51	8,80	40,88	1,65
Slovenia	2,21	2,47	2,64	2,84	3,09	3,28	3,68	6,13	14,4	2,66
Slovakia	2,33	2,60	2,43	2,47	2,59	4,05	8,49	22,78	66,70	3,08
Finland	1,30	1,61	1,72	1,83	2,01	2,24	2,64	3,51	6,90	2,10
Sweden	1,89	1,72	1,82	1,83	1,90	2,05	2,53	3,42	5,57	2,07
United Kingd	1,61	1,91	2,02	2,09	2,18	2,31	2,76	3,58	6,87	2,17

5) The disparity in the AWU and their family or wage-earning statute in the EU-27

The table 7 shows that, in 2007, the EU-27 employed on average 1.95 people per farm corresponding to 0.85 AWU, of which 0.68 family AWU and 0.32 salaried AWU. The EU-15 employed on average 2.03 people per farm, corresponding exactly to 1 AWU, of which 0.72 family AWU and 0.28 salaried AWU. And the EU-12 employed on average 1.89 people per farm, corresponding to 0.75 AWU, of which 0.66 family AWU and 0.34 salaried AWU.

The higher average AWU per farm of the EU-15 over that of the EU-12 can be explained by the much higher average size of farms in the EU-15 than in the EU-12 – 22 ha against 6 ha –, which should not hide the much higher labour productivity in the EU-15. On the other hand the higher percentage of the salaried labour in the EU-12 is due to the high weight of very large production cooperatives of some MS, notably in Czech Republic (73.3% of salaried AWU) and Slovakia (55.9%). Conversely 94.5% of the AWU are from family in Poland, 92.5% in Slovenia and 90.4% in Romania.

Table 7 – The categories of AWU in the EU-27 farms in 2007

In 1000	Farms	Employed jobs	AWU directly employed*	Family AWU	Sole holders	Spouses	Other family	Salaried AWU	AWU regular*
EU-27	13700.3	26669390	11693120	9366490	5450080	2291290	1625120	2326630	10796010
EU-15	5662.3	11478260	5670950	4065330	2538290	844710	682330	1605620	5060620
EU-12	8038	15191130	6022170	5301160	2911790	1446580	942790	721010	5735390
Belgium	48	89 050	65 600	52 130	34 930	11 380	5 820	13 470	62 630
Bulgaria	493,1	950 000	490 860	417 700	244 650	120 470	52 580	73 160	466 630
Czech Rep.	39,4	191 940	137 310	36 710	21 300	7 350	8 060	100 600	133 960
Denmark	44,6	85 100	55 860	34 200	25 860	6 240	2 100	21 660	53 680
Germany	370,5	915 130	609 300	418 490	245 380	91 270	81 840	190 810	555 140
Estonia	23,3	65 430	32 070	19 450	9 970	5 580	3 900	12 620	31 300
Ireland	128,2	244 290	147 540	136 780	95 700	20 030	21 050	10 760	144 340
Greece	860,2	1508 180	568 710	467 340	296 020	113 110	58 210	101 370	488 510
Spain	1043,9	2125 270	967 680	625 540	385 100	108 810	131 630	342 140	790 150
France	527,4	1060 420	804 620	376 470	287 170	63 250	26 050	428 150	718 550
Italy	1679,4	3174150	1302180	1091460	662 590	221 700	207 170	210 720	1169 420
Cyprus	40,1	84 480	25 920	19 360	11 720	5 530	2 110	6 560	24 270
Latvia	107,8	217 610	104 790	88 540	50 410	24 850	13 280	16 250	103 880
Lithuania	230,3	480 910	180 140	152 210	81 470	48 340	22 400	27 930	176 280
Luxembourg	2,30	5 290	3 750	3 180	1 720	670	790	570	3 690
Hungary	626,3	1260 800	403 420	312 240	195 410	87 050	29 780	91 180	389 690
Malta	11	17 560	4 220	3 700	2 660	370	670	520	4 170
Netherlands	76,7	224 070	165 110	100 430	58 700	22 440	19 290	64 680	151 010
Austria	165,4	420 750	163 330	143 500	89 830	34 210	19 460	19 830	159 160
Poland	2391	5041 900	2263150	2139610	1099410	604 260	435 940	123 540	2193 730
Portugal	275,1	682 290	338 040	277 070	148 680	85 540	42 850	60 970	315 310
Romania	3931,4	6467560	2205280	1993920	1135250	513 610	345 060	211 360	2043 970
Slovenia	75,3	200 590	83 720	77 400	36 820	19 730	20 850	6 320	80 030
Slovakia	69	212 350	91 290	40 320	22 720	9 440	8 160	50 970	87 480
Finland	68,2	143 540	72 390	59 940	37 580	15 210	7 150	12 450	67 740
Sweden	72,6	149 970	65 470	49 580	31 860	11 080	6 640	15 890	63 360
United King	299,8	650 760	341 370	229 220	137 170	39 770	52 280	112 150	317 930

* There are two measures of total AWU: the direct labour force comprises the regular labour force plus the non-family regularly and non-regularly employed labour force whereas the regular labour force does not comprise the non-family non-regularly employed labour force.

6) The unequal distribution of the AWU according to the acreage of EU-27 farms

The following graph and the table 8 present the unequal distribution of the AWU according to the classes of acreage of farms in ha in the EU-27 in 2007. We see that 46.8% of the EU-27 AWU were in farms lower than 5 ha, of which 32.6% in the EU-15 – of which 56.4% in Greece – and 60.3% in the EU-12, of which 81.3% in Bulgaria and 79.1% in Romania. The farms lower than 2 ha employed 26.7% of the EU-27 AWU, of which 17.5% in the EU-15 – of which 27.7% in Greece – and 35.4% in the EU-12, of which 70.6% in Bulgaria and 46.2% in Romania.

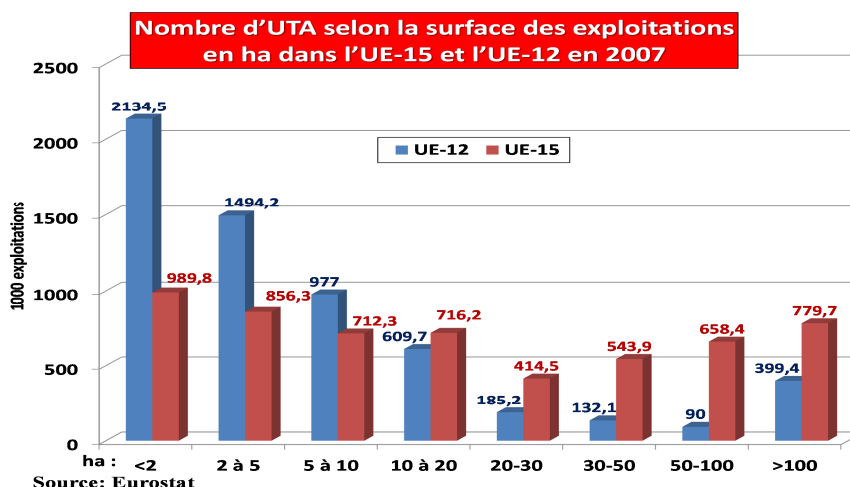


Table 8 – Distribution of the AWU according to the acreage of farms in the EU-15 and EU-12 in 2007

Number of ha	Total AWU	0 ha	0-2	2-5	5-10	10-20	20-30	30-50	50-100	>100
EU-27	11693090	171,0	2953,3	2350,5	1689,3	1325,9	599,7	676	748,4	1179,1
EU-15	5670980	84,6	905,2	856,3	712,3	716,2	414,5	543,9	658,4	779,7
EU-12	6022110	86,4	2048,1	1494,2	977	609,7	185,2	132,1	90	399,4
Belgium	65 600	1130	6570	6170	6490	9770	8190	11770	11470	4040
Bulgaria	490 850	13870	332940	52070	17860	12640	5760	5660	6970	43080
Czech Repub.	137 320	6540	9430	6410	5190	6150	3210	4030	5540	90810
Denmark	55 880	1310	1630	1690	4470	4960	3580	5170	9730	23310
Germany	609 300	3930	34170	42860	49360	83920	53500	84670	111240	145650
Estonia	32 070	1190	2110	4030	4350	3910	1820	1590	1590	11480
Ireland	147 540	410	1030	4480	12860	29750	27960	33980	27950	9110
Greece	568 700	8980	148420	163260	116070	70580	26730	20590	11170	2900
Spain	967 680	21140	141000	160560	132720	129820	72990	76980	84330	148140
France	804 620	10880	40550	46850	50 900	74150	57870	107470	198330	217640
Italy	1 302 180	3540	357130	274040	213910	172950	71630	82510	67800	58680
Cyprus	25 920	530	10680	5790	3190	2660	1020	890	640	520
Latvia	104 790	740	8660	17400	23810	22200	8180	6440	5180	12170
Lithuania	180 120	2540	13090	57260	35510	24560	9450	7960	7820	21940
Luxembourg	3 760	10	180	210	360	240	130	340	1260	1020
Hungary	403 410	29400	198110	35660	24060	19440	9400	9280	10820	67240
Malta	4 200	230	2480	980	430	80	0	0		
Netherlands	165 110	4280	21870	24430	20810	22280	16350	25660	21980	7470
Austria	163 330	640	9560	19970	26230	40280	24860	23340	12520	5920
Poland	2 263 160	5260	434680	558810	550180	419580	126690	80170	37400	50380
Portugal	338 040	2360	119920	82980	44460	32180	12820	12160	10990	20180
Romania	2 205 280	22760	996890	725150	285510	82540	14920	12570	11820	53120
Slovenia	83 710	420	12220	24560	24060	14280	3870	1920	740	1640
Slovakia	91 280	2950	26800	6070	2810	1680	880	1590	1560	46950
Finland	72 380	310	2820	2590	4430	10040	10980	16820	17440	6960
Sweden	65 490	590	570	3900	6500	8410	6090	8290	13220	17900
United Kingd	341 370	25040	19770	22340	22770	26820	20780	34130	58930	110800

Source: Eurostat

Crossing this table 8 on the distribution of the AWU according to the acreage of farms with the table 2 on the distribution of farms according to their acreage permits to deduct the table 9 on the number of AWU per farm per class of acreage. The reader could do it for specific MS but we limit ourselves here to present the synthesis for the EU-15 and EU-12.

Table 9 – Distribution of the AWU per farm according to its class of acreage in the EU-27 in 2007

Number of ha	All farms	0 ha	0-2	2-5	5-10	10-20	20-30	30-50	50-100	>100
UE-27	0.87	0.68	0.46	0.78	1.08	1.34	1.50	1.67	1.90	3.86
UE-15	1.00	0.99	0.50	0.72	0.98	1.20	1.40	1.61	1.86	2.96
UE-12	0.75	0.52	0.48	0.82	1.17	1.53	1.80	1.98	2.27	9.60

We see that, for all farms, those of the EU-15 are more labour intensive in AWU by 25% on average than those of the EU-12, whereas it is the reverse for the jobs per farm which do not take into account the time devoted to the farm. Yet, as soon as in the class 2 to 5 ha and in the upper acreage classes, there are more AWU per farm in the EU-12 than in the EU-15. The apparent contradiction could be explained by not availing of the data to divide the class 2 to 5 ha among 2 to 3, 3 to 4 and 4 to 5 ha. Indeed we have seen that 60% of the EU-12 AWU are employed in farms of at most 5 ha and we see already in table 9 that there are less AWU in the EU-12 than in the EU-15 below 2 ha. On the other hand the very large number of AWU per farm (9.6 AWU) in the EU-12 class higher than 100 ha is due to the large production cooperatives in the Czech Republic (21.3 AWU per farm) and Slovakia (21.7 AWU).

We see also that it is only in the farms larger than 100 ha that we have on average more than 2 AWU per farm for the EU-27 as for the EU-15, even if we have already 2.27 AWU for the EU-12 farms from 50 to 100 ha. This induces to think that the proposal of the CESE report that *"To encourage the preservation of transmissible farms, the CESE proposes to limit this*

support to 6 AWU" does not correspond to our present proposal of a basic aid intended to reduce the inequalities among farms and to favour the smallest ones.

7) The unequal distribution of the AWU according to the economic dimension of farms

The table 10 and the following graph present the total AWU and per MS according to the economic dimension of farms in the EU-27 in 2007.

A methodological prerequisite: to compare the AWU with the agricultural jobs (the agricultural workers of whom we calculate the full time equivalent or AWU), we have been obliged to use the data on "regular labour force" instead of on "direct labour force" used in tables 7 and 8 – even if the first is less comprehensive and counted only 10.796 million AWU in 2007 against 11.693 million for the direct labour force – because the data on agricultural jobs are not available in the concept of direct labour force but only in that of the direct labour force. Let us remind that the direct labour force comprises the regular labour force plus the non-family regularly and non-regularly employed labour force whereas the regular labour force does not comprise the non-family non-regularly employed labour force¹⁵.

We see that the farms of less than 1 ESU employ 24.2% of the AWU in the EU-27, of which 40.2% in the EU-12 and only 6.2% in the EU-15. Those of less than 2 ESU employ 37.7% of all AWU in the EU-27 of which 60% in the EU-12 and 12.3% in the EU-15. And the farms of less than 4 ESU employ 61.2% of total AWU in the EU-12 and 21.7% in the EU-15.

Table 10 – Distribution of the AWU in the EU-27 according to the economic dimension of farms in 2007

ESU	<1	1-2	2-4	4-8	8-16	16-40	40-100	100-250	>250	Total
EU-27	2616410	1450950	1225270	1120580	1015000	1153370	962630	639 780	612020	10796010
EU-15	312580	312400	474510	596550	654920	913470	870520	559 780	365890	5060620
EU-12	2303830	1138550	750760	524030	360080	239900	92110	80 000	246130	5735390
Belgium	890	900	1 730	2 810	4 230	8 340	18 200	20 200	5 330	62 630
Bulgaria	268 250	75 090	46 080	17 640	10 190	9 370	9 540	14 030	16 440	466 630
Czech Repub.	8 740	5 840	5 280	5 050	5 380	6 720	7 570	10 250	79 130	133 960
Denmark	110	460	1 350	2 980	4 090	6 520	7 580	12 090	18 500	53 680
Germany	9 220	16 480	27 070	36 790	47 660	102 570	144 230	88 070	83 050	555 140
Estonia	6 790	4 980	3 350	2 110	1 560	1 660	1 750	3 150	5 950	31 300
Ireland	6 880	7 670	14 890	24 940	30 340	29 990	22 870	5 380	1 380	144 340
Greece	18 790	35 320	70 180	109 920	122 750	101 740	24 070	4 310	1 430	488 510
Spain	35 150	52 420	84 450	104 120	119 740	170 300	117 700	55 590	50 680	790 150
France	9 840	11 280	20 670	26 470	45 090	125 000	232 430	176 610	71 160	718 550
Italy	85 210	93 400	156 670	191 800	180 150	210 950	139 830	69 020	42 390	1 169 420
Cyprus	2 020	2 690	3 870	3 590	3 160	3 470	3 040	1 700	730	24 270
Latvia	34 650	22 960	15 680	9 090	5 550	4 310	3 230	2 590	5 820	103 880
Lithuania	67 960	36 980	23 370	12 590	7 140	5 690	3 600	4 880	14 070	176 280
Luxembourg	40	40	80	150	250	600	1 620	820	90	3 690
Hungary	193 440	35 310	30 140	25 490	18 070	16 890	11 100	10 800	48 450	389 690
Malta	190	490	630	680	700	980	370	130	0	4 170
Netherlands	:	:	520	4 390	7 550	15 870	33 220	48 150	41 310	151 010
Austria	14 570	7 770	12 670	18 980	25 640	44 420	24 640	7 340	3 130	159 160
Poland	518 490	377 850	407 850	369 870	275 390	168 140	36 050	14 140	25 950	2 193 730
Portugal	70 020	68 530	57 560	38 140	26 030	23 290	16 330	8 580	6 830	315 310
Romania	1167290	554 840	192 610	60 340	20 220	12 810	10 110	9 220	16 530	2 043 970
Slovenia	8 280	14 680	19 070	15 780	11 230	7 290	1 620	410	1 670	80 030
Slovakia	27 730	6 840	2 830	1 800	1 490	2 570	4 130	8 700	31 390	87 480
Finland	360	1 270	3 290	6 060	9 410	21 170	19 890	5 050	1 240	67 740
Sweden	8 340	4 420	5 650	6 440	6 500	9 640	12 000	7 210	3 160	63 360
United Kingd	53 160	12 440	17 730	22 560	25 490	43 070	55 910	51 360	36 210	317 930

The table 11 brings together the tables 5 and 10 – dividing the first by the second, unit by unit – and shows that there are on average 2.47 agricultural jobs per AWU in the EU-27, of which

¹⁵ http://epp.eurostat.ec.europa.eu/cache/ITY_SDDS/Annexes/ef_esms_an5.pdf

2.27 in the EU-15 and 2.65 in the EU-12. Oddly enough, the number of jobs per AWU is nevertheless higher in the EU-15 than in the EU-12 in each class of ESU, and, after revising the data, I have not been able to understand how this is possible.

Table 11 – Agricultural jobs per AWU according to the economic dimension of the EU-27 farms in 2007

UDE	<1	1-2	2-4	4-8	8-16	16-40	40-100	100-250	>250	Moyenne
UE-27	3,93	2,70	2,59	2,31	1,94	1,63	1,39	1,26	1,14	2,47
UE-15	4,52	4,00	3,63	2,91	2,20	1,70	1,41	1,28	1,16	2,27
UE-12	3,85	2,35	1,94	1,63	1,46	1,36	1,26	1,14	1,12	2,65

8) The unequal distribution of farms of less than 2 ha and 4 ESU in the EU-27 in 2007

The table 12 shows how are distributed in the EU-27 the farms of less than 2 ha according to their economic dimension up to 4 ESU. The table 2 has shown that the farms of less than 2 ha represent 46.6% of all EU-27 farms in 2007, of which 32% in the EU-15 and 56.9% in the EU-12. Within these farms of less than 2 ha those having at most 4 ESU account for 50.1% of the total in 2007, of which 78.2% in the EU-15 and 39% in the EU-12. It implies that those small farms in acreage are twice as efficient economically in the EU-15 than in the EU-12, although the reverse is true if we favour an employment criterion.

Table 12 – Distribution of the EU-27 farms of less than de 2 ha and 4 ESU in 2007

ESU	All farms	Farms of less than 2 ha					
		Total	<1 ESU	1-2 ESU	2-4 ESU	<4 ESU	% < 4 ESU
EU-27	13700 460	6385750	1654140	1029200	516 740	3200 080	50,1%
EU-15	5662 500	1813350	321 000	643 440	353 830	1418 270	78,2%
EU-12	8037 960	4572400	1333140	385 760	62 910	1781 810	39%
Belgium	48 030	5740	840	1 150	600	2 150	37,5%
Bulgaria	493 140	417390	114 560	62 960	16 220	179 410	43%
Czech Rep.	39 400	12550	4 220	3 420	810	7 790	82,6%
Denmark	44 630	510			40	40	7,8%
Germany	370 490	23560	410	1 850	5 610	2 530	10,7%
Estonia	23 330	2900	980	460	130	1 450	50%
Ireland	128240	1500	430	410	120	940	62,7%
Greece	860 150	420480	83 100	182 640	110 180	267 720	66,7%
Spain	1 043 900	274710	30 660	79 730	91 030	112 660	8,2%
France	527 360	63870	9 740	16 300	12 050	27 440	41%
Italy	1 679 440	831900	150 960	308 890	213 250	461 130	55,4%
Cyprus	40 100	27250	5 600	10 070	5 620	15 730	57,7%
Latvia	107 740	18500	5 100	870	90	6 000	32,4%
Lithuania	230 270	31740	10 320	1 430	130	11 750	92,3%
Luxembourg	2 310	230	0	40	60	40	37%
Hungary	626 320	452340	132 740	36 320	8 300	172 430	38,1%
Malta	11 010	9670	1 460	3 940	2 080	5 460	52,8%
Netherlands	76 750	8770	:	:	200	170	1,9%
Austria	165 410	19130	2 330	2 180	2 610	4 960	25,9%
Poland	2390 960	1046210	261 160	68 310	9 950	329 970	31,5%
Portugal	275 090	127300	37 150	44 490	15 650	82 110	64,5%
Romania	3931 360	2485570	775 120	185 140	16 450	961 370	92,1%
Slovenia	75 330	18580	5 410	8 490	2 680	13 900	38,7%
Slovakia	69 000	49700	16 470	4 350	450	21 020	42,3%
Finland	68 260	1730	170	230	120	520	30%
Sweden	72 610	700	70	50	50	120	17,1%
United King	299 830	33220	5 140	5 480	2 260	12 500	38,8%

III – The large inequalities in the distribution of direct aids between the EU-15 & EU-12

1) The discrimination in the acreage benefitting from direct aids

We would have thought at first sight that the percentage of the total UAA receiving direct aids would have been larger in the EU-12 than in the EU-15. Indeed the authorized UAA for the SPS in the EU-15 (EU-17 with Malta and Slovenia) did not include initially the permanent crops – excepted hops, olive trees, bananas and tree nurseries – except recently since the integration of part of direct aids to permanent crops (fruits and wine). On the contrary the maximum acreage taken into account for the SAPS, according to the Commission's Regulation 1121-2009 of 29 October 2009, was the total UAA – arable lands, permanent crops and permanent pastures – which were in good conditions of agricultural production on 30th June 2003, even if nothing was being produced on the land.

However, in fact, the percentage of the total UAA that received direct aids is much lower in the EU-12 than in the EU-15 because, whereas the article 134 of the Council's regulation of 22 April 2004 allowed to cap the UAA per farm at only 0.3 ha, all the EU-12 MS except Cyprus have fixed a minimal acreage of 1 ha to get the SAPS – or at most 0.2 ha for specialized intensive productions – and have eliminated the farms which would have got less than 100 €

Thus the table 13 shows that the EU-12 UAA having got direct aids in 2009 has been lower by 7.026 million than the total UAA given by Eurostat for 2007 (last available data). If that gives an advantage to Hungary (+713 ha) and Bulgaria (+219 ha) – this surplus of the paid UAA over the natural UAA is inexplicable –, this is penalizing greatly Romania (minus 5.891 million ha) and Poland (minus 1.586 million ha).

Table 13 – The gap between the total UAA in 2007 and the potential and actual UAA for the SAPS in 2009

1000 ha	UAA per MS	Potential SAPS UAA	Paid SAPS UAA in 2009	Gap UAA-paid UAA
EU-10	47441	41712	40415	-7026
Bulgaria	3051	3492	3270	+219
Czech Repub.	3518	3469	3508	-10
Estonia	907	800	857	-50
Cyprus	146	140	137	-9
Latvia	1774	1475	1509	-265
Lithuania	2649	2574	2587	-62
Hungary	4229	4829	4942	+713
Poland	15477	14337	13891	-1586
Romania	13753	8716	7862	-5891
Slovakia	1937	1880	1851	-86

Source: Eurostat (http://ec.europa.eu/agriculture/agrista/2010/table_fr/C6-1-3613.pdf); Commission Regulation (EC) No889/2009.

2) Discrimination in the number of beneficiaries of direct aids between EU-15 & EU-12

This explains the huge gap between the 13.700 million of total farms in 2007 (last available data)¹⁶ according to the DG Agriculture and the 7.869 million farms having received direct aids in 2009, or only 57.4% of actual farms, of which 49.3% in the EU-12 against 83.1% in the EU-15. This inequality adds up to that in the distribution of direct aids among the

¹⁶ For Vincent Chatellier, "At the admission time of the EU-10 in 2004 the structures survey has been enlarged to smaller farms in order to take into account subsistence agriculture: the farms subjected to agricultural tax, of at least 0.1 hectare of UAA or less than 0.1 hectare and 1 bovine head or 5 pigs". (http://www.insee.fr/fr/ffc/docs_ffc/ref/agrifra07g.pdf)

beneficiaries. Romania, Poland and Hungary have 4.279 million of non-beneficiaries, or 87.8% of the EU-12 total.

Table 14 – UE-27 farms of 2007 having benefitted or not of direct aids in 2009

In 1000*	All farms	Beneficiaries of aids	Non-beneficiaries	% of beneficiaries
EU-27	13700,3	7869,24	5831,16	57,44%
EU-15	5662,3	4706,4	955,90	83,12%
EU-12	8038	3962,9	4875,26	49,30%
Belgium	48	38,22	9,78	79,63%
Bulgaria	493,1	80,35	412,75	16,29%
Czech Repub.	39,4	23,4	16	59,39%
Denmark**	44,6	56,87	-12,27	127,51%
Germany	370,5	352,87	17,63	95,24%
Estonia	23,3	17,23	6,70	73,95%
Ireland	128,2	124,5	3,70	97,11%
Greece**	860,2	872,57	-12,37	101,43%
Spain	1043,9	910,22	133,68	87,19%
France	527,4	389,58	137,82	73,87%
Italy	1679,4	1254,15	425,25	74,68%
Cyprus	40,1	38,35	1,75	95,64%
Latvia	107,8	70,73	37,07	65,61%
Lithuania	230,3	182,33	47,97	79,17%
Luxembourg	2,30	1,84	0,46	80%
Hungary	626,3	185,14	441,16	29,56%
Malta	11	4,78	6,22	43,45%
Netherlands	76,7	62,82	13,88	81,90%
Austria	165,4	122,57	42,83	74,11%
Poland	2391	1406,17	984,83	58,81%
Portugal	275,1	194,2	80,90	70,59%
Romania	3931,4	1078,55	2852,85	27,43%
Slovenia	75,3	60,02	15,28	79,71%
Slovakia	69	15,73	53,27	22,80%
Finland	68,2	64,87	3,33	95,12%
Sweden**	72,6	79,87	-7,27	110,01%
United Kingd	299,8	181,3	118,5	60,47%

Sources : DG Agriculture (http://ec.europa.eu/agriculture/fin/directaid/2009/annex1_en.pdf).

* To spare time, we have not change the comas, used in the French version, by dots.

** The fact that Denmark, Greece and Sweden present a larger number of beneficiaries than the number of farms is all the less explicable that the number of farms has certainly fallen from 2007 to 2009.

For Marie-Luce Ghib, *"The threshold retained by Romania, on the Commission's proposal, has been of 1 ha for farms applying for direct aids, with plots of at least 0.3 ha per plot (0.1 ha for wine growing and arboriculture). According to the preliminary study of the Ministry there are 1.2 million farms which are now receiving direct aids of the first pillar; thus more than 70% of farms are excluded. Of the 14 million agricultural hectares in Romania, only 9.5 million hectares get a premium... Regarding animal aids, the threshold is of 3 bovine heads and 50 sheep or goats. Yet Romania has 72 % of its cattle in farms of 1 or 2 cows... 0.9% of farms get 51% of subsidies. A more redistributive system based on hectares could have been established, notably if Romania would have accepted aids ceilings and used this ceiling to raise the aid per hectare"*¹⁷.

¹⁷ Marie-Luce Ghib et Valérie Ciolos-Villemin, *Quelle politique agricole pour les exploitations de subsistance et semi-subsistance en Roumanie ?*, INRA, SFER, CIRAD, 9 au 11 décembre 2009, www.sfer.asso.fr/content/download/3005/27343/.../D2%20-%20GHIB.pdf

In Romania, the farms of less than 2 ESU are considered of subsistence and those between 2 and 8 ESU of semi-subsistence. In 2009 the beneficiaries of direct aids have received 107 €/ha of which 70 € from the EU and 47 € from the national budget, and also 140 € per bovine head (from 3 bovine heads) and 11 € per sheep/goat head (from 50 heads). An abnormality comes from the fact that *"The largest subsidies are going to farms with mainly pastures (same aid level than the other farms) even if the weight of ESU is very small: 0.05 ESU/ha"*. This is one additional reason which condemns the choice made to base the direct aids in the EU-10 on acreage, with a flat rate payment per ha, instead of having opted to base it on employment (AWU), or at least to combine both. As for the aids of the second pillar, the conditions of eligibility are the same as for the first pillar, despite that the subsistence and semi-subsistence farms play an essential role in the maintenance of a living countryside and in food security.

Indeed it is estimated that the subsistence and semi-subsistence farms are ensuring from 40 to 50% of the Romanian food production, of which a large self-consumption. And the Ghib-Ciolos' study concludes: *"As the main objective of semi-subsistence farms is not to produce for the market, evaluating them under the angle of competitiveness may be questionable... The European subsidies of the first pillar, which play the role of income support in the West (on the basis of historical references) are distributed per hectare in Romania, hence are maintaining the disparities within the semi-subsistence farms... The economic performances of subsistence and semi-subsistence farms are markedly larger than that of commercial agricultural undertakings. Darrot (2008) shows also, for Poland, that the semi-subsistence farms provide, once taken into account all their activities, a higher income than the average national income... To conclude, the marginalization of the semi-subsistence farms rests on the misappreciation of their operating logic"*.

According to Lucian Luca, *"It is subsistence farms that make up the difference. A stricter definition of subsistence farms by Eurostat, using the concept of the economic dimension of the operations, considers subsistence farms to be those with less than 1 ESU... These firms (approx. 6.3 million) represent 47% of agricultural operations, 23% of the agricultural workforce, and 7% of the total agricultural surface area of the EU"*¹⁸.

Incidentally let us underscore that, according to its Census of agriculture of 2007, the USA had half a million farms (499,880) of less than \$1,000 of turnover with an average turnover of \$154, representing 22.7% of all farms, and 42,392 of them had nevertheless received an average subsidy of \$459¹⁹. Moreover, a high civil servant of USDA has declared on 14th July 2011, during a hearing at the House of Representatives, that USDA is granting subsidized loans for the micro-gardens on the roofs of city buildings²⁰.

3) The discriminations in the ceilings of direct aids between the EU-15 and the EU-12

As the EU has always been obliged to comply with the multiannual financial framework – notably for the period 2004-06, 2007-13 as it will be for 2014-20 –, it has fixed budget ceilings by MS, of the EU-15 as well of the EU-12. National ceilings have thus been fixed for the SPS in the EU-17 (EU-15 plus Malta and Slovenia) and the SAPS in the EU-10. And ceilings have also been fixed for the specific direct aids to products not yet included into the

¹⁸ Lucian Luca, *Multi-Annual Subsidy Decoupled from Surface Area - a Romanian proposal for the future of European small farms*, CRPE, May 2011

http://www.crpe.ro/eng/library/files/policy_brief_7_fermele_mici_%28en%29_%282%29.pdf

¹⁹

http://www.agcensus.usda.gov/Publications/2007/Full_Report/Volume_1,_Chapter_1_US/st99_1_003_003.pdf

²⁰ <http://agriculture.house.gov/press/PRArticle.aspx?NewsID=1425>

SPS or SAPS as well as for the Community aids for rural development (second pillar of the CAP, managed by the EAFRD since 2007), which are co-financed by national budgets. Therefore the Commission is led to change regularly the ceilings of the SPS and SAPS as soon as direct aids still coupled are integrated into the SPS or SAPS. Unfortunately it does not group together in a specific table the total annual ceilings of aids per MS.

Table 15 – Ceilings of direct aids, coupled and decoupled, of the EU-27 from 2009 to 2016

€1,000*	2009	2010	2011	2012	2013	2014	2015	2016	% 2010	% 2016
EU-27	40647	42006,7	42914,3	44440,5	45092,1	45350,6	45609,3	45842,2	100%	100%
EU-15	35747,6	36272,3	36307,9	36915,3	36755,8	36755,8	36755,8	36755,8	86,3%	80,2%
EU-12	4899,4	5734,4	6606,4	7525,2	8336,3	8594,8	8853,5	9086,4	13,7%	19,8%
Belgium	614,2	611,8	611,8	614,9	614,9	614,9	614,9	614,9		
Bulgaria	287,4	336	416,4	499,3	580,1	660,8	741,6	814,3		
Czech Repub.	559,6	654,2	739,9	832,1	909,3	909,3	909,3	909,3		
Denmark	1030,5	1031,3	1031,3	1049	1049	1049	1049	1049		
Germany	5770,3	5772	5772	5852,9	5852,9	5852,9	5852,9	5852,9		
Estonia	60,5	71,6	81,7	92	101,2	101,2	101,2	101,2		
Ireland	1342,3	1340,5	1340,5	1340,9	1340,9	1340,9	1340,9	1340,9		
Greece	2380,7	2228,6	2231,8	2233	2217	2217	2217	2217		
Spain	4858	5119	5125	5298,6	5155,8	5155,8	5155,8	5155,8		
France	8047,6	8423,2	8425,3	8525,7	8525,7	8525,7	8525,7	8525,7		
Italy	4143,2	4210,9	4234,4	4377,2	4377,2	4377,2	4377,2	4377,2		
Cyprus	31,7	38,9	43,7	49,1	53,5	53,5	53,5	53,5		
Latvia	90	105,4	119,3	134	146,5	146,5	146,5	146,5		
Lithuania	230,6	271	307,7	347	380,1	380,1	380,1	380,1		
Luxembourg	37,5	37,6	37,7	37,7	37	37	37	37		
Hungary	807,4	947,1	1073,8	1205	1319	1319	1319	1319		
Malta	3,8	4,2	4,7	5,1	5,1	5,1	5,1	5,1		
Netherlands	853,1	853,2	853,2	897,8	897,8	897,8	897,8	897,8		
Austria	745,6	747,3	747,4	751,7	751,7	751,7	751,7	751,7		
Poland	1877,1	2192,3	2477,3	2788,2	3044,5	3044,5	3044,5	3044,5		
Portugal	608,8	589,8	590	606,5	606,5	606,5	606,5	606,5		
Romania	623,4	729,9	907,5	1086,6	1264,5	1442,3	1620,2	1780,4		
Slovenia	87,9	103,4	117,4	131,6	144,3	144,3	144,3	144,3		
Slovakia	240	280,4	317	355,2	388,2	388,2	388,2	388,2		
Finland	566,8	565,5	565,8	570,5	570,5	570,5	570,5	570,5		
Sweden	763,1	765,2	765,2	770,9	770,9	770,9	770,9	770,9		
United Kingd	3985,9	3976,4	3976,5	3988	3988	3988	3988	3988		

Source: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:082:0001:0004:EN:PDF>

* To spare time, we have not changed the comas, used in the French version, by dots.

For example, in the last "Commission implementing Regulation (EU) No 680/2011 of 14 July 2011 establishing budgetary ceilings for 2011 applicable to certain direct support schemes provided for in Council Regulation (EC) No 73/2009", the total of ceilings for France grouping together the SAPS and the other direct aids sums up to €8.846 billion. Yet "the Commission Regulation (EU) No 307/2011 of 29 March 2011 amending Annex IV and Annex VIII to Council Regulation (EC) No 73/2009 establishing common rules for direct support schemes for farmers under the common agricultural policy" reminds that "*Annex VIII to Regulation (EC) No 73/2009 establishes for each Member State the maximum value of all payment entitlements that can be allocated during a calendar year*" and its table 3 in the annex shows that the ceiling for France is €8.425 billion for 2011, hence lower than that calculated in July 2011.

Nevertheless we will rely on this table 15 to compare the evolution of Community direct aids, coupled or decoupled, in the EU-15 and EU-12 MS. We see that the progressive phasing-in of the rates of SAPS would rise the direct aids of the EU-12 from 13.7% of those for the whole EU-27 in 2009 to 19.8% in 2016 and beyond.

These ceilings take into account the progressive integration of the direct aids still coupled, a process which should end in December 2013 for all MS, except for Bulgaria and Romania

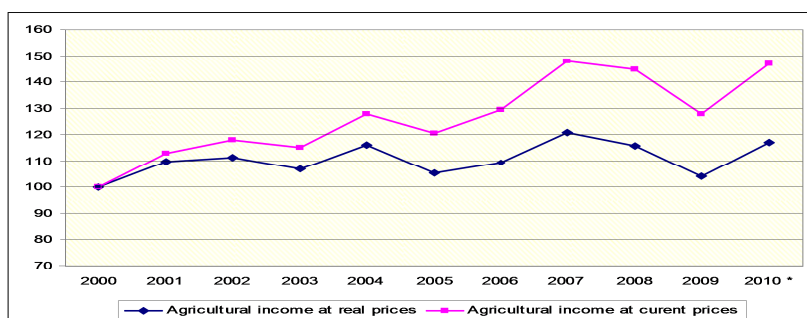
where it will extend till end 2016, even if some coupled aids could subsist for the suckler cow premium and the ewe and goat premium. On the other hand those ceilings are necessarily higher than the actual aids for several reasons, the first one being the modulation – which obliges the EU-15 MS to transfer to the second pillar of rural development a growing percentage of all direct aids, coupled or in the SPS, the rate having risen from 3% in 2005 to 7% in 2009 and would be of 10% from 2012 on – and to the fact that all SPRs (single payment rights) are not "activated", hence not paid. The EU-8 MS will be subject to the modulation only from 2013 (2016 for Bulgaria and Romania).

4) The discriminations in the actual direct aids per AWU in 2009

We will analyze the last available data, for 2009 and 2010, on the per capita GDP, the agricultural income per AWU and the direct aids per AWU (tables 1 and 2). Although the direct aids per MS are not available for 2010 – we must make do with those of 2009 –, the reduction of AWU and the large rise in agricultural incomes in 2010 justify to use also the data of that year, the more so as the significant drop in agricultural incomes in 2009 was linked to the fall in agricultural prices after their spikes in 2007 and 2008. In few months we will avail of the data on the direct aids in 2010, allowing to update the analysis.

The following graph shows clearly the recovery of the agricultural income per AWU in 2010, after its fall in 2009.

Figure 2: Index of EU 27 agricultural income per annual working unit
(2000=100)



Source: EUROSTAT – Economic Accounts for Agriculture – elaboration DG AGRI. *: provisional data

Let us specify first the meaning of the indicators used in the tables:

- the per capita GDP (gross domestic product) at market prices is an indicator of the average income, despite the limits of the GDP concept;
- the agricultural factors income (AFI), or net value added at factor cost – defined as net value added at basic prices (i.e. including subsidies on production) less other taxes on production plus other subsidies, including the decoupled direct aids of the Single Payment Scheme (SPS) and the SAPS –, measures the remuneration of all factors of production (land, capital, labour);
- the AWU (agricultural work unit) measures a full-time equivalent agricultural employment;
- the FAWUs (family agricultural work units) exclude the salaried AWUs;
- the AFI per AWU is a good indicator of agricultural income per AWU, including salaried AWUs;
- the net entrepreneurial income (NEI) measures the net income of FAWU, after deduction of the costs of wages and of borrowed capital (interests and net rents). The NEI per FAWU is a good indicator of the net income of family labour;
- the total direct aids paid by the EU, excluding State aids and the EU-10 complementary national direct payments ("top-ups").

Table 16 – Data on per capita GDP, per AWU income and direct aids in the EU-27 in 2009

	Population in 1000	Per capit /GDP	AFI €M	UTA 1000	AFI/ AWU	NEI €M	FAWU 1000	NEI/ FAWU	Aids €M	Aids/ AWU
EU-27	500404	23521	118193	11225	10529	61427	8 719	7 045	39109	3 484
EU-15	397070	27444	98695	5437	18152	49176	3 697	13302	35028	6443
EU-12	103334	8449	19498	5788	3369	12251	5 022	2439	4 081	705
Belgium	10 796	31 400	2048	64,9	29260	1 146	54,4	21066	574	8844
Bulgaria	7 585	4 600	1577	399,7	3945	1 121	331,0	3387	210	525
Czech Repub.	10 487	13 100	1195	130,3	9171	98	38,7	2532	474	3638
Denmark	5 520	40 300	985	60,4	16308	-1 632	38,9		977	16176
Germany	81 902	29 300	11108	536,0	20724	4 146	324,8	12765	5 535	10326
Estonia	1 340	10 300	219	29,3	7474	91	16,9	5385	51	1741
Ireland	4 459	35 700	2002	146,5	13665	1 095	133,9	8178	1 278	8723
Greece	11 283	20 800	6874	570,6	12047	4 719	456,6	10335	2 497	4376
Spain	45 909	22 900	21449	909,1	23594	15993	546,3	29275	5 134	5647
France	64 543	29 300	17823	871,5	20451	7 446	574,7	12956	8 165	9369
Italy	60 193	25 200	15815	1164,0	13587	6 155	742,0	8295	4 120	3540
Cyprus	800	21 200	319	25,2	12659	218	18,0	12111	25	992
Latvia	2 255	8 200	334	93,4	3576	212	77,2	2746	76	814
Lithuania	3 339	7 900	543	147,1	3691	251	107,7	2331	196	1332
Luxembourg	498	76 600	58	3,5	16571	25	2,9	8621	35	10000
Hungary	10 023	9 300	1920	424,7	4521	899	318,3	2824	683	1608
Malta	414	14 200	70	4,2	16670	66	3,8	17368	3	714
Netherlands	16 530	34 600	4700	181,7	25867	1 003	107,6	9322	823	4529
Austria	8 365	32 800	2113	152,0	13901	1 536	129,1	11898	712	4684
Poland	38 152	8 100	7582	2213,8	3425	6 278	2071,3	3031	1 562	706
Portugal	10 632	15 900	1987	344,0	5776	1 030	285,3	3610	602	1750
Romania	21 480	5 500	4836	2152,0	2247	2 754	1925,0	1431	531	247
Slovenia	2 040	17 300	379	81,9	4628	284	76,4	3717	70	855
Slovakia	5 419	11 600	525	86,0	6105	-23	38,1		201	2337
Finland	5 339	32 100	1905	86,9	21922	978	71,4	13698	545	6272
Sweden	9 299	31 300	1057	63,2	16725	441	44,1	10000	713	11282
United Kingd	61 802	25 300	8772	282,7	31029	5 096	184,5	27621	3 318	11737

Sources: Eurostat; DG Agri (http://ec.europa.eu/agriculture/fin/directaid/2009/annex1_en.pdf); AFI: agricultural factors income; AWU: agricultural working unit; FAWU: family AWU; NEI: net entrepreneurial income.

These data show that:

- The EU-15 per capita GDP was in 2009 3.25 times larger than that of the EU-12 – €7,444 instead of €8,449 – and that of 2010 3.1 times larger – €28,422 against €9,111 – attesting a slight catching up.

- On the other hand the EU-15 AFI per AWU was in 2009 5.4 times larger than that of the EU-12 – €18,152 against €3,369 €, and the same in 2010: €20,830 against €3,843. Now a good part of this gap in the AFI/AWU between the EU-15 and EU-12 is due to the gap in Community subsidies, the sole direct aids per AWU of the EU-15 having exceeded those received in the EU-12 by €5,738 in 2009 and by €5,798 in 2010. However let us remember that the difference between 2009 and 2010 is only due to the number of AWUs as we have used the same value of direct aids in 2009 and 2010, by lack of data for 2010.

- The EU-12 farmers are relatively poorer than those of the EU-15 in relation to the other social classes: the agricultural income (AFI) per AWU represents a lower share of per capita GDP in the EU-12 than in the EU-15: 39.9% against 66.1% in 2009, 42.2% against 73.3% in 2010.

- The NEI per FAWU was in 2009 5.5 times larger in the EU-15 than that in the EU-12 – €13,302 against €2,439 – and that of 2010 was 5.9 times larger: €17,208 against €2,893. Here again a good part of the gap is due to the EU unequal direct aids.

- Precisely the direct aids per AWU were 9.1 times larger in the EU-15 than those in the EU-12 in 2009 – €6,443 against €705 – as in 2010 – €6,516 against €718 –, even if the difference between 2009 and 2010 is only due to that in the number of AWUs. The €6,443 of direct aids per AWU in the EU-15 have accounted in 2009 for 35.5% of the AFI/AWU and 48.4% of the NEI/FAWU, and the €6,516 of direct aids in 2010 have accounted for 31.3% of the AFI/AWU and 37.9% of the NEI/FAWU. On the other hand, the €705 of direct aids per

AWU in the EU-12 have represented in 2009 20.9% of their AFI/AWU and 28.9% of their NEI/FAWU and, in 2010, their €718 of direct aid per AWU have represented 18.7% of their AFI/AWU and 24.8% of their NEI/FAWU.

Table 17 – Data on per capita GDP, per AWU income and direct aids in the EU-27 in 2010

	Population in 1000	Per capit /GDP	AFI €M	AWU 1000	AFI/ AWU	NEI €M	FAWU 1000	NEI/ FAWU	Aids €M	Aids/ AWU
EU-27	501794	24449	133801	11058	12100	76766	8573	8954	39109	3537
EU-15	398553	28422	111961	5375	20830	62465	3630	17208	35028	6516
EU-12	103241	9111	21840	5683	3843	14301	4943	2893	4 081	718
Belgium	10879	32 400	2508	62,6	40064	1585	52,5	30191	574	9169
Bulgaria	7534	4783	1834	358,3	5119	1350	292,4	4617	210	586
Czech Repub.	10520	13 800	1427	129,5	11019	325	38,5	8442	474	3660
Denmark	5545	42 200	1570	60,1	26123	-915	38,1		977	16256
Germany	81776	30 600	13352	525,3	25418	6259	324,8	19270	5 535	10537
Estonia	1340	10 800	314	28,7	10941	180	16,7	10778	51	1777
Ireland	4474	34 400	2495	145,7	17124	1642	133,1	12337	1 278	8771
Greece	11317	20 400	6807	568,8	11967	4612	451,4	10217	2 497	4390
Spain	46071	23 100	22932	897,3	25557	17179	517,0	33228	5 134	5722
France	64896	29 800	23631	855,8	27613	14004	560,3	24994	8 165	9541
Italy	60483	25 600	15471	1162,4	13310	5542	738,7	7337	4 120	3544
Cyprus	804	21 700	328	25,3	12964	223	18,0	12389	25	988
Latvia	2239	8 000	379	87,9	4312	270	72,6	3719	76	865
Lithuania	3287	8 300	612	143,4	4268	329	104,5	3148	196	1367
Luxembourg	507	82 100	73	3,5	17381	37	2,9	12759	35	10000
Hungary	10000	9 800	2250	414,4	5430	1240	311,0	3987	683	1648
Malta	416	15 000	81	4,2	19286	77	3,8	20263	3	714
Netherlands	16615	35 600	6550	179,7	36450	2896	107,2	27015	823	4580
Austria	8390	33 900	2376	149,2	15925	1794	126,8	14148	712	4772
Poland	38184	9 300	8487	2086,9	4067	6981	1945,3	3589	1 562	748
Portugal	10637	16 200	2135	337,4	6328	1262	281,6	4482	602	1784
Romania	21438	5 700	5196	2241,0	2564	3037	2027,0	1498	531	237
Slovenia	2049	17 600	400	80,9	4944	305	75,4	4045	70	865
Slovakia	5430	12 100	532	83,2	6394	-14	37,8		201	2416
Finland	5363	33 600	1862	84,5	22036	914	68,9	13266	545	6450
Sweden	9378	37 000	1479	60,6	24406	776	42,2	18389	713	11766
United Kingd	62222	27 400	8723	281,6	30977	4879	184,6	26430	3 318	11783

Sources: Eurostat; DG Agri (http://ec.europa.eu/agriculture/fin/directaid/2009/annex1_en.pdf); AFI: agricultural factors income; AWU: agricultural working unit; FAWU: family AWU; NEI: net entrepreneurial income.

Table 18 – Evolution of the NEI/FAWU and the AFI/AWU in the EU-27 from 2000 to 2010*

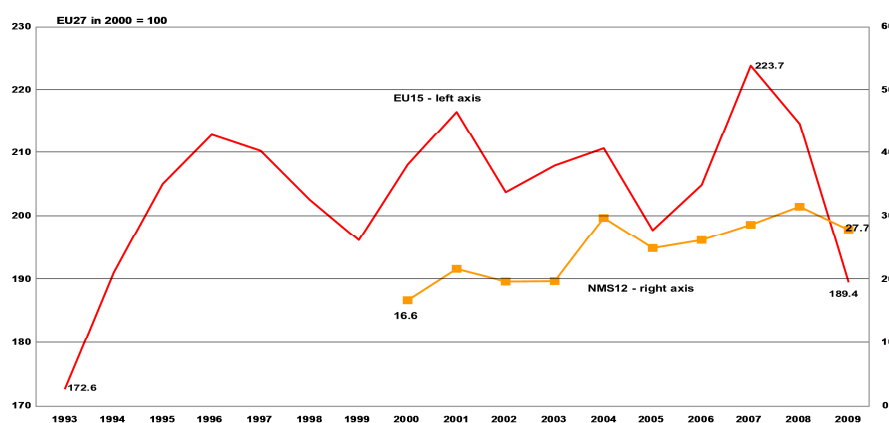
Million €	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Factor income at real basic prices in €1,000											
EU-27	141005	148075	134167	134307	139928	126072	128259	134379	125897	110294	122163
EU-15	126002	129920	118885	119112	118732	108538	110479	116633	107181	93372	104387
EU-12	15003	18155	15282	15195	21196	17534	17780	17746	18716	16922	17776
1000 AWU											
EU-27	14945,7	14290,5	12765,1	13298,3	12776,1	12685,3	12405,6	11780,7	11525,1	11224,6	11058,3
EU-15	6511,3	6456,5	6282,8	6163,5	6074,0	5925,6	5836,7	5680,9	5543,1	5437	5374,5
EU-12	8434,4	7834	6482,3	7134,8	6702,1	6759,7	6568,9	6099,8	5982	5787,6	5683,8
Factor income per AWU in €											
EU-27	9334,5	10361,8	10510,5	10099,6	10952,3	9938,4	10338,8	11406,7	10923,7	9826,1	11047,2
EU-15	19351,3	20122,4	18922,3	19325,4	19547,6	18316,8	18928,3	20530,7	19335,9	17173,4	19422,6
EU-12	1778,8	2317,5	2357,5	2129,7	3162,6	2593,9	2706,7	2909,3	3128,7	2923,8	3127,5
Net entrepreneurial income (NEI) at real basic prices in €1,000											
EU-27	89450	96101	82790	83866	89861	74573	75991	80783	71066	57371	69960
EU-15	79776	83455	72849	74124	73787	62448	63682	68758	58443	46530	58195
EU-12	9674	12646	9941	9742	16074	12125	12309	12025	12623	10841	11765
1000 FAWU (family agricultural working unit)											
EU-27	12208,2	11623,9	10118,2	10659,6	10130,1	10088,7	9808,5	9115,2	8881,8	8718,9	8573,2
EU-15	4679,1	4607,8	4459,3	4417,2	4306,3	4162,0	4076,8	3792,4	3674,8	3696,5	3630,1
EU-12	7529,1	7016,1	5658,9	6242,4	5823,8	5926,7	5731,7	5322,8	5207	5022,4	4943,1
NEI per FAWU in €											
EU-27	7327	8267,5	8182,3	7867,6	8870,6	7391,7	7747,5	8862,5	8001,3	6580	8160,3
EU-15	17049,4	18111,7	16336,4	16780,8	17134,7	15004,3	15620,6	18130,5	15903,7	12587,6	16031,2
EU-12	1284,9	18024,3	1756,7	1506,2	2760	2045,8	2147,5	2259,1	2424,2	2158,5	2380

* to spare time, we have not changed the comas, used in the French version, by dots

The European Commission wrote in December 2010 that the real agricultural income per AWU has increased by only 0.6% per year from 2000 to 2009 in the EU-15 against 7.4% per year for the EU-12²¹, but this comparison is biased by the year of departure of the comparison, as shown in the upper table 18 and the following graphs. Indeed if, instead of comparing the evolution from 2000 to 2010 we look at what happened from 2004 to 2010, when the EU-10 MS entered the EU, we see that the agricultural factor income per AWU has decreased by 0.19% per year in the EU-12, more than by 0.11% per year in the EU-15.

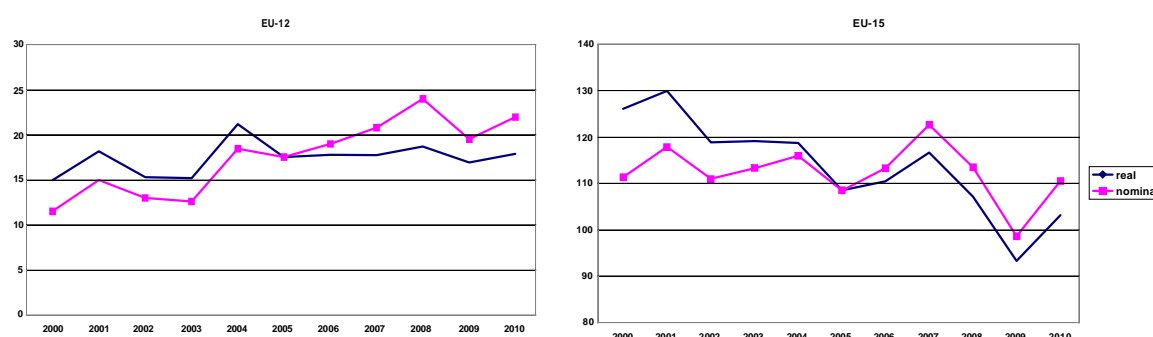
Besides the Commission wrote in the same paper: "Although the 2009 decline in income was slightly stronger in the EU-12 (about -12.5 %), real income per worker has increased by 34 % since accession". However the two following graphs after this statement does not confirm it but shows a slight decline (yellow line in the first graph and blue line in the second graph) for the EU-12 from 2004 to 2009.

Graph 3.2: Development of agricultural factor income per AWU in the EU-15 and EU-12, 1993-2009, EU-27 in 2000=100, in real terms



http://ec.europa.eu/agriculture/rica/pdf/hc0301_income.pdf

Graph 22 Development of real agricultural factor income in the EU-12 and the EU-15, 2000-2010 (billion €)



http://ec.europa.eu/agriculture/rica/pdf/hc0301_income.pdf

Furthermore, if we look in table 18 at the decline in total AWU, we see that it has been twice as large in the EU-12 (3,87%) per year from 2000 to 2010 than in the EU-15 (1,90%), even if the gap has narrowed from 2004 to 2010: -2,71% per year in the EU-12 against -2,02% in the EU-15. In fact the Commission pursues a short-sighted objective of farm competitiveness requiring to speed up the "restructuring" of farms by accelerating the decline in the number of

²¹ European Commission, *Developments in the income situation of the EU agricultural sector*, December 2010, http://ec.europa.eu/agriculture/rica/pdf/hc0301_income.pdf

farmers so as to raise the per capita agricultural income. In so doing it loses sight completely of the large positive externalities due to the multi-functionality of small farms, particularly in the context of increasing unemployment. Indeed, if the unemployment has declined much more in the EU-12 than in the EU-15 from 2000 to 2007 – by 93% against 14.9% –, it has risen however by 53.7% in the EU-12 from 2008 to 2010 against by 37.6% in the EU-15 (table 23). And the Commission recognizes that *"in the EU-12 many rural areas present a relatively higher level of unemployment"*²².

What is more the Commission contemplates a much higher increase in the EU-12 agricultural income per AWU in the EU-12 up to 2020: *"Whereas agricultural income in the EU-15 would show a more moderate increase to almost 10% above the base level, it is foreseen to display a more pronounced picture in the EU-12 rising 45% above the base level by 2020 and converging towards the EU average"*. This can be explained mainly by an expected sharper decline in the agricultural employment of the EU-12 – by 29.7% from 2005-09 to 2020 – than in the EU-15: by 19.4%²³.

5) The disparity in direct aids per benefitting farm in 2009

The table 19 shows the distribution of direct aids, coupled and decoupled, of the first pillar among the classes of benefitting farms per MS in 2009:

Table 19 – Distribution of the direct aids to the benefitting farms of EU-27 MS in 2009

*	Total aids	Farms **	Average aid	Average UAA	Aid/farm according to aids/farm, in €,000			% of farms according to aids/farm, in €,000			% of aids according to aids/farm, in €,000		
	€1,000	1,000	€	***	<5	5-100	>100	<5	5-100	>100	<5	5-100	>100
EU-27	39114	7868,6	4971,3	12,6	902,8	19071,4	200732	81,5%	18,1%	0,4%	14,8%	69,4%	15,8%
EU-15	35031	4706,1	7600	22	1206	19289	197695	69,90%	28,38%	1,72%	11,52%	73,44%	15,04%
EU-12	4083	3162,5	1059,3	5,96	646,4	15719	219854	97,05%	2,81%	0,14%	42,67%	34,42%	22,90%
Belgium	574,4	38,24	15021	28,6	1970,5	21350	142400	35,43%	64,12	0,45%	4,64%	91,14%	4,22%
Bulgaria	210,3	80,3	2618	6,2	477,6	2237,7	163750	92,8%	6,81%	0,39%	16,9%	58,2%	24,9%
Czech Repub.	473,7	23,4	20243	89,3	1529,3	21587	231707	67,14%	27,09%	5,77%	5,07%	28,89%	66,04%
Denmark	976,8	56,87	17176	59,7	1601,7	26468	153510	50,94%	46,40%	2,66%	4,75%	71,52%	23,73%
Germany	5534,9	352,9	15684	45,7	1655,7	20438	278279	48,1%	50,2%	1,7%	5%	65,5%	29,5%
Estonia	51,4	17,23	2983	38,9	829,6	1901,8	148000	90,2%	9,46%	0,34%	25,1%	60,3%	14,7%
Ireland	1277,9	124,5	10264	32,3	2393,9	15447	141481	41,71%	58,07%	0,22%	9,75%	87,26%	2,99%
Greece	2497,3	872,52	2862	4,7	1166,6	11274	150000	83,3%	16,7%	0,01%	34%	65,7%	0,36%
Spain	5134,1	909,8	5643	23,8	1233,2	16591	186574	75,65%	23,95%	0,39%	16,53%	70,43%	13,05%
France	8166,1	389,58	20961	52,1	1620	27352	148494	31,74%	66,8%	1,47%	2,45%	87,2%	10,4%
Italy	4122	1254,2	3286,7	7,6	973,3	15205	237622	87,57%	12,19%	0,24%	25,94%	56,36%	17,70%
Cyprus	24,9	38,35	649,3	3,6	425,6	11579	-	98,01%	1,98%	-	64,44%	35,56%	-
Latvia	76,3	70,46	1082,9	16,5	569,6	15450	216670	97,12%	2,84%	0,04	51,09%	40,40%	8,51
Lithuania	195,8	182,33	1073,9	11,5	562,6	13902	170769	97%	2,92%	0,07	50,83%	37,83%	11,34%
Luxembourg	34,5	1,84	18750	56,8	1951	23099	90000	22,28%	77,18%	0,54%	2,26%	95,11%	2,63%
Hungary	682,9	185,14	3688,6	6,8	946,1	10748	253034	89,41%	10,11%	0,48%	22,93%	44,09%	32,98%
Malta	2,7	4,78	564,9	0,9	300,4	10833	-	97,49%	2,51%	-	51,38%	48,62%	-
Netherlands	823,2	62,82	13104	24,9	1479,9	21982	158286	47%	52,44%	0,56%	5,31%	87,96%	6,73%
Austria	712,1	122,57	5809,7	19,3	1884,9	12017	241670	62,37%	37,58%	0,05%	20,23%	77,73%	2,04%
Poland	1562,3	1406,2	1111	6,5	766,4	12216	201321	97,6%	2,35%	0,05%	67,3%	25,8%	6,9%
Portugal	601,9	194,2	3099,4	12,6	716	18421	177703	89,96%	9,66%	0,38%	20,78%	57,38%	21,84%
Romania	531,9	1078,55	493,2	3,5	234,1	1903	207667	98,90%	1,07%	0,03%	46,93%	41,35%	11,72%
Slovenia	70,1	60,02	1167,9	6,5	878,7	8908	340000	97,08%	2,90%	0,02%	73,03%	22,08%	4,89%
Slovakia	200,6	15,73	12755	28,1	743,3	27153	211342	82,01%	14,05%	3,94%	4,78%	29,91%	65,31%
Finland	545,2	64,87	8404,3	33,6	2372,3	13545	150200	46,96%	52,97%	0,07%	13,25%	85,37%	1,38%
Sweden	713,4	79,87	8932	42,9	1580,2	19481	156000	63,22%	36,22%	0,56%	11,18%	78,98%	9,84%
United Kingd	3317,6	181,3	18299	53,8	1654,3	25253	169683	45,37%	52,02%	2,61%	4,10%	71,73%	24,17%

Source: Eurostat; * to spare time, we have not changed the commas, used in the French version, by dots; ** farms beneficiaries of aids; *** average of all farms, including those non-beneficiaries of aids

- In the EU-12 97.1% of farms, or 3.069 million, belonging to the class receiving at most €5,000 per farm, have received an average aid of €646.4; 2.81% or 67,390 farms, belonging to the class receiving between €5,000 and €100,000 per farm, have received an average aid of

²² European Commission, *Situation and prospects for EU agriculture and rural areas*, December 2010 http://ec.europa.eu/agriculture/publi/situation-and-prospects/2010_en.pdf

²³ European Commission, *Prospects for agricultural markets and income in the EU, 2010-2020*, December 2010, http://ec.europa.eu/agriculture/publi/caprep/prospects2010/fullrep_en.pdf

€15,719, and 0.14% or 4,230 farms, belonging to the class receiving €100,000 or more, have received an average aid of €219,854. The largest farms of this last category are mainly concentrated in the Czech Republic and Slovakia where they receive 2/3 of the national total, and to a lesser degree in Hungary where they receive the third of the national total, and in Bulgaria where they receive the quarter of the national total. Indeed the average aid per farm of the Czech Republic, of €20,243, is second in the EU-27, after France (€20,961). However this position is clearly not the same for the aid per AWU given the large number of AWU in these largest farms (see tables 6, 8 and 10).

- In the EU-15 the distribution of direct aids is much less unequal according to the classes of aids per farm, even if almost 70%, or 3.346 million in the class of aid lower than €5,000, have received an average aid of €1,206; 1.334 million of farms, or 28.4% of the total, in the class €5,000 to €100,000, have received an average aid of €19,289 and 26,640 farms or 1.72% of the total, in the class receiving at least €100,000, have received an average aid of €197,695. The EU-15 MS where the percentage of these aids of more than €100,000 in total aids is the highest are Germany (29.5%), United-Kingdom (24.17%), Denmark (23.7%) and Portugal (21.84%).

The table 20 refines the distribution of aids to farms receiving less than €5,000, distinguishing between those getting less than €1,250 and less than €2,000, in order to identify better those likely to receive a basic aid. The number of all farms and farms beneficiaries of aids per MS should however be read in table 14.

Table 20 – The distribution of direct aids per farm per class of aid in the EU-27 MS in 2009

*	Total aids according aids/farm, in €					Farms beneficiaries, in 1,000					Aids per farm, in €				
	<1250	<2000	<5000	5-100	>100	<1250	<2000	<5000	5-100	>100	<1250	<2000	<5000	5-100	>100
EU-27	1945,3	2886,9	5783,6	27120,9	6122,8	4916,6	5511,5	6415,6	1422,5	31,14	395,7	523,8	901,5	19066	196622
EU-15	1015,9	1664,3	4036,9	25723,4	5232,8	2208,6	2616,3	3346,2	1333,6	26,64	460	636,1	1206,4	19289	196426
EU-12	929,4	1222,6	1746,7	1397,5	890	2708	2895,2	3069,4	889	4,50	343,2	422,3	569,1	15720	197780
Belgium	3258	6932	26616	523488	24246	5,43	7,71	13,53	24,52	0,17	600	899,1	1967,2	21349	142624
Bulgaria	17203	22272	35597	122374	52361	67,12	70,34	74,56	5,47	0,32	256,3	316,6	477,4	22372	163628
Czech Rep.	5084	9264	24025	136864	312805	8,47	11,10	15,71	6,34	1,35	600,2	834,6	1529,3	21587	231707
Denmark	7078	14353	46376	698498	231821	14,73	19,26	28,97	26,39	1,51	480,5	745,2	1600,8	26468	153524
Germany	45512	83917	277928	3623303	1633491	88,18	112,12	169,72	177,28	5,87	516,1	748,5	1637,6	20438	278278
Estonia	5138	7537	12666	31059	7373	12,38	13,90	15,55	1,63	0,05	415	542,2	814,5	19055	147460
Ireland	8678	23491	124613	1114991	38198	13,18	22,31	52,05	72,18	0,27	658,4	1052,9	2394,1	15447	141474
Greece	221012	364531	847729	1640198	25260	486,59	576,81	727,02	145,49	0,06	454,2	632	1166	11274	421000
Spain	205912	348957	848165	3615587	669775	443,71	533,93	688,71	217,92	3,59	464,1	653,6	1231,5	16591	186567
France	31624	61675	199699	7117845	847931	63,62	82,40	123,64	260,23	5,71	497,1	748,5	1615,2	27352	148499
Italy	369281	546967	1066972	2323448	729530	822,14	934,38	1098,27	152,81	3,07	449,2	585,4	971,5	15205	237632
Cyprus	9724	11849	16064	8864		34,85	36,20	37,59	0,76		279	327,3	427,3	11663	
Latvia	23258	28960	38996	22772	6493	61,45	65,12	68,43	2	0,3	378,5	444,7	569,9	11386	216433
Lithuania	57143	71363	99545	74065	22211	158,63	167,72	176,87	5,33	0,13	360,2	425,5	562,8	13896	170854
Luxembourg	104	206	782	32822	907	0,18	0,24	0,41	1,42	0,01	577,8	858,3	1907,3	23114	907000
Hungary	56972	86227	156547	301139	225210	124,06	142,66	165,53	18,72	0,89	459,2	604,4	945,7	16086	253045
Malta	676	908	1397	1322		4,35	4,50	4,66	0,12		155,4	201,7	299,8	11017	
Netherlands	8387	15012	43680	724070	5346	16,70	20,84	29,53	32,94	0,35	502,2	720,3	1326	21981	152743
Austria	17745	38085	143726	553501	14534	32,19	44,84	76,45	46,06	0,06	551,3	849,4	1880	12017	242233
Poland	524615	729076	1051898	403592	66747	1133	1263,8	1372,6	33,04	0,53	463	576,9	766,4	12215	125938
Portugal	54121	73289	125079	345358	131461	146,10	158,26	174,71	18,75	0,74	370,7	463,1	715,9	18419	177650
Romania	204013	217212	249174	219945	62322	1047,9	1066,3	1066,69	11,56	0,30	194,7	205,6	233,6	19026	207740
Slovenia	21470	32365	51183	15491	3429	45,04	51,96	58,27	1,74	0,01	476,7	622,9	878,4	8903	342900
Slovakia	4140	5561	9589	60008	131032	10,73	11,63	12,90	2,21	0,62	385,8	478,2	743,3	27153	211342
Finland	6117	15516	72259	465419	7510	7,79	13,61	30,46	34,36	0,05	785,2	1140	2372,3	13545	150200
Sweden	16468	30199	79745	563424	70207	26,56	35,20	50,50	28,92	0,45	620	857,9	1579,1	19482	156016
United Kingd	20607	41177	133553	2381434	802573	41,49	54,38	82,27	94,30	4,73	496,7	757,2	1623,3	25254	169677

Source: DG Agriculture: http://ec.europa.eu/agriculture/fin/directaid/2009/annex1_en.pdf; * To spare time, we have not changed the comas, used in the French version, by dots.

Romania has got the smallest average aid in the first class of less than €1,250 (€195) for 97.2% of all beneficiaries, a percentage which does not change much for the farms receiving less than €2,000 (97.9%, with an average aid of €206) or even for the 98.9% of farms receiving less than €5,000 with an average aid of €234. All the same 80.6% of the Polish farms have received less than €1,250, with an average aid of €463. Besides, let us remember

that 72.5% of Romanian farms and 41.2% of Polish farms did not receive any direct aid because they were considered too small (table 14).

However we see also that 75.2% of Portuguese farms receiving direct aids have got less than €1,250 per farm, with an average aid of €371 €, that 2/3 (65.6%) of Italian farms in the same class of aids have received an average aid of €449, that 55.8% of Greek farms receiving aids are in the same class and have got an average aid of €454 € and finally 48.8% of the Spanish farms in that class have received an average aid of €464. This confirms that the Mediterranean products (fruits and vegetables and wine) have been neglected by the CAP.

6) The disparity in the ceilings of direct aids per ha between the EU-15 and the EU-12

The table 20 allows to deduct the table 21 of the direct aids per ha in 2009 and 2016 by comparing the aids per ha of total UAA of 2007 (last available data), with the authorized UAA for the SPS in 2009 and on the UAA actually paid, but which is only available for the EU-10 of MS getting the SAPS. We acknowledge also that the aids paid for the fiscal year 2009 – which extends from 1st October 2008 to 30 September 2009 – have been sensibly lower than the ceiling for the civil year 2009, particularly in the EU-12 (- 16.7%) against - 2% only in the EU-15.

Table 21 – Ceilings of direct aids (CA) and paid per MS in the EU-27 and per ha in 2009 and 2016

UAA in 1,000 ha, aid/ha in €	Ceilings of aids		CA/total UAA			CA/authorized UAA			Paid aids 2009	*	Aides versées/ha selon SAU		
	2009 €M	2016 €M	SAU 2007	AP/ha 2009	AP/ha 2016	SAU 2009	AP/ha 2009	AP/ha 2016			Total UAA	Authorized UAA	Paid UAA
EU-27	40647	45842,2	172357	235,8	266	156769	259,3	292,4	39109		226,9	249,5	
EU-15	35747,6	36755,8	124418	287,3	295,4	114585	312	320,8	35028		281,5	305,7	
EU-12	4899,4	9086,4	47939	102,2	189,5	42184	116,1	215,4	4081	4042*	85,1	96,7	102*
Belgium	614,2	614,9	1374,4	446,9	447,4	1353,6	453,8	454,3	574		417,6	424,1	
Bulgaria	287,4	814,3	3050,7	94,2	266,9	3492	82,3	233,2	210	3270	68,8	60,1	64,2
Czech Rep.	559,6	909,3	3518,1	159,1	258,5	3469	161,3	262,1	474	3508	134,7	101,1	135,1
Denmark	1030,5	1049	2662,6	387	394	2653,1	388,4	395,4	977		366,9	368,2	
Germany	5770,3	5852,9	16931,9	340,8	345,7	16733,4	344,8	345,7	5535		326,9	330,8	
Estonia	60,5	101,2	906,8	66,7	111,6	800	75,6	126,5	51	857	56,2	63,8	59,5
Ireland	1342,3	1340,9	4139,2	324,3	324	4138	324,4	324	1278		308,8	308,8	
Greece	2380,7	2217	4076,2	584	543,9	2950,3	806,9	751,4	2497		612,6	860,1	
Spain	4858	5155,8	24892,5	195,2	207,1	20537,2	236,5	251	5134		206,2	250	
France	8047,6	8525,7	27476,9	292,9	310,3	26418,4	304,6	322,7	8165		300,4	309,1	
Italy	4143,2	4377,2	12744,2	325,1	343,5	10421	397,6	420	4120		323,3	395,4	
Cyprus	31,7	53,5	146	217,1	366,4	140	226,4	382,1	25	137	171,2	178,6	182,5
Latvia	90	146,5	1773,8	50,7	82,6	1475	61	99,3	76	1509	42,8	51,5	50,4
Lithuania	230,6	380,1	2649	87,1	143,5	2574	89,6	147,7	196	2587	74	76,1	75,8
Luxembourg	37,5	37	130,9	286,5	282,7	129,4	289,8	285,9	35		267,4	270,5	
Hungary	807,4	1319	4228,6	190,9	311,9	4829	167,2	273,1	683	4942	161,5	141,4	138,2
Malta	3,8	5,1	10,3	368,9	495,2	9	422,2	566,7	3		291,3	333,3	
Netherlands	853,1	897,8	1914,3	445,6	469	1879,9	453,8	477,6	823		429,9	437,8	
Austria	745,6	751,7	3189,1	233,8	235,7	3122,9	238,8	240,7	712		223,3	228	
Poland	1877,1	3044,5	15477,2	121,3	196,7	14337	130,9	212,4	1562	13891	100,9	108,9	112,4
Portugal	608,8	606,5	3472,9	175,3	174,6	2876,6	211,6	210,8	602		173,3	209,3	
Romania	623,4	1780,4	13753,1	45,3	129,5	8716	71,5	204,3	531	7862	38,6	60,9	67,5
Slovenia	87,9	144,3	488,8	179,8	295,2	463	189,8	311,7	70		143,2	151,2	
Slovakia	240	388,2	1936,6	123,9	200,5	1880	127,7	206,5	201	1851	103,8	106,9	108,6
Finland	566,8	570,5	2292,3	247,3	248,9	2287,8	247,7	249,4	545		237,8	196,7	
Sweden	763,1	770,9	2990	255,2	257,8	2986	255,6	258,2	713		238,5	238,8	
United King	3985,9	3988	16130,5	247,1	247,2	16097,6	247,6	247,7	3318		205,7	206,1	

Source: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:082:0001:0004:FR:PDF;>

http://ec.europa.eu/agriculture/fin/directaid/2009/annex1_en.pdf; *: paid UAA from table 13 for the EU-10 applying the SAPS, and the corresponding total aids have been of €4008 million against €4041.5 million for the EU-12 which are taken into account for the per ha aids of total and authorized UAA. To spare time, we have not changed the comas, used in the French version, by dots.

This table confirms that, in 2016, at the end of the transition period for Bulgaria and Romania, the EU-12 MS will be long from having caught up with the aid level of the EU-15 per ha, which should put an end to the recurrent claim of their alignment. On the basis of the total UAA and of the ceilings of direct aids, if the average aid per ha would increase by 85% in

relation to its 2009 level, it would remain nevertheless lower than that of the EU-15 by 56%: €189.5 against €295.4, which is clearly much better than in 2009 where it was 181% lower: €102.2 against €287.3. On the basis of the UAA admitted to benefit of the single payments (SPS or SAPS), it would increase also by 85.5% in the EU-12 but would remain 51.1% lower than that in the EU-15: €15.4 against €320.8. However the aids actually paid in the EU-12 in 2009 have been lower than the ceiling by 17.5%. Consequently they have been lower than those of the EU-15 by 230% per ha of total UAA (€85.1 against €281.5) and by 216% per ha of authorized UAA.

Naturally, as the authorized UAA is lower than the total UAA, the end result is to increase the direct aid per ha of authorized UAA, but to the detriment of the large number of farmers on subsistence and semi-subsistence farms, who do not receive anything.

7) Some convergence of direct aids taking into account those to rural development?

The table 22 presents the total aids, including to rural development, paid in 2009 and which are expected for 2016 (2013 for those to rural development), and per ha of total UAA and authorized UAA. Clearly the gap in total aid per ha would narrow significantly from 2009 to 2016 between the EU-15 and the EU-12 as that of the EU-12 would represent 85.6% of that in the EU-15 for the aid per ha of total UAA and 89.6% for the aid per ha of authorized UAA, against respectively 60% and 62.6% in 2009.

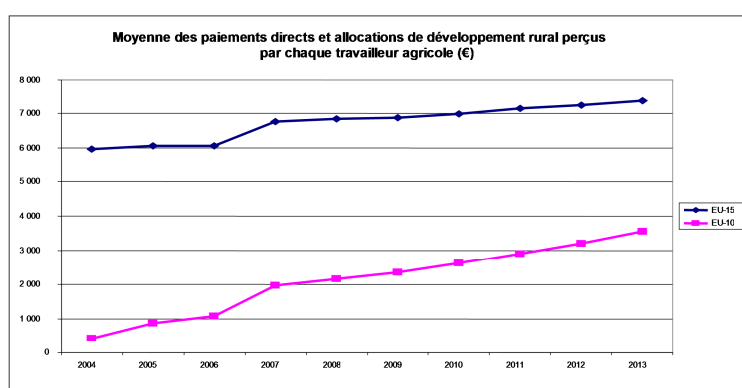
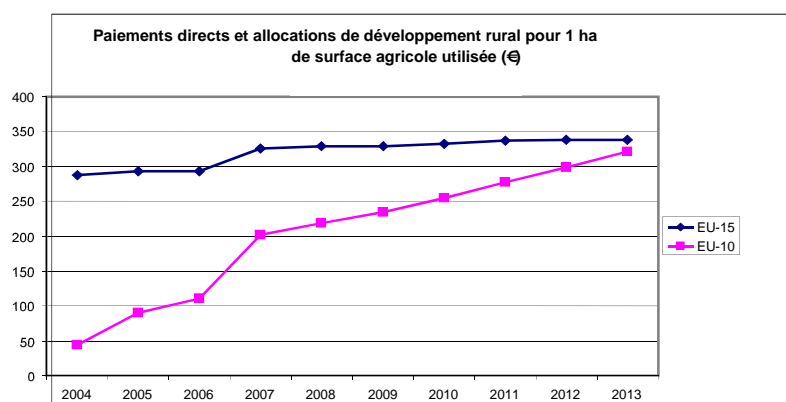
Table 22 – Total and per ha aids, including rural developement, in the EU-27 in 2009 and 2016

*	Aids paid in 2009, €million			Total UAA		Authorized UAA		Total and per ha aids in 2016		
	Direct aids	Rural development	Total aid (TA)	UAA 2007	TA/ha 2009	UAA 2009	TA/ha 2009	TA 2016 *	TA/ha UAA	TA/ha authorized
EU-27	39109	8209,4	47318,4	172357	274,5	156769	301,8	58606,2	340	373,8
EU-15	35028	3430,8	38458,8	124418	309,1	114585	335,6	44065,8	354,2	384,6
EU-12	4 081	4778,6	8860	47939	184,8	42184	210	14540,4	303,3	344,7
Belgium	574	57,9	631,9	1374,4	459,8	1353,6	466,8	669,4	487	494,5
Bulgaria	210	127,1	337,1	3050,7	110,5	3492	96,5	1210	396,6	346,5
Czech Repub.	474	340,2	814,2	3518,1	231,4	3469	234,7	1327,3	377,3	382,6
Denmark	977	53,9	1030,9	2662,6	387,1	2653,1	388,6	1110,6	417,1	418,6
Germany	5 535	930,2	6465	16931,9	381,8	16733,4	386,4	6984	412,5	417,4
Estonia	51	95,1	146,1	906,8	161,1	800	182,6	214,5	236,5	268,1
Ireland	1 278	329,2	1607	4139,2	388,2	4138	388,4	1960,1	473,5	473,7
Greece	2 497	174,1	2671	4076,2	655,3	2950,3	905,3	3258,1	799,3	1104,3
Spain	5 134	618,6	5753	24892,5	231,1	20537,2	280,1	6061,5	243,5	295,1
France	8 165	779,8	8945	27476,9	325,5	26418,4	338,6	8832,9	321,5	334,3
Italy	4 120	356,7	4477	12744,2	351,3	10421	429,6	5635,4	442,2	540,8
Cyprus	25	16,2	41	146	280,8	140	292,9	74,5	510,3	532,1
Latvia	76	104,5	181	1773,8	102	1475	122,7	297,7	167,8	201,8
Lithuania	196	247,5	444	2649	167,6	2574	172,5	633,7	239,2	246,2
Luxembourg	35	12,9	48	130,9	366,7	129,4	370,9	48,8	372,8	377,1
Hungary	683	497,2	1180	4228,6	279,1	4829	244,4	1897,7	448,8	393
Malta	3	3,4	6	10,3	582,5	9	667	15,8	1534	1755,6
Netherlands	823	36,1	859	1914,3	448,7	1879,9	456,9	964,4	503,8	513
Austria	712	550,4	1262	3189,1	395,7	3122,9	404,1	1262,8	396	404,4
Poland	1 562	1043,8	2606	15477,2	168,4	14337	181,8	4894,5	316,2	341,4
Portugal	602	235,6	838	3472,9	241,3	2876,6	291,3	1170,6	337,1	406,9
Romania	531	565,9	1097	13753,1	79,8	8716	125,9	3013	219,1	345,7
Slovenia	70	100,7	171	488,8	349,8	463	369,3	256,3	524,3	553,6
Slovakia	201	289,3	490	1936,6	253	1880	260,6	705,5	364,3	375,3
Finland	545	191,1	736	2292,3	321,1	2287,8	321,7	842,1	367,4	368,1
Sweden	713	105,9	819	2990	273,9	2986	274,3	1010,1	337,8	338,3
United Kingd	3 318	346,3	3664	16130,5	227,1	16097,6	227,6	4255,4	263,8	264,3

* To spare time, we have not changed the comas, used in the French version, by dots.

However the Tabadji's report of the European Parliament of 1st March 2007 acknowledged that *"It was further promised that the discrimination in direct payments will be compensated with the increased rural development allocations. The actual figures however fail to underpin*

*the original concept and the expectations for increased second pillar funding also proved to be illusionary. In the 2007-2013 Financial Perspectives there is a serious imbalance in the allocation of resources. The average level of Community support for agriculture and rural development for the new Member States would be only 29-33 % per farmer and 62-64 % per hectare in comparison with the old Member States during the seven years"*²⁴. Nevertheless the report estimated that, taking into account the aids to rural development, the total aids per ha would converge progressively with the average aid per ha of the EU-15 but that the gap in the average aid per AWU would remain large. Maybe, but these estimates are very likely based on the authorized UAA and not on the whole UAA.



As for the Commission, it considers that taking into account the aids to rural development would lead to a comparable percentage of the aids in agricultural incomes in the EU-15 and EU-12 (see graph below).

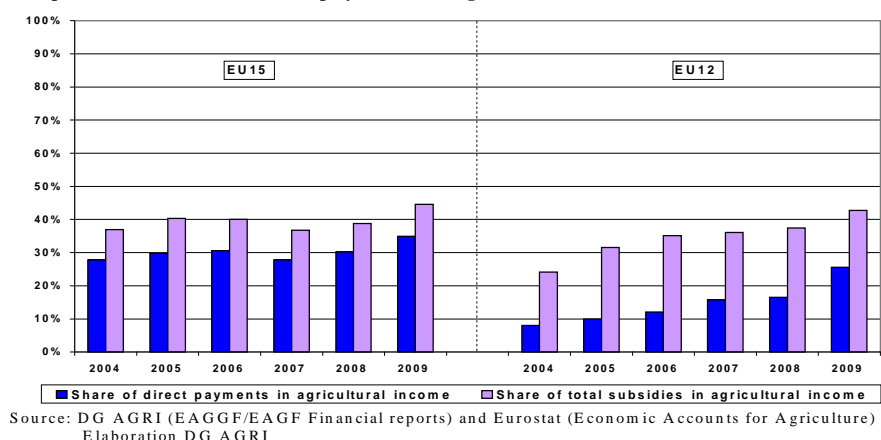
Maybe, but that does not imply that the disparity in the agricultural incomes in the EU-15 and EU-12 would be reduced because this would at least require that the share of aids in the income be larger in the EU-12 than in the EU-15.

Indeed we must underline, on the one hand, that the needs of aids to rural development are infinitely larger in the EU-12 than in the EU-15 and that the substantial allocated amounts are far from making up the gap between the services that the EU-12 and the EU-15 can offer to their rural population, notably their agricultural population. The more so as the EU-10 MS have been obliged to use part of these rural development aids to finance a share of their

²⁴ <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+REPORT+A6-2007-0037+0+DOC+XML+V0//EN>

Complementary National Direct Payments (CNDPs or "top-ups") for the SAPS, beside other national aids, and that they would have to do it till 2012 for the EU-8 and till 2015 for Bulgaria and Romania.

Graph 3.18: Share of direct payments in agricultural factor income (2004-2009)



Now the Commission's communication of 18 November 2011 on "The CAP towards 2020: Meeting the food, natural resources and territorial challenges of the future" underlines that *"Further changes are necessary... to strengthen territorial and social cohesion in the rural areas of the European Union, notably through the promotion of employment and diversification... to make best use of the diversity of EU farm structures and production systems, which has increased following EU enlargement, while maintaining its social, territorial and structuring role... to strengthen territorial and social cohesion in the rural areas of the European Union, notably through the promotion of employment and diversification"*²⁵.

As said earlier (page 23), we can also question the Commission's too optimistic prospects of a larger increase of agricultural incomes till 2020 in the EU-12 than in the EU-15²⁶. First because these prospects take into account the CNDPs whereas we should not count them as it implies a reduction of financial resources for rural development and other national needs. Otherwise we should take also into account part of the rural development aids and State aids to assess the prospects of agricultural incomes in the EU-15. We acknowledge also that the ceiling of €4.538 billion authorized for the SAPS in 2009 is significantly larger than the direct aids eventually paid in 2009 which have been of €4.081 billion.

Let us add once more that the Commission's optimism rests on an expected larger reduction of AWU in the EU-12 than in the EU-15. Reducing the number of AWU to increase the agricultural income per AWU should not be an objective in an overall economic context where unemployment is rising. Indeed, if it is true that the number of unemployed has fallen much more in the EU-12 than in the EU-15 from 2000 to 2007 – by 93% against by 14.9% –, on the contrary it has increased significantly more in the EU-12 than in the EU-15 from 2008 to 2010: by 53.7% against 37.6% (table 23).

The Commission wrote in December 2010 that *"Between 2000 and 2009, employment in the agricultural sector in the EU-27 fell by 25%, the equivalent of 3.7 million full-time jobs. It fell*

²⁵ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:0672:FIN:en:PDF>

²⁶ European Commission, *Prospects for Agricultural Markets and Income in the EU 2010 – 2020*, December 2010, http://ec.europa.eu/agriculture/publi/caprep/prospects2010/fullrep_en.pdf

by 17% in the EU-15 and by 31% in the 12 Member States... Among the five Member States with the highest employment in the agricultural sector, employment fell by 11% in Poland, 41% in Romania, 16% in Italy and 17% in both Spain and France"²⁷. Whereas the Commission judges positively the reduction of AWU as implying a "significant improvement in labour productivity", the present context of rising unemployment and the necessity to pursue an objective of socially and ecologically sustainable development should qualify as absurd the Commission's pursuit of reducing the number of agricultural jobs.

Table 23 – Evolution of the number of unemployed in the EU-27 from 2000 to 2010

*	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
EU-27	19557,3	19297,7	20314,1	20628,1	21026,3	20825,3	19338,5	17026,5	16828,9	21525,3	23158,2
EU-15	13584,4	12980,4	13781,3	14582,1	14977,7	15215,9	14617,2	13394,0	13735,1	17481,3	18401,7
EU-12	5972,9	6317,3	6532,8	6046	6048,6	5609,4	4721,3	3632,5	3093,9	4044	4756,5
Belgium	301,9	285,6	330,6	362,3	379,1	390,4	383,2	353,0	333,4	379,6	405,9
Bulgaria	560,8	663,1	608,4	449,2	400,0	334,4	305,7	240,2	199,7	238,0	348,0
Czech Repub.	444,5	408,7	373,3	398,4	425,7	410,2	371,7	276,6	229,8	352,2	383,5
Denmark	122,4	129,8	130,9	154,7	159,6	139,7	113,8	110,5	98,2	176,6	218,4
Germany	3 137,2	3 193,1	3 523,4	3 918,0	4 160,1	4 571,0	4 245,3	3 601,0	3 136,0	3 228,2	2 946,0
Estonia	90,2	83,1	67,2	66,2	63,6	52,2	40,5	32,0	38,4	95,1	115,9
Ireland	74,2	71,5	82,6	86,5	87,7	89,7	95,2	101,4	141,3	258,7	291,6
Greece	516,7	487,6	480,1	459,8	505,6	477,3	434,5	406,9	377,9	471,1	628,7
Spain	1 979,6	1 876,8	2 095,1	2 173,6	2 143,8	1 912,5	1 837,1	1 833,9	2 590,6	4 149,5	4 632,4
France	2 385,2	2 226,1	2 334,4	2 475,9	2 580,9	2 601,3	2 605,5	2 384,1	2 230,5	2 757,9	2 847,2
Italy	2 388,2	2 164,2	2 062,4	2 048,2	1 960,4	1 888,6	1 673,4	1 506,0	1 691,9	1 944,9	2 102,4
Cyprus	15,2	12,3	11,8	14,1	16,4	19,2	17,3	15,5	14,3	21,3	25,9
Latvia	150,3	142,7	137,5	118,6	118,3	101,0	79,5	71,3	90,5	203,2	216,1
Lithuania	276,6	272,9	219,3	203,6	184,1	133,0	89,4	69,0	94,3	225,1	291,1
Luxembourg	4,2	3,6	4,9	7,4	9,8	9,3	9,5	8,8	10,5	11,7	10,4
Hungary	260,9	235,0	239,7	244,5	252,5	302,2	316,7	312,0	329,1	420,7	474,8
Malta	10,4	12,2	12,0	12,2	11,7	11,6	11,5	10,7	10,1	12,1	12,1
Netherlands	245,8	205,7	253,8	340,9	419,4	441,2	365,6	305,7	267,5	326,6	389,9
Austria	138,4	138,1	162,7	166,0	194,6	207,7	195,6	185,6	162,3	204,4	188,2
Poland	2 793,2	3 169,7	3 431,0	3 323,1	3 230,3	3 045,4	2 344,3	1 618,8	1 210,7	1 411,1	1 699,3
Portugal	230,8	240,5	304,5	384,0	407,7	467,7	471,7	491,4	469,6	581,7	657,8
Romania	821,2	750,0	884,0	691,8	799,5	704,5	728,4	640,9	575,5	680,7	725,1
Slovenia	64,7	60,2	61,3	64,2	63,3	66,0	60,8	49,9	45,5	61,0	75,4
Slovakia	484,9	507,4	487,4	460,2	483,0	430,0	355,4	295,7	255,7	323,5	389,2
Finland	253,1	237,8	237,3	234,8	228,8	219,7	204,3	183,4	172,1	221,0	224,3
Sweden	253,2	270,0	276,8	306,3	345,6	361,0	336,3	297,5	304,7	408,3	415,6
United Kingd	1 553,7	1 450,6	1 502,7	1 464,5	1 398,9	1 443,7	1 641,7	1 622,8	1 752,5	2 363,1	2 440,2

* To spare time, we have not changed the comas, used in the French version, by dots.

IV – The food dumping of the EU-15 in the EU-12 justifies to rebalance the direct aids

The food dumping of the EU-15 in the EU-12 does not date back from their entrance in the EU-25 in 2004 but has been even more massive in the 1990's, not only on their domestic markets but also to Russia which was their first export market. This large dumping is one of the reasons having contributed to reduce their production, despite the maintenance of tariffs on imports coming from the EU-15 till 2000²⁸. For example the collapse of the world price of pig meat since 1998 has led the EU-15 to grant "super-refunds" of 700 €/per tonne of pig meat exports to Russia – an amount higher than the world price! – during five months in 1999, which has permitted to dump 380 000 tonnes to Russia, provoking a profound despair among the pig producers of Poland and other Eastern European countries as Russia was their traditional market for pig meat, without forgetting the Russian producers themselves²⁹.

²⁷ European Commission, *Developments in the income situation of the EU agricultural sector*, December 2010 http://ec.europa.eu/agriculture/rica/pdf/hc0301_income.pdf

²⁸ Voir J. Berthelot, *L'élargissement de l'UE aux PECO : une intégration à la PAC risquée pour leurs paysans*, chapitre 16 de "L'agriculture, talon d'Achille de la mondialisation", L'Harmattan, 2001, pp. 405-429.

²⁹ OECD, *Agricultural policies in emerging and transition economies 2000*, Paris, 2000.

Beyond pig meat, the EU-15 subsidies to its food exports towards the future EU-12 MS explain to a large extent their increasing food deficit (excepted Hungary) since 1992, even though the Association agreements with them had been designed to allow them to have an agricultural trade surplus with the EU-15. It is why, in a meeting in Varsovia in February 1999, *"The countries of Central Europe (Poland, Hungary, Czech Republic, Slovakia and Slovenia) have launched a solemn appeal in Brussels to suspend the subsidies to exports of food products... Such a practice of subsidies was detrimental at the same time to the exports of the candidate countries and to their local productions"*³⁰. For the French Embassy in Poland (July 1999), *"the Polish exports to the ex-SSSR, which have become their first trade partner, have suffered a violent blow at the very beginning of the second semester 1998, particularly in the sector of dairy products and meat products. The pig meat chain has been particularly affected, since Russia was absorbing traditionally close to half the pig carcasses exported by Poland, and the almost totality of exports of a whole range of derived products (92% of exported sausages, 62% of pig meats, 67% of canned meats)... The Polish Authorities do not hesitate to denounce the food aid (from the USA and EU) flowed on the Russian market, an aid that they analyze as a detrimental factor for the performances of their exports on this "privileged" destination. All in all, the value that the agri-food outlet represented by Russia for Poland in 1997 would have fallen by almost 30% on the whole 1998 year", then by 74% from 1998 to 1999, from €1.02 billion to €263 million*³¹.

Table 24 – The food trade between the EU-15 and the EU-12 MS from 1999 to 2010

€billion	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Food and live animals												
Exports	3,7	4,3	4,8	5	4,9	6	8,1	9,6	12,4	15,7	15,2	17
Imports	2,8	3,1	3,7	4,1	4,5	5,4	7,3	8,6	10,2	11,3	11,7	13
Balance	0,9	1,2	1,1	0,9	0,4	0,6	0,8	1	2,2	4,4	3,5	4
Beverages												
Exports	0,4	0,4	0,4	0,4	0,5	0,6	0,8	1	1,3	1,5	1,2	1,4
Imports	0,3	0,3	0,2	0,3	0,3	0,3	0,3	0,4	0,3	0,4	0,4	0,4
Balance	0,1	0,1	0,2	0,1	0,2	0,3	0,5	0,6	1	1,1	0,8	1
Oilseeds												
Exports	0,04	0,03	0,03	0,04	0,05	0,07	0,07	0,12	0,17	0,28	0,20	0,26
Imports	0,33	0,28	0,32	0,36	0,33	0,42	0,47	0,46	0,73	1,33	1,37	1,43
Balance	-0,29	-0,25	-0,29	-0,32	-0,28	-0,35	-0,40	-0,34	-0,56	-1,05	-1,17	-1,17
Vegetable oil and fats												
Exports	0,24	0,28	0,36	0,47	0,45	0,49	0,49	0,53	0,50	0,89	0,61	0,71
Imports	0,05	0,04	0,03	0,03	0,04	0,07	0,15	0,26	0,34	0,33	0,31	0,40
Balance	0,19	0,24	0,33	0,44	0,41	0,42	0,34	0,27	0,16	0,56	0,30	0,31
All food trade of the EU-15 with the EU-12												
Exports	4,38	5,01	5,59	5,91	5,9	7,16	9,46	11,25	14,37	18,37	17,21	19,37
Imports	3,48	3,72	4,25	4,79	5,17	6,19	8,22	9,72	11,57	13,36	13,78	15,23
Balance	0,9	1,29	1,34	1,12	0,73	0,97	1,24	1,53	2,8	5,01	3,43	4,14

Source: Eurostat, SITC nomenclature, codes 0, 11, 22 and 4

As it is much faster to identify the food trade data than the agricultural trade data on the Eurostat data base (the number of codes is much lower), we will limit ourselves to the food trade which represents in any case more than 90% of the EU-15 agricultural trade.

<http://www.oecd.org/publications/e-book/1400061e.pdf>

³⁰ Edith Lomel, *L'agriculture des pays d'Europe centrale et orientale face à l'entrée dans l'Union européenne*, Le Courrier des pays de l'Est, n°441, juillet 1999, pp. 3-25.

³¹ AGRA presse Hebdo, n°2784 du 13-11-2000.

The table 24 shows that the EU-15 has built an increasing food trade surplus with the EU-12 from 2003 to 2010, practically when the EU-10 MS have joined the EU-25, having jumped from €0.97 billion in 2004 to €4.14 billion in 2010, a multiplication by 4.26. Let us remember that the food trade takes into account the fish trade but this has not changed the total balance as the EU-15 deficit in fish trade with the EU-12 is insignificant: €27 million on average from 1999 to 2010. The EU-15 food exports to the EU-12 have increased by 15.4% on average from 2005 to 2010, food imports from the EU-12 by 13.1% and the EU-15 surplus by 27.3%.

The table 25 presents the total food trade of the EU-15 from 1999 to 2010, which permits to deduct that the EU-15 food exports to the EU-12 have represented on average 16.7% of its total food exports but 20.6% since the EU-12 joined the EU-25 and 22.6% from 2008 to 2010 of which 23.2% in 2009.

Table 25 – The EU-15 food trade from 1999 to 2010

€million	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Food and live animals												
Exports	30818	35484	36584	36707	35407	36662	40330	44848	50618	58711	55091	65490
Imports	45208	49191	52142	52881	52652	55183	61203	66784	75308	81492	75404	82727
Balance	-14390	-13707	-15558	-16174	-17245	-18521	-20873	-21936	-24690	-22781	-20313	-17237
Beverages												
Exports	10424	11879	12551	13317	13239	13207	14245	16687	17794	17578	15787	18964
Imports	2546	3060	3643	3611	3554	3901	3972	4288	4660	4541	4381	4663
Balance	7878	8819	8908	9706	9685	9306	10273	12399	13134	13037	11406	14301
Oilseeds												
Exports	445	262	171	303	177	181	190	261	342	511	337	425
Imports	4295	4703	5608	5425	5267	4949	4531	4361	5714	8468	7237	7478
Balance	-3850	-4441	-5437	-5122	-5090	-4768	-4341	-4100	-5372	-7957	-6900	-7053
Vegetable oils and fats												
Exports	2408	2575	2410	2813	2657	2804	2850	2996	2874	3777	3100	3660
Imports	2878	2580	2644	3086	3174	3815	4358	5472	5718	7974	5610	6738
Balance	-470	-5	-234	-273	-517	-1011	-1508	-2476	-2844	-4197	-2510	-3078
All food trade												
Exports	44095	50200	51716	53140	51480	52854	57615	64792	71628	80577	74315	88539
Imports	54927	59534	64037	65003	64647	67848	74064	80905	91400	102475	92632	101606
Balance	-10832	-9334	-12321	-11863	-13167	-14994	-16449	-16113	-19772	-21898	-18317	-13067

Source: Eurostat, SITC nomenclature, codes 0, 11, 22 et 4

If there is clearly no export refund in the domestic trade within the EU-27 – they have been abolished in 2000, 4 years before the EU-12 entrance –, it is also obvious that the much larger direct aids received by the EU-15 MS than those received by the EU-12 MS has had a large dumping effect for the EU-15 food exports to the EU-12.

To assess this dumping, we have to identify the share of direct aids which have benefitted to the EU-15 food exports to the EU-12. As more than 90% the EU-15 direct aids are decoupled in the SPS, we cannot any longer attribute them to the specific products which are exported.

Table 26 – The value of the EU-15 and EU-12 agricultural production and food exports from 1999 to 2010

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Value of the production of agricultural products, in €million												
EU-15	235	242	250	243	244	251	244	251	276	286	255	272
EU-12	31	34	41	39	37	43	42	44	51	59	46	51
Value of the food exports, in €1,000												
EU15 extra EU15	44095	50200	51716	53140	51480	52854	57615	64792	71628	80577	74315	88539
EU15 extra EU27	39810	45169	46040	47150	45555	45643	48195	53600	57255	62126	57071	69102
EU15 to EU12	4285	5031	5676	5990	5925	7211	9420	11192	14373	18451	17244	19438
EU12 extra EU12	6126	6609	7635	8199	8602	9757	12478	14562	16878	20455	19502	20592
EU12 extra EU27	2646	2889	3385	3409	3432	3567	4258	4842	5308	7095	5722	5362
EU12 to EU15	3480	3720	4250	4790	5170	6190	8220	9720	11570	13360	13780	15230
Food exports in percentage of agricultural production												
EU-15	18.76%	20.74%	20.69%	21.87%	21.10%	21.06%	23.61%	25.81%	25.95%	28.17%	29.14%	32.55%
EU-12	19.76%	19.43%	18.62%	21.02%	23.25%	22.69%	22.43%	33.10%	33.09%	34.67%	42.40%	40.38%

Source: Eurostat

As we do not avail of the value of the food products exported after processing of the agricultural products, we will use a rough approach using the percentage of the value of the whole agricultural production of the EU-15 represented by the value of its food exports. The table 25 shows that, on average from 1999 to 2010, the EU-15 food exports (extra-EU-15) have represented 24.3% of the agricultural production value and those of the EU-12 (extra EU-12) 29.2%.

Let us consider already the year 2009 for which we avail of the direct aids actually paid: €35.028 billion in the EU-15 against €4.081 billion in the EU-12. For the EU-15 the direct aids having benefitted to food exports have reached €10.21 billion – 29.14% (table 26) of €35.028 billion –, of which €2.364 billion to its exports to the EU-12: 23.16% of €10.21 billion. We have to deduct now the €1.730 of direct aids of the EU-12 having benefitted to its food exports – 42.40% (table 26) of €4.081 billion –, of which 70.66% to the EU-15 or €1.222 billion. Therefore the net subsidies having benefitted to the EU-15 food exports to the EU-12 have been of €1.142 billion in 2009. Besides these net export subsidies of the EU-15 to the EU-12 have had an import substitution effect as the EU-15 would have imported more from the EU-12 without these larger subsidies in the EU-15, which gave it a double competitive advantage. In fact another competitive disadvantage of the EU-12 MS is the much stricter rules on the food safety and other technical norms that they have been obliged to apply immediately upon their accession, even for their food products not exported to the EU-15 but only traded on their domestic market or exported to the ex-SSSR traditional markets, which did not require so strict norms.

V – Which basic aid to grant from 2014 to 2020, to whom and from which resources?

Given the huge gap in the direct aids between the EU-15 and the EU-12, it is indispensable to reduce them if we want to reinforce the EU-27 political integration and not to foster centrifugal or even nationalistic reactions.

1) Which basic aid and to which farms?

Let us remind that the present analysis does not intend to propose an overall architecture of all direct aids for the CAP 2014-20 but only a minimal basic aid to correct somehow the large inequalities between the MS of the EU-15 and the EU-12, promoting at the same time the smallest farms. In other words the proposed basic aid would be added to the base aid proposed by the European Commission and most other parties in the debate.

In that perspective let us consider anew the proposals made for the base aid in the introduction. The French CESE has proposed *"to limit this support to 6 AWU, the farmer devoting at least half of his time to the farm... with an amount of lump sum payment correlated to the level of the average income of each Member State"*, implying implicitly that this base aid would be correlated positively to the average income of MS, hence would be larger in the EU-15 MS than in the EU-12 MS, which would perpetuate the income inequalities and trade distortions within the EU-27. Even if the same amount of aid per ha were to be granted to all EU-27 farms, there would not be any reduction in the absolute gaps in the direct aids between the EU-15 and the EU-12. Limiting the aid per AWU to the EU-12 farmers would reduce largely the average gap but it is also desirable to favour the smallest family farms in the EU-15. Clearly some productions, as horticulture, arboriculture and wine, require a lot of seasonal jobs, which can rapidly represent several AWU. It goes without saying that such aids to salaried AWU should only be granted with a strict compliance with

the Community social regulations which is largely violated to-day, notably for the seasonal manpower coming from the EU-12 to the EU-15 MS³².

Let us recapitulate the main inequalities in the direct aids between the EU-15 and the EU-12:

- they have exceeded €5,738 per AWU in the EU-15 in 2009: €6,443 against €705;
- the larger direct aid per AWU explains a large part of the gaps in the net income per AWU which was in 2009 5.4 times higher in the EU-15 than in the EU-12 (€18,152 against €3,369), and in the gap per FAWU which was 5.5 times higher (€13,302 against €2,439);
- these higher direct aids of the EU-15 MS have led to a significant dumping of the EU-15 net food exports to the EU-12 and have had at the same time a significant import-substitution impact, reducing the EU-15 imports from the EU-12;
- 97.1% of the EU-12 farms, or 3.069 million, have got an average direct aid of €646.4 in 2009;
- if 83.1% of the EU-15 farms have got direct aids in 2009, it is only the case for 49.3% of the EU-12 farms, the other being judged to be too small;
- if 70% of the EU-15 farms have received in 2009 a direct aid lower than €5,000 and an actual average aid of €1,206 in that class of aids par farm, 97% of the EU-12 farms were in the same class with an actual average aid of €646;
- 85.6% of the EU-12 farms beneficiaries of direct aids have received in 2009 a direct aid lower than €1,250 with an actual average aid of €343; in the same class of aids 46.9% of the EU-15 farms beneficiaries of aids have received an actual average aid of €460;
- in 2016, at the end of the "phasing-in" period for the unit decoupled single payment of the SAPS in the EU-10, the aid per ha would remain 56% lower in the EU-12 than in the EU-15: €189,5 against €295,4.

Let us recapitulate also the main inequalities in the farm structures in 2007:

- the EU-12 had an average UAA of 6 ha per farm against 22 ha in the EU-15;
- the EU-12 employed 57% of the 26.7 million agricultural jobs against 43% in the EU-15;
- there are on average 2.27 agricultural jobs per AWU in the EU-15 and 2.65 in the EU-12;
- the farms lower than 1 ESU provide 58.4% of agricultural jobs in the EU-12 against 12.3% in the EU-15. And the farms lower than 4 ESU provide 85.6% of the agricultural jobs in the EU-12 against 38.1% in the EU-15;
- the farms of less than 1 ESU provide 40.2% of AWU in the EU-12 against 6.2% only in the EU-15. And the farms of less than 4 ESU employ 61.2% of the AWU in the EU-12 against 21.7% in the EU-15;
- if 43.2% of the EU-15 farms had less than 2 ha, this was the case for 56.9% in the EU-12;
- 32.6% of the EU-15 AWU were in farms lower than 5 ha, against 60.3% in the EU-12.

Given these huge disparities in farm structures as in direct aids, a minimal basic aid is required for the smallest farms in order to reduce these gaps.

Let us consider which amount could be conceivable for such a basic aid. It is clear that the proposal of the network PAC2013 for an aid of 2,500 €/AWU is intended to become the base aid for all farms as its total amount would be of €29.2 billion (€2,500 x 11,693 million AWU in 2007), which would represent almost ¾ of all direct aids. Clearly the present proposal for a basic aid does not correspond to this proposal of PAC2013.

³² Joint NGO Statement, *EU Seasonal Migrant Workers' Directive: Full Respect of Equal Treatment Necessary*, 20 April 2011, http://www.eurovia.org/IMG/pdf/EU_Seasonal_Migrant_Workers_Joint_NGO_Statement_20-04-2011-3.pdf

What about the European Commission's proposal that *"all Member States with direct payments below 90% of the EU-27 average will, over the period, close one third of the gap between their current level and 90% of the EU average direct payments"*³³? Indeed this Commission's proposal to allegedly rebalance the direct aids between the EU-15 and EU-12 is a farce, not only because this would be a direct aid per ha – which would increase once more the concentration of farms and reduce agricultural employment – but above all because the amount would be very limited.

Indeed, we have seen in table 21 that, in 2016, at the end of the so-called phasing-in of Bulgaria and Romania, the direct aid per ha of the total UAA would be on average 266 €/ha in the EU-27, of which 295.4 €/ha in the EU-15 and 189.5 €/ha in the EU-12, implying a gap to the average of 76.5 €. 90% of 266 € means 239.4 €, and the gap with the 189.5 € corresponds to 49.9 € which should be reduced by one third and would be of 16.6 €. In other words the gap would only be reduced by 21.7% in relation to the anticipated gap in 2016. What is more, as the Commission does not ask to reduce the direct aid per ha in the EU-15, the small catching-up of the aid per ha in the EU-12 would have to be financed from the EU-27 budget, hence partially by the EU-12 MS. If the direct aid is not calculated on the total UAA of 47.949 million ha but only on the authorized UAA of 42.184 million ha, this would not change much the result: the direct aid per ha would be on average in the EU-27 of 292.4 € of which 320.8 € in the EU-15 and 15.4 € in the EU-12, implying a gap with the average of 77 € and of 47.8 € in relation to the 263.2 € representing 90% of the average. The additional aid, one third of this gap, would be of 15.9 € and the gap with the average would be reduced by 20.6% but the gap with the EU-15 would still remain of 89.7 €/ha. Therefore this would imply a financial need of 671 million for the authorized UAA of the EU-12, a ridiculous amount in relation with the 3.784 billion necessary to equalize per ha aid with the EU-15.

Lucian Luca has made an interesting proposal for a base direct aid: *"We propose the application of a simple principle: Small farms are those currently receiving small direct subsidies. If we consider the categories for beneficiary allocation currently used by the Commission, we may propose that the limit for small farms be 1250 euro. This means that, in practice, "small farm" = European farm currently receiving under 1250 euro / year in European funds. Of the 7.8 million farms in the EU currently receiving direct payments, approximately 5 million fall under the 1250 euro threshold. Thus, our proposal applies to 5 million European farmers. In the case of Romania, the impact would be dramatic: 90% of Romanian farmers that currently receive direct payments fall below this threshold... for France the figure is just 15%, which is still not little"*³⁴.

However Lucian Luca does not make any proposal on the amount of aid to allocate to these small farms which are already part of the restricted number of farms beneficiaries which have at least 1 ha of UAA. He proposes that the subsistence farms would benefit only of the aids for rural development of the second pillar. We do not share this view, the more so as the second pillar requires a co-financing which would weigh much more on the EU-12 MS.

However, rather than an approach by the beneficiaries of direct aids, which sidelines all the subsistence and part of semi-subsistence farms, we propose to center the basic aid per AWU on farms of at most 8 ESU. However, instead of using the table 10 which rests on the AWU

³³ http://ec.europa.eu/budget/library/biblio/documents/fin_fw1420/MFF_COM-2011-500_Part_II_en.pdf

³⁴ Lucian Luca, *Multi-Annual Subsidy Decoupled from Surface Area - a Romanian proposal for the future of European small farms*, CRPE, May 2011
http://www.crpe.ro/eng/library/files/policy_brief_7_fermele_mici_en_29_28229.pdf

defined as "the regular labour force", as it does not include the non-family non-regularly employed labour force, we will use here the broader definition of the "direct labour force" which includes it.

Table 27 – Distribution of the AWU of the EU-27 MS according to the economic dimension of farms in 2007

ESU	<1	1-2	2-4	4-8	8-16	16-40	40-100	100-250	>250	Total
EU-27	2708550	1504580	1278120	1190070	1096440	1266410	1093840	766870	788210	11693090
EU-15	321670	323180	496020	635350	709080	1000520	983980	675370	525810	5670980
EU-12	2386880	1181400	782 100	554 720	387 360	265 890	109 860	91 500	262 400	6022110
Belgium	890	900	1 730	2 810	4 250	8 420	18 580	21 320	6 700	65 600
Bulgaria	269 680	76 320	48 600	20 900	13 540	12 810	13 290	16 900	18 810	490 850
Czech Repub.	8 750	5 850	5 300	5 090	5 440	6 850	7 850	10 670	81 520	137 320
Denmark	120	470	1 370	3 010	4 130	6 700	7 910	12 740	19 430	55 880
Germany	9 270	16 590	27 370	37 340	48 480	105 490	151 610	99 550	113 600	609 300
Estonia	6 830	5 020	3 400	2 180	1 670	1 750	1 870	3 250	6 100	32 070
Ireland	6 960	7 750	15 060	25 280	30 900	30 710	23 750	5 660	1 470	147 540
Greece	20 720	39 210	78 680	124 760	141 890	122 920	32 090	6 290	2 140	568 700
Spain	36 000	54 150	87 880	111 230	133 080	197 050	154 180	90 220	103 890	967 680
France	10 380	11 560	21 250	27 370	46 940	131 300	253 130	207 090	95 600	804 620
Italy	86 650	95 600	161 790	202 990	194 180	232 140	168 700	91 260	68 870	1 302 180
Cyprus	2 120	2 830	4 100	3 840	3 380	3 810	3 330	1 780	730	25 920
Latvia	34 840	23 100	15 790	9 200	5 650	4 400	3 290	2 650	5 870	104 790
Lithuania	68 910	37 570	23 690	12 870	7 390	6 010	3 890	5 270	14 520	180 120
Luxembourg	40	40	80	150	250	610	1 660	840	90	3 760
Hungary	194 670	36 120	31 630	27 510	19 830	18 950	12 560	11 960	50 180	403 410
Malta	190	490	630	680	700	980	390	140	0	4 200
Netherlands	:	:	520	4 420	7 680	16 150	34 500	51 530	50 310	165 110
Austria	14 860	7 830	12 770	19 100	25 800	45 030	25 600	8 310	4 030	163 330
Poland	524 710	382 820	415 190	382 980	289 550	181 070	42 370	16 390	28 080	2 263 160
Portugal	71 480	70 490	60 180	41 020	28 860	27 320	19 720	10 800	8 170	338 040
Romania	1239730	589 230	211 020	71 230	26 920	18 830	14 850	12 880	20 590	2 205 280
Slovenia	8 700	15 180	19 880	16 390	11 710	7 640	1 730	440	2 040	83 710
Slovakia	27 750	6 870	2 870	1 850	1 580	2 790	4 440	9 170	33 960	91 280
Finland	380	1 310	3 440	6 180	9 680	22 020	21 600	6 110	1 660	72 380
Sweden	8 400	4 470	5 700	6 500	6 590	9 870	12 420	7 680	3 860	65 490
United Kingd	55 520	12 810	18 200	23 190	26 370	44 790	58 530	55 970	45 990	341 370

The proposed basic aid would be granted according to the following scheme: a decreasing aid per AWU, from 1000 €/AWU for farms of less than 1 ESU, 750 €/AWU for those from 1 to 2 ESU, 500 €/AWU from 2 to 4 ESU and 250 €/AWU from 4 to 8 ESU. This would require a total budget of €4.774 billion per year, of which 80% (€3.803 billion) for the EU-12 MS and 20% (€971 million) for the EU-15 MS.

Table 28 – Proposed basic aid per AWU in the EU-27 farms of less than 8 ESU

	< 1 ESU	1-2 ESU	2-4 ESU	4-8 ESU	Total	% total AWU
Total AWU per class of ESU						
EU-27	2708550	1504580	1278120	1190070	6681320	57.1%
EU-15	321670	323180	496020	635350	1776220	31.3%
EU-12	2386880	1181400	782 100	554 720	4905100	81.5%
Basic aid in €per AWU						
EU-27	1000	750	500	250		
EU-15	1000	750	500	250		
EU-12	1000	750	500	250		
Total annual aid in €,000						
EU-27	2708550	1128435	639060	297518	4773563	
EU-15	321670	242385	248010	158838	970903	
EU-12	2386880	886050	391050	138680	3802660	

The main beneficiaries of the EU-12 would be Romania (€1.805 billion), Poland (€1.115 billion) and Bulgaria (€356 million). The main beneficiaries of the EU-15 would be Italy (€290 million), Portugal (€164 million), Spain (€148 million) and Greece (€121 million). And

the percentage of AWU of these MS who would benefit would be of 95.7% in Romania, 84.6% in Bulgaria, 75.4% in Poland, 71.9% in Portugal, 46.3% in Greece, 42% in Italy and 30% in Spain.

Let us underline that our focus on a basic aid per AWU would benefit to much more agricultural jobs as most of them are working part-time. The table 11 has indeed shown that, in the lower classes of ESU, we count on average in the EU-27 3.93 jobs per AWU in the class lower than 1 ESU, 2.70 jobs in the class of 1 to 2 ESU, 2.59 jobs in the class of 2 to 4 ESU and 2.31 jobs in the class of 4 to 8 ESU. Now, in the present and foreseeable context in the middle run of an increased unemployment, maintaining a maximum of subsistence farms is desirable, even if it delays the "structural adjustment" process that the Commission and large farms are calling for.

2) Where the funds to finance the basic aid should come from?

Since we cannot expect an increase in the agricultural budget of the EU-27 but at most the stabilization of its amount in current euros, as the European Parliament has required, how to operate the necessary transfers within that budget to finance the basic aid per AWU? At the expense of which EU-15 productions would the transfer be done? The producers of COP – cereals, oilseeds, pulses – are the first target since they have benefitted from the explosion of their prices since 2007, excepted in 2009.

The table 29 shows that the average annual production value of the EU-15 COP has increased by €9.262 billion from the 2000-05 period to the 2006-10 period, of which by €7.086 billion for cereals (76.5% of total COP) and by €2.276 billion for oilseeds (24.6% of total COP), even if the average annual value of pulses has declined by €100 million.

Furthermore that rise in the COP value is entirely attributable to the rise in the average price as the annual production volume has practically stabilized (+ 0.15%), the reduction by 0.45% in the volume of cereals having been compensated by a 19% rise in the volume of oilseeds. The sharp drop by 47.7% in the volume of pulses weighs very little given their small volume in relation to the volumes of cereals and oilseeds.

Table 29 – EU-15 cereals, oilseeds and pulses: value, volume and price, 2000-05 to 2006-10

	2000-05	2006-10	2006/10 – 2000/05	
			Montant	En %
Cereals				
€million	23394	30480	7086	+30.3%
1000 tonnes	208950	208020	-930	-0.45%
Implicit price in €/tonne	111.9	146.5	34.6	+30.9%
Oilseeds				
€million	2949	5225	2276	+77.2%
1000 tonnes	13882	16544	2662	+19.2%
Implicit price in €/tonne	212.4	315.8	103.4	+48.7%
Pulses				
€million	547	446.7	-100,3	-18.3%
1000 tonnes	4146	2170	-1976	-47.7%
Implicit price in €/tonne	131.9	205.9	74	+56.1%
Total COP				
€million	26890	36152	9262	+34.4%
1000 tonnes	226958	227299	341	+0.15%
Implicit price in €/tonne	118.5	159.1	40.6	+34.3%

Source: Eurostat

Now, we know that the prices of COP should remain at a high level and even increase in the middle and long run, for several reasons, the first being the pursuit of the production of fuel ethanol and biodiesel in a context of persistent rise in the price of oil which pulls that of ethanol and maize in the USA, which, in turn, reduces the acreage in soybean and wheat, hence rises their prices, knowing that the USA is price maker for the world prices of grains.

According to FAO and OECD, *"The use of agricultural output as feedstock for biofuels will continue its robust growth, largely driven by biofuel mandates and support policies. By 2020, an estimated 13% of global coarse grain production, 15% of vegetable oil production and 30% of sugar cane production will be used for biofuel production. Higher oil prices would induce yet further growth in use of biofuel feedstocks, and at sufficiently high oil prices, biofuel production in many countries becomes viable even in the absence of policy support"*³⁵.

For Bruce Baldock³⁶, the ethanol expansion between 2004 and 2009 explains roughly 60% of the price increase of the US maize, of which about 10% is due to ethanol subsidies and 50% to the increase in ethanol demand linked to the Congress' mandate. And that hike in the maize price explains about 30% of the hike in the US wheat price. As the US domestic prices are making the world prices of maize and wheat, these world prices have been transmitted on the EU domestic prices.

But we should not overlook the EU contribution to these prices hikes, particularly of oilseeds as the EU is the first producer of biodiesel made mainly from rapeseed – 14.5 million tonnes of oilseeds have produced 9.5 million tonnes of biodiesel in 2010-11 –, but the EU has also used 9.1 million tonnes of cereals to produce 6.1 million tonnes of fuel ethanol in 2010-11. Now the Commission's projections expect a multiplication by 2.8 of the EU production of ethanol in 2020 and a 74% increase in the production of biodiesel, not to mention increased imports as the EU consumption would rise much more than its production. The production of cereals for ethanol would rise from 9.1 million tonnes in 2011 and 2012 to 26.4 million tonnes in 2020, of which wheat would rise from 3.7 million tonnes in 2011 to 11 million tonnes in 2020, and coarse grains from 5.4 million tonnes in 2011 to 15.4 million tonnes in 2020³⁷. And the production of vegetable oil for biodiesel would rise from 9.5 million tonnes in 2011 to 12.1 million tonnes in 2020.

The expected rise in the prices of cereals and oilseeds would render the continuity of the SPS for those products less and less justified politically and should allow already to transfer a large part of the rise in the revenues of their producers to the basic aid advocated here. Clearly the producers of COP put forward that their costs have also risen considerably given the rise in the price of oil which has induced large hikes in the prices of chemical inputs and mechanization. Nevertheless the incomes of arable crops producers, including sugar beets, have increased significantly, except in 2009, but they have largely recovered in 2010 and they would continue to enjoy large incomes given the robust prospects, shared by FAO and OECD, of a continuous rise in the price of cereals and oilseeds in the middle to long run, themselves linked to the foolish US and EU mandates on an increased production of ethanol and biodiesel. The more so as the Commission expects that *"Wheat and maize would remain the*

³⁵ OECD – FAO Agricultural Outlook 2011-2020, <http://www.agri-outlook.org/dataoecd/13/2/48186214.pdf>

³⁶ Bruce Baldock, *The Impact of US Biofuel Policies on Agricultural Price Levels and Volatility*, ICTSD, 10 June 2011, ictsd.org/downloads/2011/06/babcock-us-biofuels.pdf

³⁷ European Commission, *Situation and prospects for EU agriculture and rural areas*, December 2010 http://ec.europa.eu/agriculture/publi/situation-and-prospects/2010_en.pdf

major ethanol feedstocks (wheat especially in the short term), while sugar beets are projected to increase only marginally".

However, besides the participation of the cereals and oilseeds growers of the EU-15 to cover the costs of the basic aid, the agro-industrial complex upstream and downstream the production level, including the agricultural banks and insurances, should also be tapped. Indeed they have more to gain in the long run to the survival of a dense network of small family farms which are the conditions of a vibrant rural countryside all over the EU-27.

Conclusion

The present analysis has shown the large disparities in the production structures of the EU-15 and EU-12 as well as in the distribution of direct aids between the MS as among the different classes of farms within each MS.

The prevailing view on the future of the CAP from 2014 to 2020 is that shared by the 20% of farms which have always captured 80% of direct aids and by the large agri-food corporations, which were both at the source of the radical change in the CAP in 1992, of which the following reforms of 1999 and since 2003 have only been the logical extension. Their first objective has been, and is still, to improve the domestic and external competitiveness of the European agriculture and agro-industries through a progressive reduction of agricultural prices to their world levels. With the necessity to compensate these lower prices by direct aids more and more decoupled from the current level of price or production so as to notify them in the blue and then the green box not subject to reductions, and without being accused of dumping and remaining able at the same time to sustain the tariff reductions negotiated in the Doha Round. And this orientation given to the CAP falls within the broader scope of the EU strategy which has been proposing to the emerging developing countries, at the WTO as in bilateral free-trade agreements, a reduction of its agricultural trade distorting supports and tariffs in exchange of a larger opening of their domestic markets to the EU exports of non-agricultural products and services.

However this strategy did not work, not only because the emerging countries are not taken in by the EU real willingness to dismantle its agricultural protection and subsidies: they know that the subsidies of the SPS and SAPS do not comply with the WTO rules to be notified in the green box and that, in any case, all subsidies have at the same time a dumping effect and an import-substitution effect³⁸. This explains the brain-dead coma in which the Doha Round has remained for 10 years.

That strategy did not work either for the EU-27 as it has been suffering a recurrent food deficit of €16.7 billion on average from 2000 to 2010 – of which €1.8 billion in fish trade and €4.9 billion without fish –, and which has reached €25 billion in 2008 even if it has fallen to €14.9 billion in 2010³⁹. In fact the food deficit has been higher by €4.4 billion on average from 2000 to 2009 once taken into account the €6.7 billion of exports of processed products

³⁸ J. Berthelot, *The CAP subsidies are incompatible with the WTO Agreement on agriculture*, in Collectif Stratégies Alimentaires et Plate-Forme Souveraineté Alimentaire, Can the CAP manage without market regulation after 2013?, 31 March and 1st April 2010 <http://www.solidarite.asso.fr/IMG/pdf/CAP-subsidies-incompatible-with-the-WTO-AoA.pdf>

³⁹ <http://www.solidarite.asso.fr/IMG/pdf/Commentaire-sur-debat-Ciolos-Beulin-le-19-fevrier-2011.pdf>

under the inward processing regime from €2.3 billion of agricultural products imported under the same regime.

What is more, the recurrent argument, once more underlined in the European Commission's proposal of 18 November 2010 for the future CAP, according to which the EU must contribute to solving world hunger, falls completely flat because the EU has faced an average deficit of €36.6 billion with the developing countries from 2006 to 2009, of which around €10 billion on feedstuffs. Indeed the EU has enjoyed a structural food surplus of €15.5 billion with the developed countries – Australia, Canada, Japan, New-Zealand, Norway, Switzerland, USA – and Russia. In other words, it is the EU which is receiving a structural food aid from the developing countries, including from those facing a structural hunger as the Sub-Saharan Africa because the non-competitiveness of their staple crops which results largely from the dumping of cereals, meats and dairy products, mainly from the EU and the USA, combined with the very low level of their agricultural tariffs imposed by the structural adjustment policies of the IMF and World Bank, without forgetting the European Partnership Agreements (EPAs). Therefore these countries had no other option than to export even more tropical products – coffee, cocoa, tea, cotton, tropical fruits – whose prices have faced a decreasing trend, apart during some short periods of rebound.

This strategy has been disastrous also in the EU by promoting capital intensive production systems, detrimental to employment, the environment, the quality of food, animal welfare and a balanced town and country planning.

They are the supporters of that strategy – the European Commission first – who are proposing now to complete the full decoupling of direct aids by granting a base aid per ha rather than by AWU, as the first tier of other tiers compensating the provision of "public goods", mainly of an agro-environmental focus. They share the view, expressed by Jean-Christophe Bureau and Heinz-Peter Witzke, that *"A decoupled payment relatively uniform per hectare would constitute an imperfect, but simple, means to maintain a certain level of income support. This payment could be capped per worker... the ceiling should be calculated per agricultural working unit, including the salaried workers"* but they add that *"A tighter link between payments and manpower could have side-effects, for example by encouraging farmers to delay their retirement and hampering the transfer of farm on behalf of a new generation and also the consolidation of agricultural structures"*⁴⁰.

What is more, they propose that this base aid be co-financed so as to give more flexibility to each MS in its implementation modalities. Clearly this would not go in the sense of a higher solidarity among MS with highly unequal budget capacities, and would reinforce at the same time competition distortions. Even if they admit that *"the degree of co-financing could vary in relation with the per capita GDP of the Member State or of another objective criterion"*, such a possibility would not prevent the persistence of large inequalities in the co-financing capacity of MS.

They state that, *"if SPS payments were allocated on a per worker basis... on the basis of AWUs including hired labour. Arable crop producers who often have the lowest per ratio of workers per hectare would be the big losers. In France, on average, such a scheme would involve a net transfer of minus €6700 per AWU in the arable crop sector, assuming that all*

⁴⁰ Jean-Christophe Bureau and Heinz-Peter Witzke, coordonateurs, *The single payment scheme after 2013: new approach – new targets*, European Parliament, March 2010, <http://www.europarl.europa.eu/activities/committees/studies/download.do?language=en&file=32629>

current direct payments are allocated on a per worker basis within an administrative region. The beef (suckler cow) sector would also be affected, losing an average of €2100 per AWU in the EU-25. Individual or regional situations also involve much more dramatic transfers than those suggested by these average figures. Horticulture and wine would be the major beneficiaries of the reallocation of payments". As we have seen above, the producers of arable crops – mainly of COP but also of sugar beets – have registered a large increase in their incomes from 2006 to 2010 (despite the fall in 2009), following the explosion in the world prices and it is expected by OECD and FAO that they would continue to rise or at least to stabilize at a high level. Therefore a net transfer from these producers should not pose any political problem. On the other hand the risk that an aid per AWU would benefit to producers of high quality wine with already large incomes could not materialize with our proposal which is not intended to ensure a same flat rate payment per AWU to all farms but only a minimal income aid, based on their ESU, to the smallest farms.

Indeed a flat rate payment per ha would only reinforce the concentration of farms, their "structural adjustment", if it is tradable as the SPRs⁴¹, would increase unemployment and would go counter a better town and country planning, a re-localization of productions and the promotion of short market channels.

More broadly the very idea to base the agricultural incomes on fixed payments, even though they were the remuneration of public goods of an environmental focus, is absurd and unjustifiable socially and politically in the present context of highly volatile agricultural prices, increased by the liberalization of agricultural markets and highly volatile exchange rates, as it ends up to over-compensate or under-compensate the incomes from the sales of products. At least the United States base their agricultural incomes on essentially contra-cyclical payments, a tendency which would be reinforced in the next Farm Bill as the present fixed direct payments should be reduced by at least one third or could even be eliminated⁴².

The only way to reach an objective of fair and stable agricultural incomes for all the EU-27 farmers, improving at the same time the environmental services and the quality of products for consumers, would be to come back to stable and remunerative prices, through an efficient import protection based on variable levies, but with the elimination of any type of dumping linked to domestic aids to the exported products⁴³. Indeed the EU farmers have a clear interest to recover their food sovereignty by refocusing on their domestic market on which they have sold 84.7% of their agricultural products devoted to food from 2006 à 2008. And this is also the clear interest of the EU agro-industries which have sold on this domestic market 75.1% of their processed food products.

In the meantime, the present proposal of a minimal basic aid to the smallest farms is only the lesser evil.

⁴¹ The report of Jean-Christophe Bureau and Heinz-Peter Witzke to the European Parliament acknowledges that "Capitalization of payments (land or payment entitlements) is seen as a major source of inefficiency in the current SPS". If they add that "One way is to make payments contractual, for a fixed predefined period, and not transferable", they state nevertheless that "It is unclear whether the proposed schemes could prevent capitalization in any kind of virtual asset. As soon as there is a rent, the right to benefit from it will have an implicit value".

⁴² J. Berthelot, *The lessons to draw for the CAP from the huge predominance of contra-cyclical aids in the U.S.*, Solidarité, 4 July, <http://www.solidarite.asso.fr/Articles-de-2011.html>

⁴³ J. Berthelot, *L'impasse des solutions proposées pour la PAC post 2013 et la nécessité de la refonder sur la souveraineté alimentaire*, Solidarité, 24 mars 2010, http://www.solidarite.asso.fr/IMG/pdf/L_impasse_des_solutions_preconisees_pour_la_PAC_post_2013.pdf