

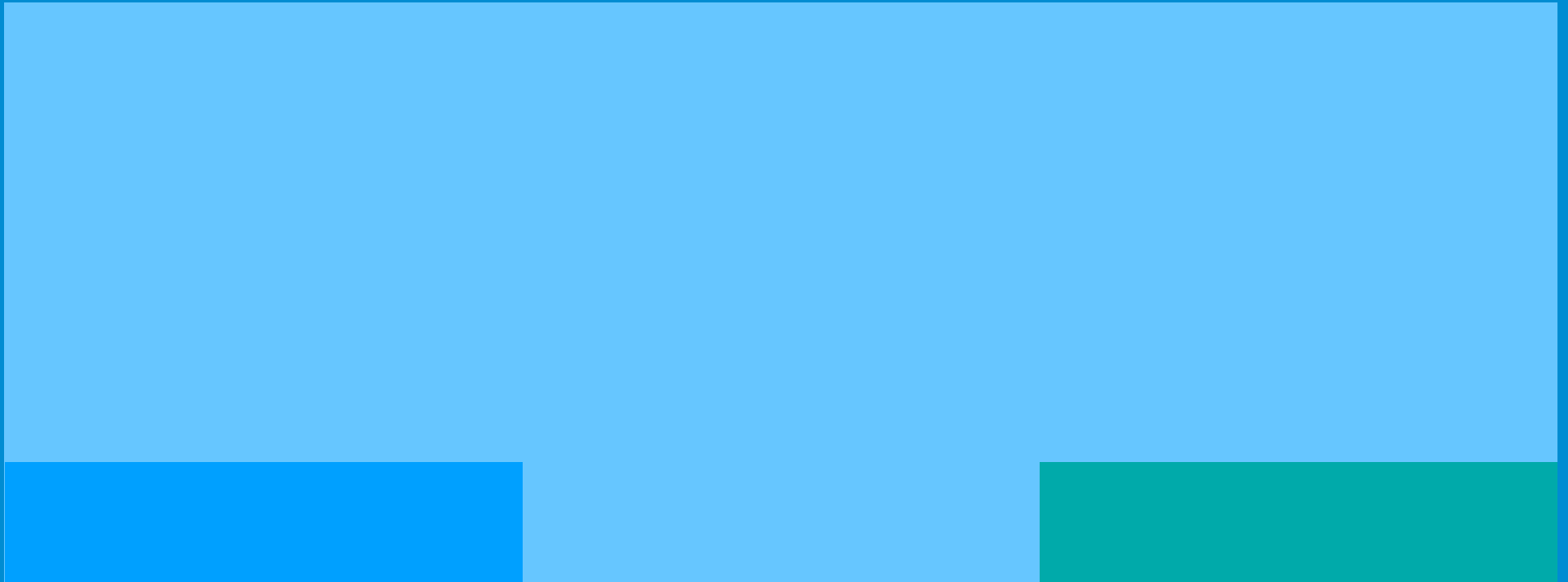
# The latest analysis of CAP–reform

Claus Deblitz and network members  
*agri benchmark* Beef and Sheep Network

# Contents

- 1. Policy background**
- 2. Cow-calf analysis**
- 3. Special case bull finishing Italy**
- 4. Special case bull finishing Germany**
- 5. TTIP EU-USA (last year)**

# Policy background



# Analysis of CAP Reform Europe

## Coupled Support

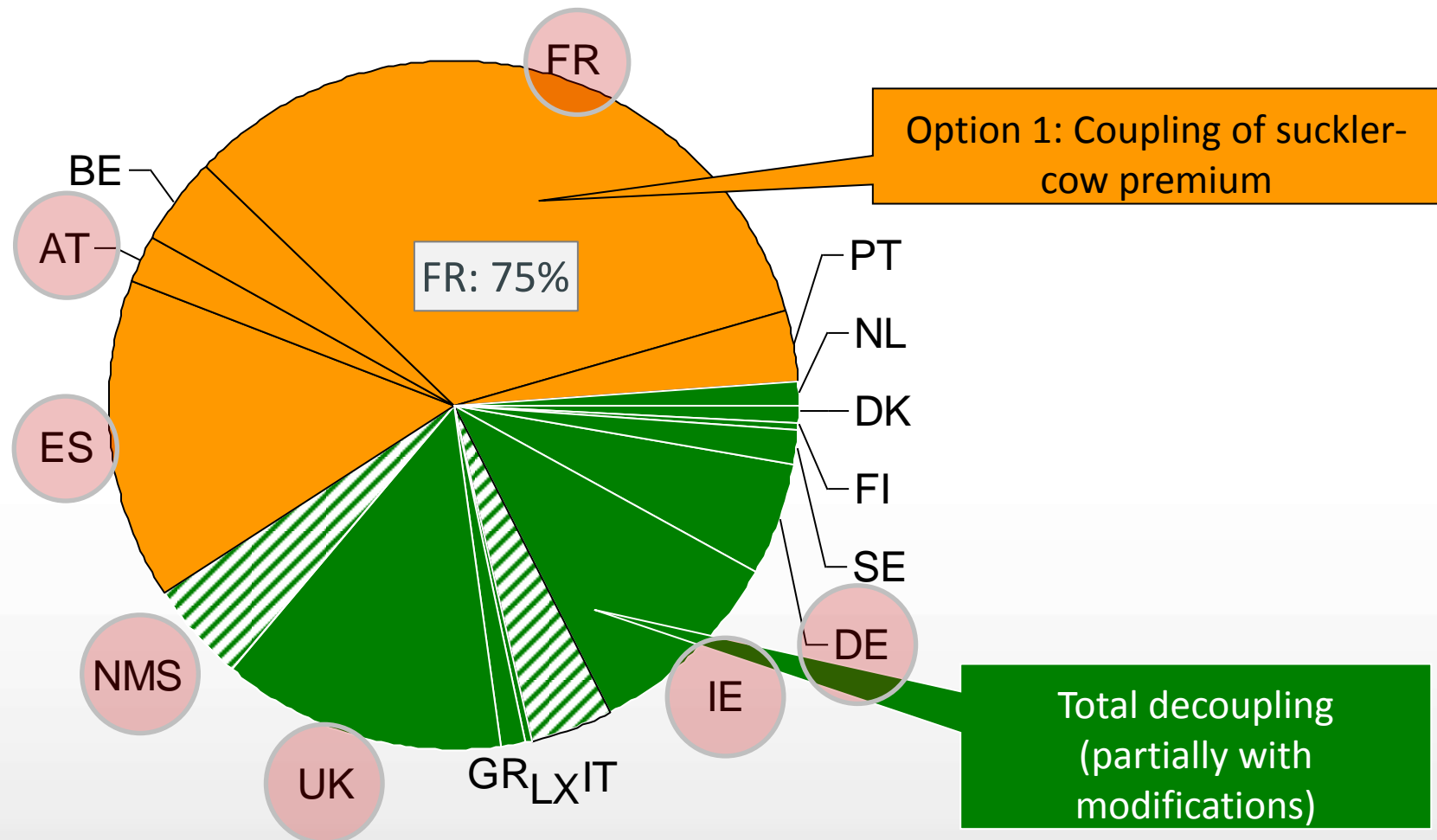
- Payments linked to a specific product can be max. 8 % of the national envelope ...
- ... or up to 13 % if currently coupled support in the member state is higher than 5 %
- Additionally % can be coupled to the farming of protein crops

## Direct Payments

- Move away from direct payments based on historical references  
→ towards a fairer distribution
- Introduction of a “Greening Payment”: 30 % of the national envelope must be linked to the provision of certain sustainable farming practises

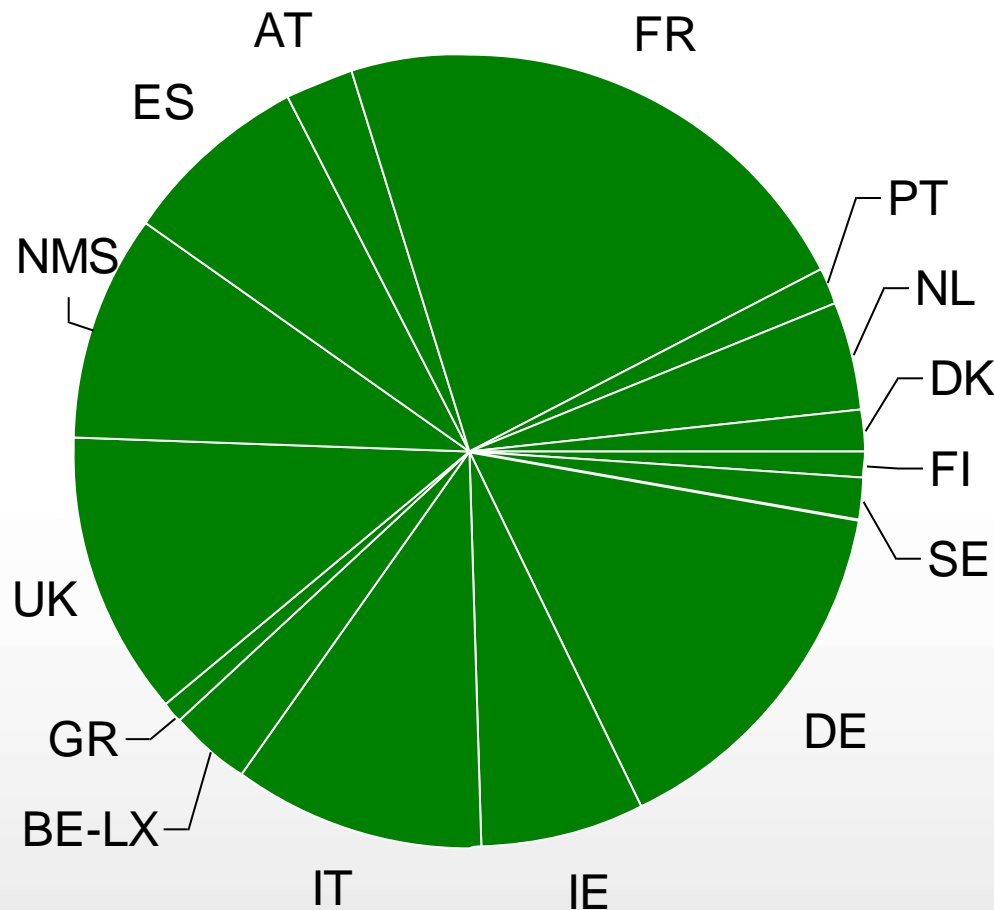
# Analysis of CAP Reform Europe

## – share in suckler-cows and coupling in cow-calf 2012



Quelle: EUROSTAT; [http://ec.europa.eu/agriculture/direct-support/pdf/implementation-direct-payments\\_en.pdf](http://ec.europa.eu/agriculture/direct-support/pdf/implementation-direct-payments_en.pdf).

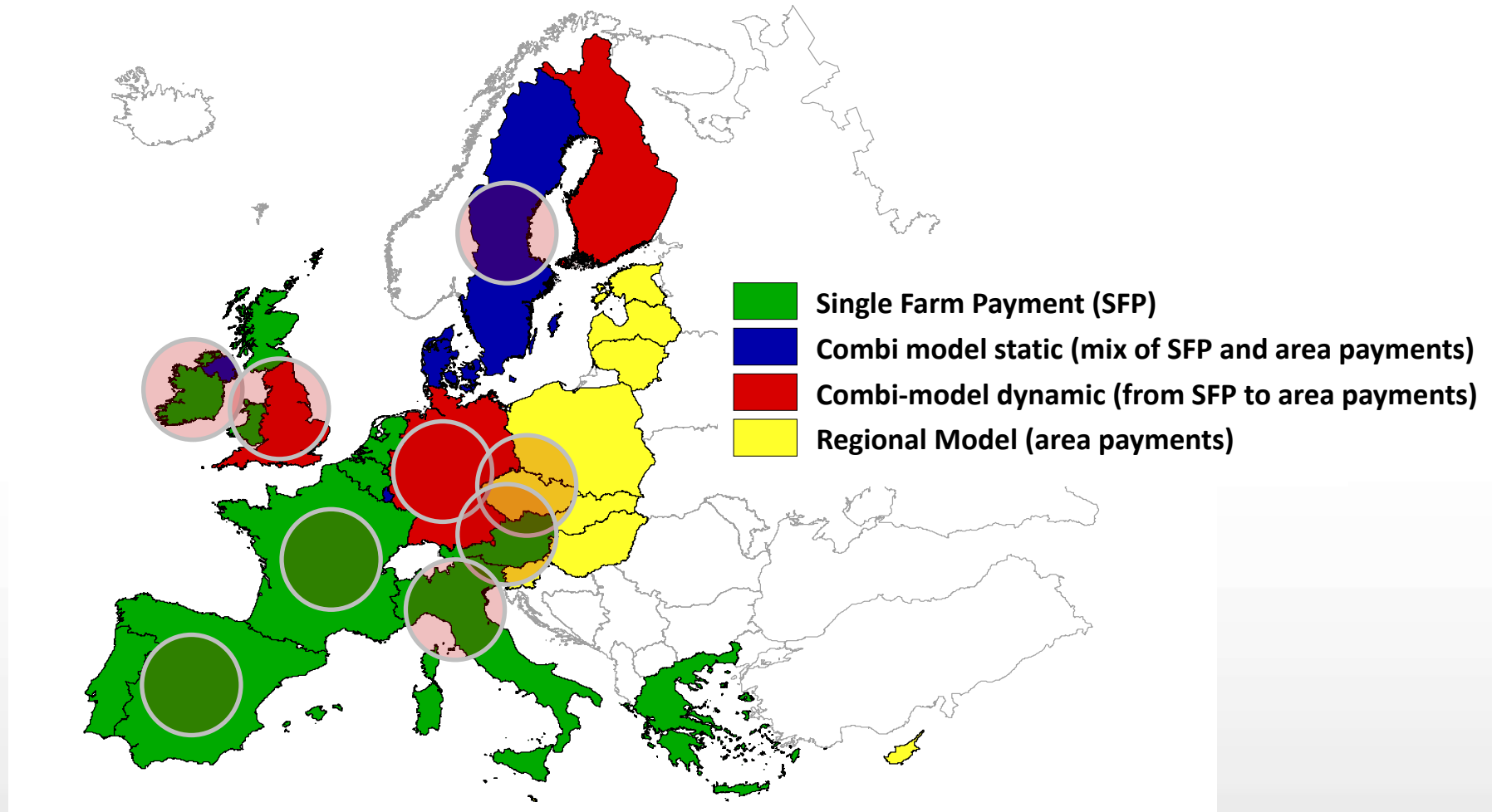
# Analysis of CAP Reform Europe – share in beef production and coupling in beef finishing 2012



Total decoupling  
(partially with modifications),  
for example Art. 68

Quelle: EUROSTAT, [http://ec.europa.eu/agriculture/direct-support/pdf/implementation-direct-payments\\_en.pdf](http://ec.europa.eu/agriculture/direct-support/pdf/implementation-direct-payments_en.pdf).

# Analysis of CAP Reform Europe – payment models 2012

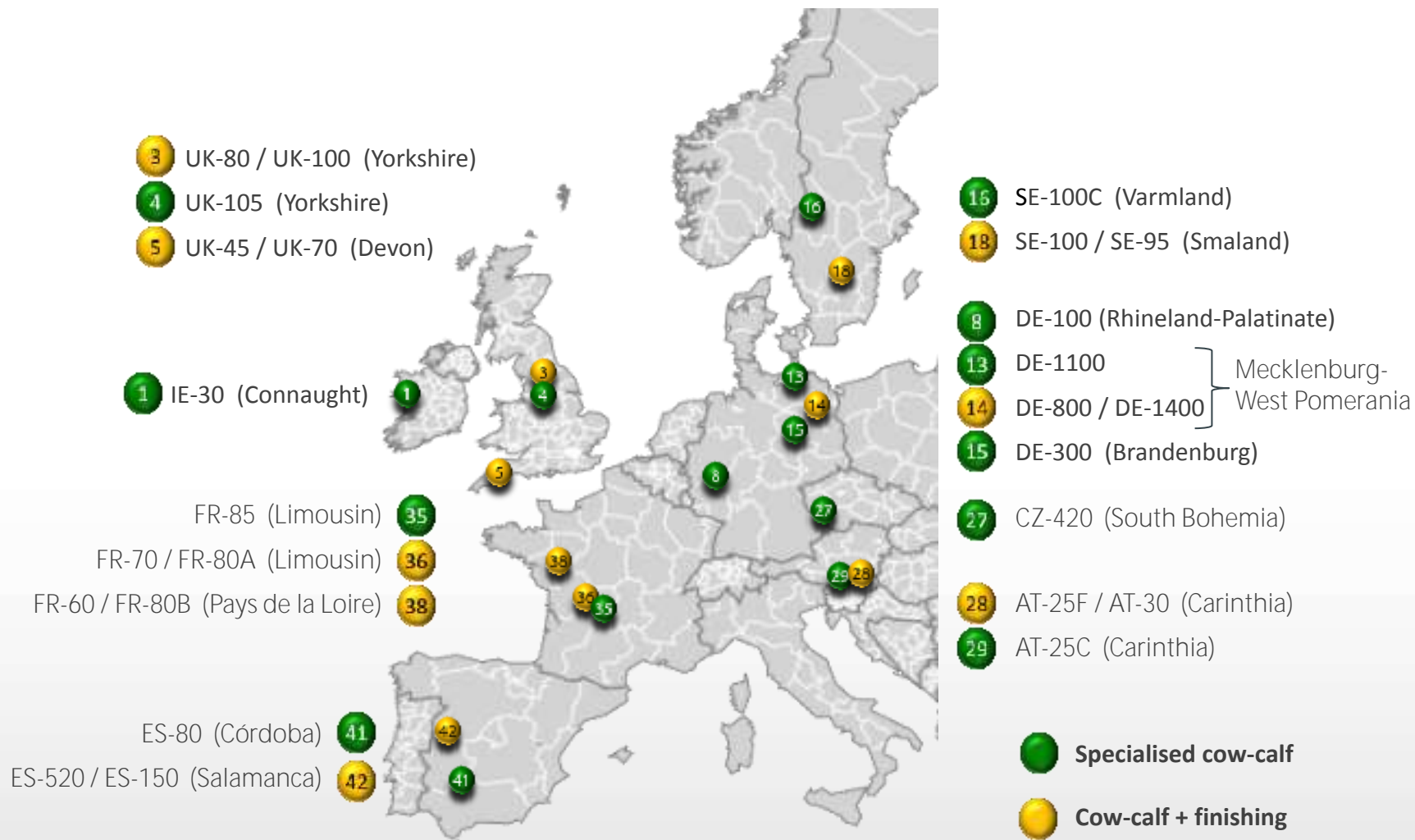


Source: Modified based on European Commission: "Report on the distribution of direct aids to agricultural producers"

# Cow-calf analysis



# The farms analysed



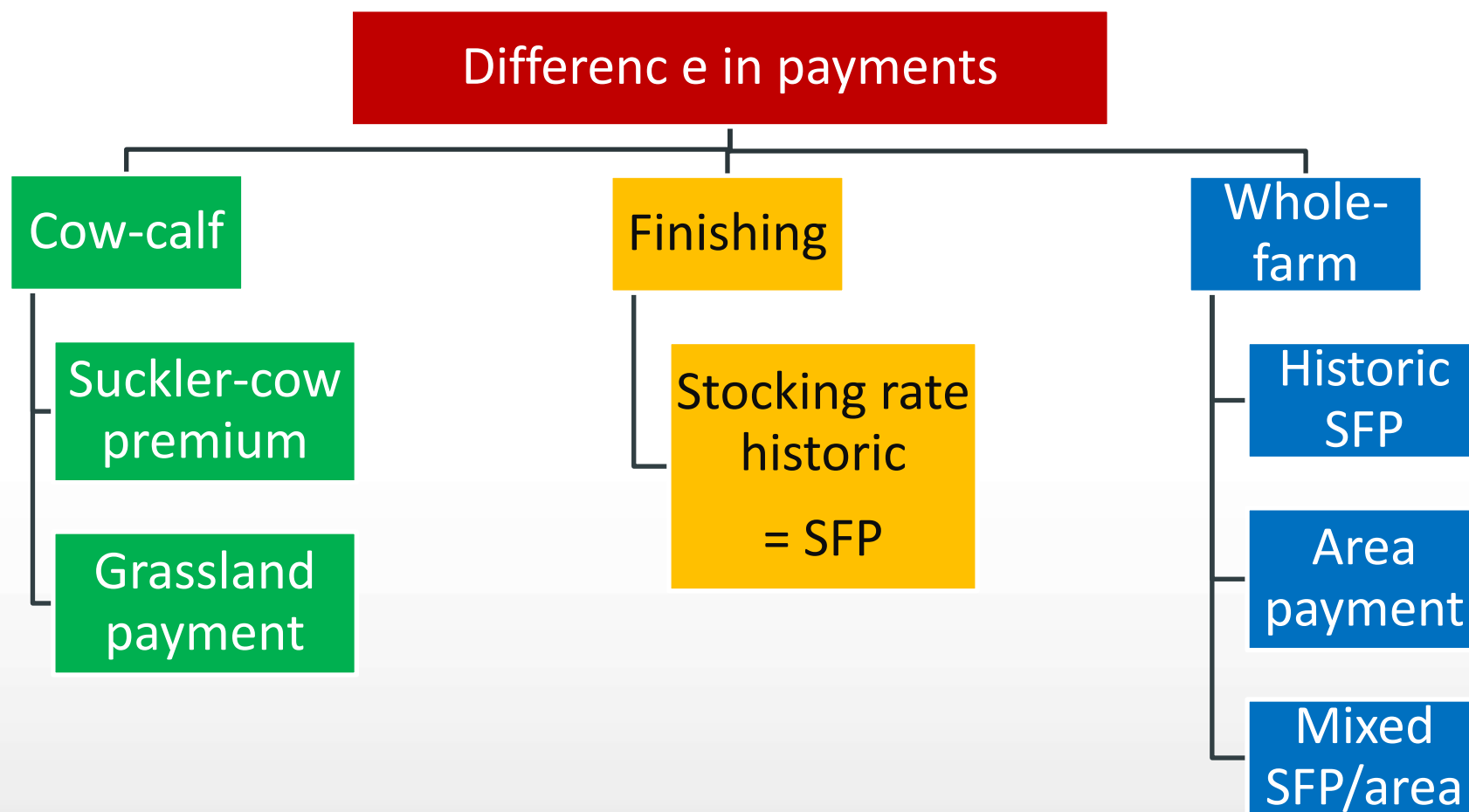
# Policy specifications

	Suckler-cow premium	Acreage payment	First hectares	Maximum per farm	Other
<b>Austria</b>	<b>Removal</b>	€ 280	—	—	Extensive grassland: 1/3 of payment
<b>Czech R.</b>	Per cow w. calf € 143 Nat. payment € 3.80 Ruminants € 2.50	€ 201	—	> € 150,000 5 % deduction	
<b>France</b>	1-50 cows € 181 51-99 cows € 136 100-139 cows € 73 > 139 cows € 0	€ 280	first 52 + € 100/ha	—	
<b>Germany</b>	none, no change	€ 281	first 30 + € 50/ha next 16 + € 30/ha	—	
<b>Ireland</b>	per calf € 80	€ 253	—	—	max. € 700 per ha
<b>Spain</b>	All cows € 190	€ 258 € 93	—	> € 150,000 5 % deduction	€ 167 basic for arable land (dry) € 60 basic for pasture land
<b>Sweden</b>	All cattle > 1 year € 89	€ 197	—	—	
<b>UK</b>	none, no change	€ 244	—	> € 150,000 5 % deduction	

# Further assumptions

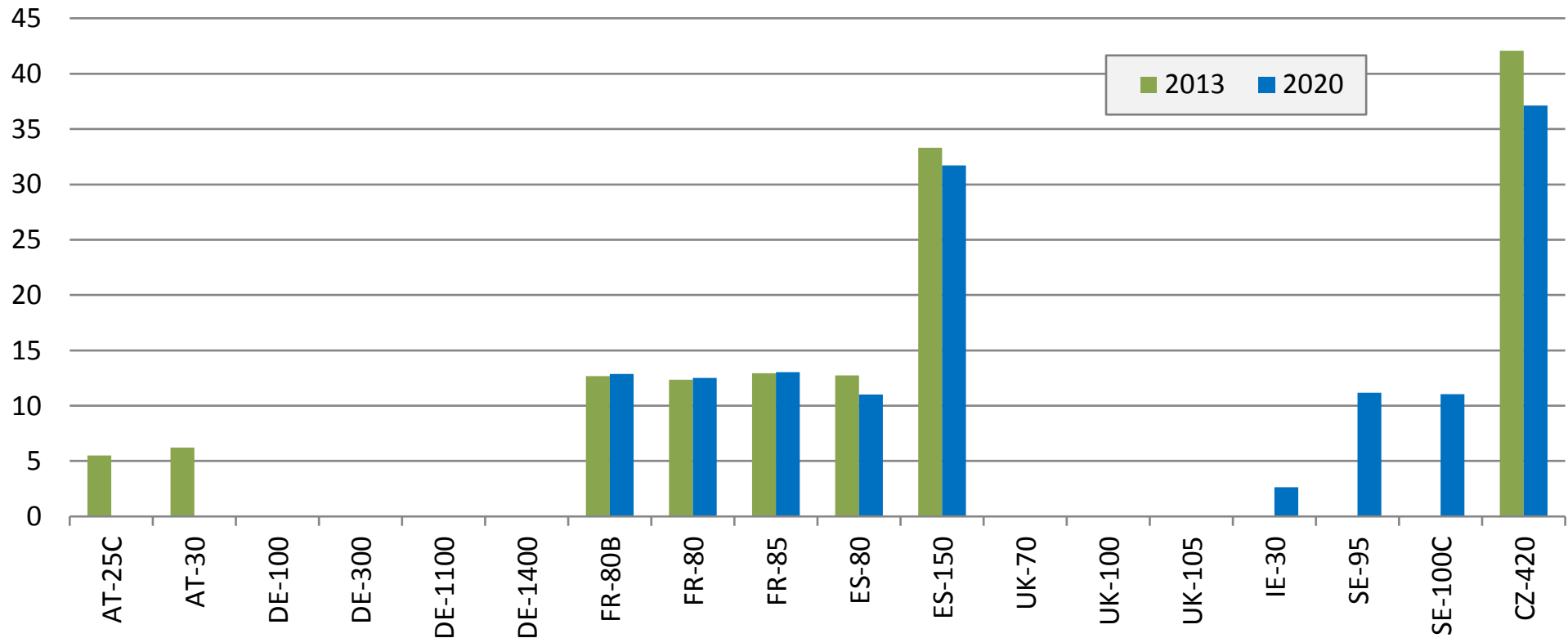
- Constant prices from 2013
- No farm adjustments
- Regular replacement of machines, buildings and installations
- No additional investments

# What has a major impact on results?



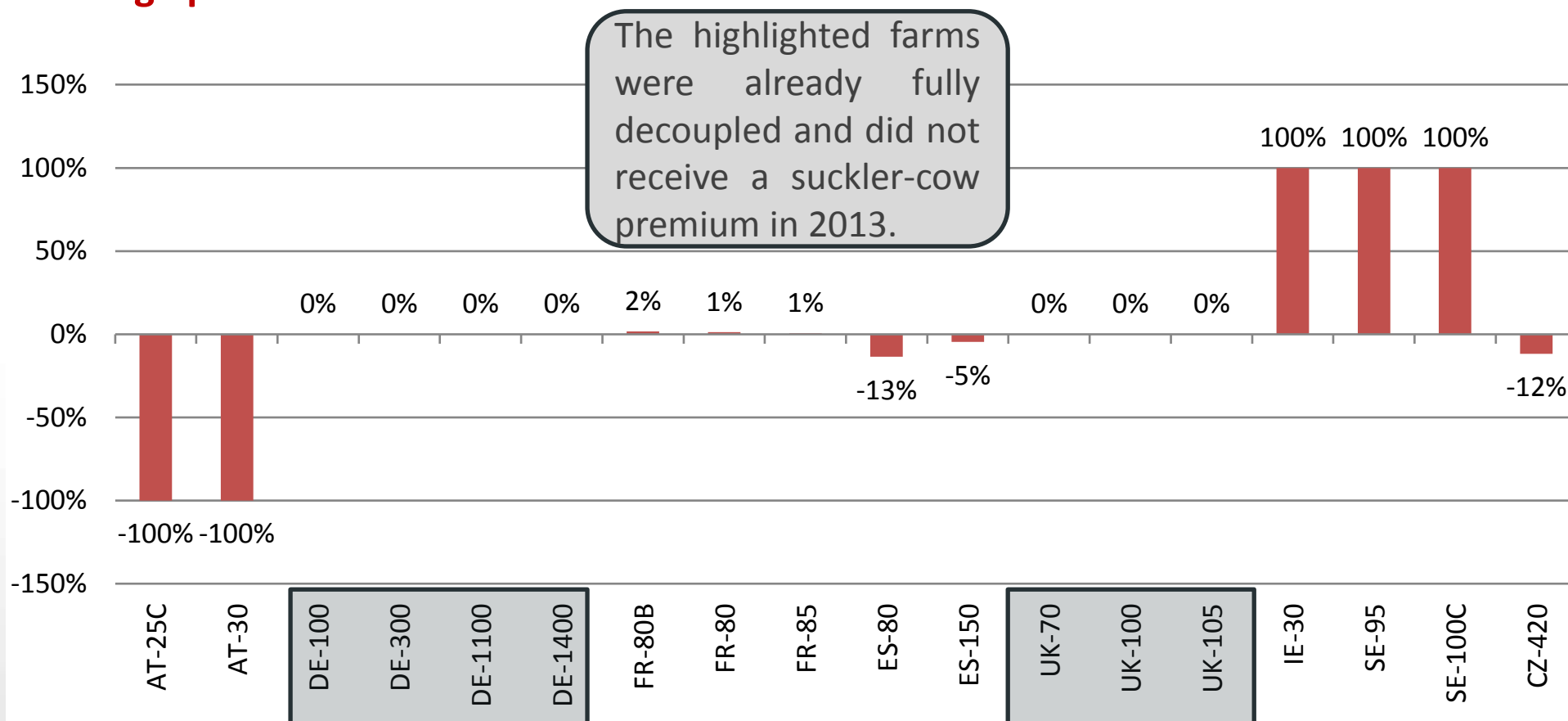
# Suckler-cow payments in 2013 and 2020

'000 € per farm



# Suckler-cow payments in 2013 and 2020

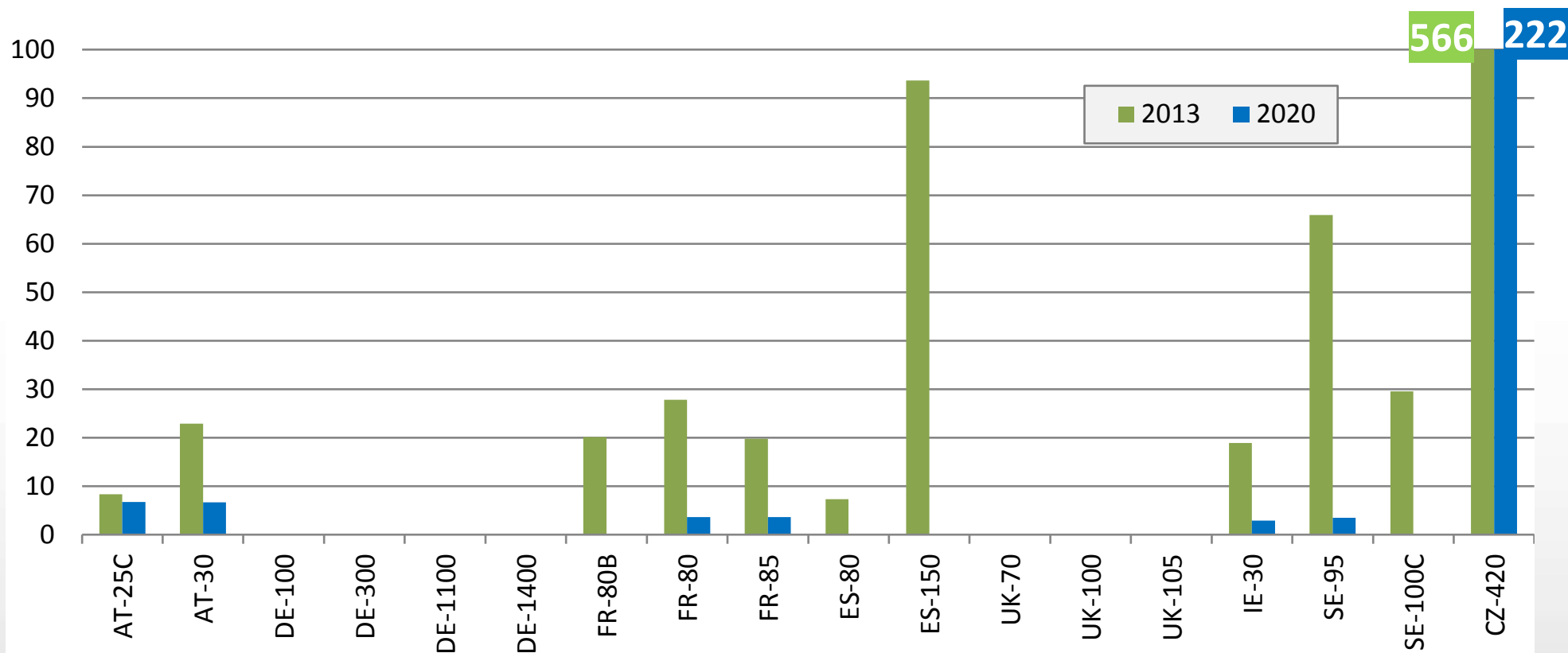
% change per farm



# Single Farm Payments in 2013 and 2020

(incl. LFA and agri-environmental on whole-farm level)

'000 € per farm

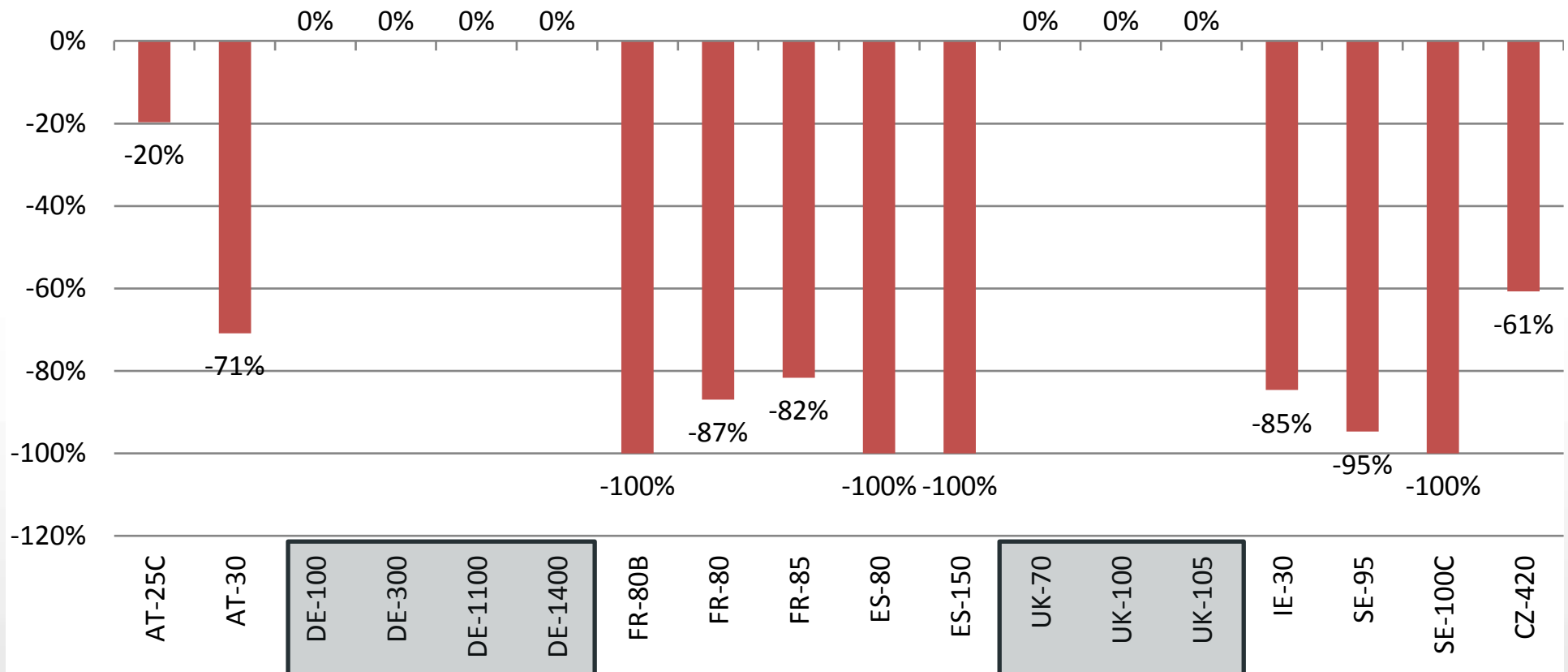


# Single Farm Payments in 2013 and 2020

(incl. LFA and agri-environmental on whole-farm level)

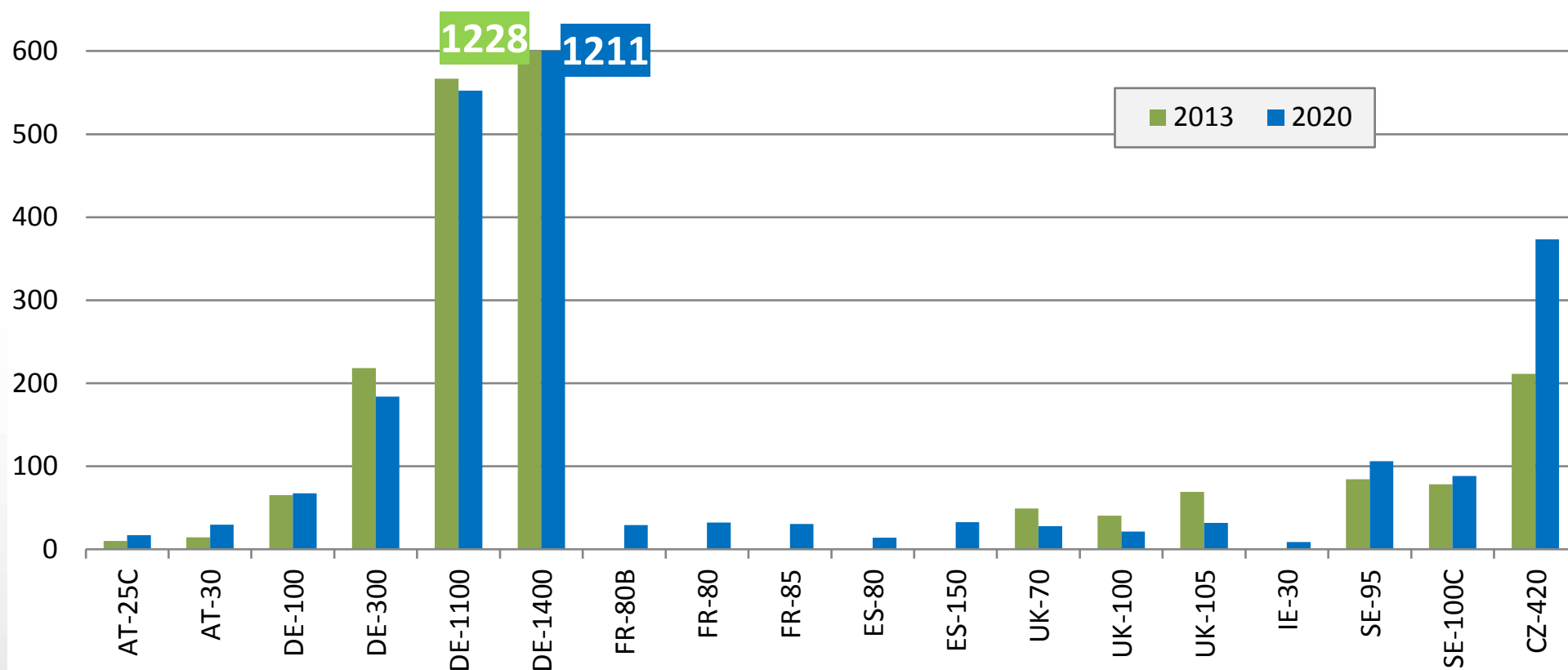
% change per farm

The highlighted farms did not receive any single farm payments in 2013 and therefore a relative change cannot be displayed.



# Regional (acreage) payments in 2013 and 2020

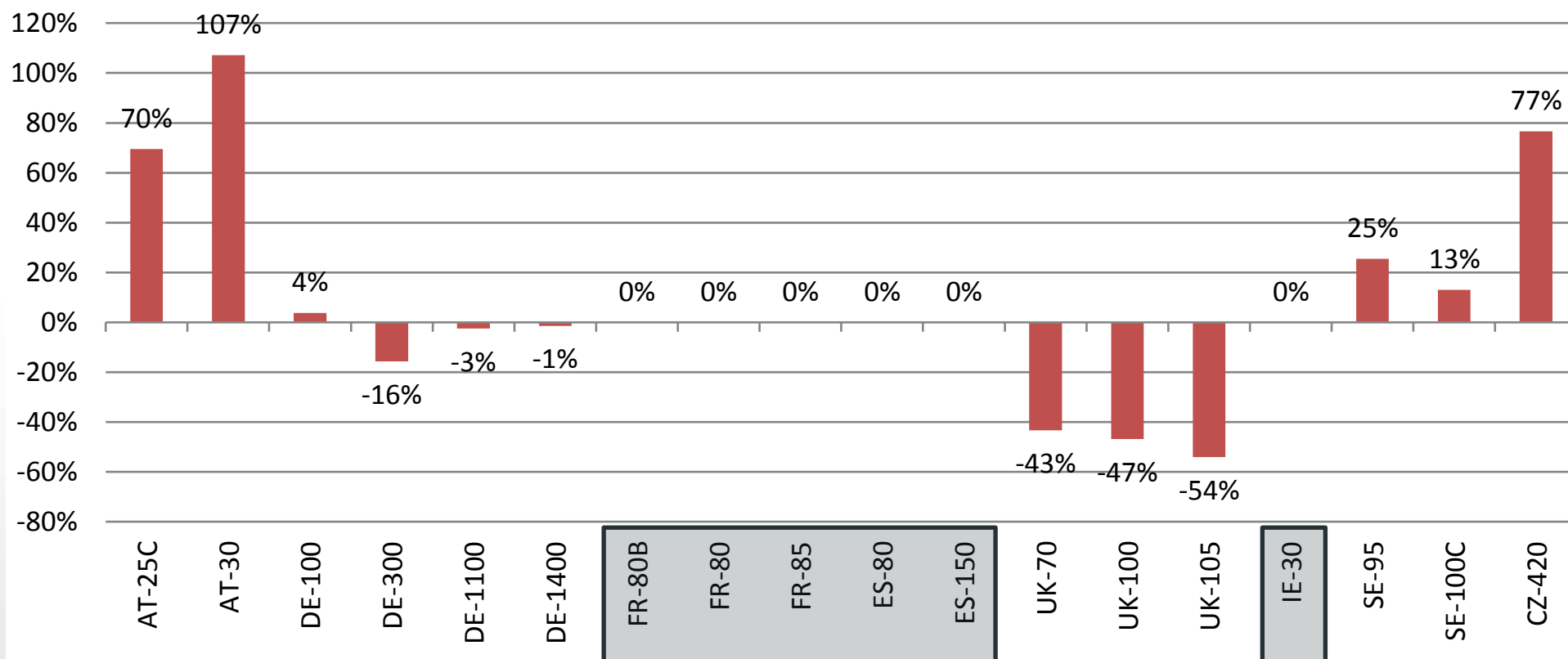
'000 € per farm



# Regional (acreage) payments in 2013 and 2020

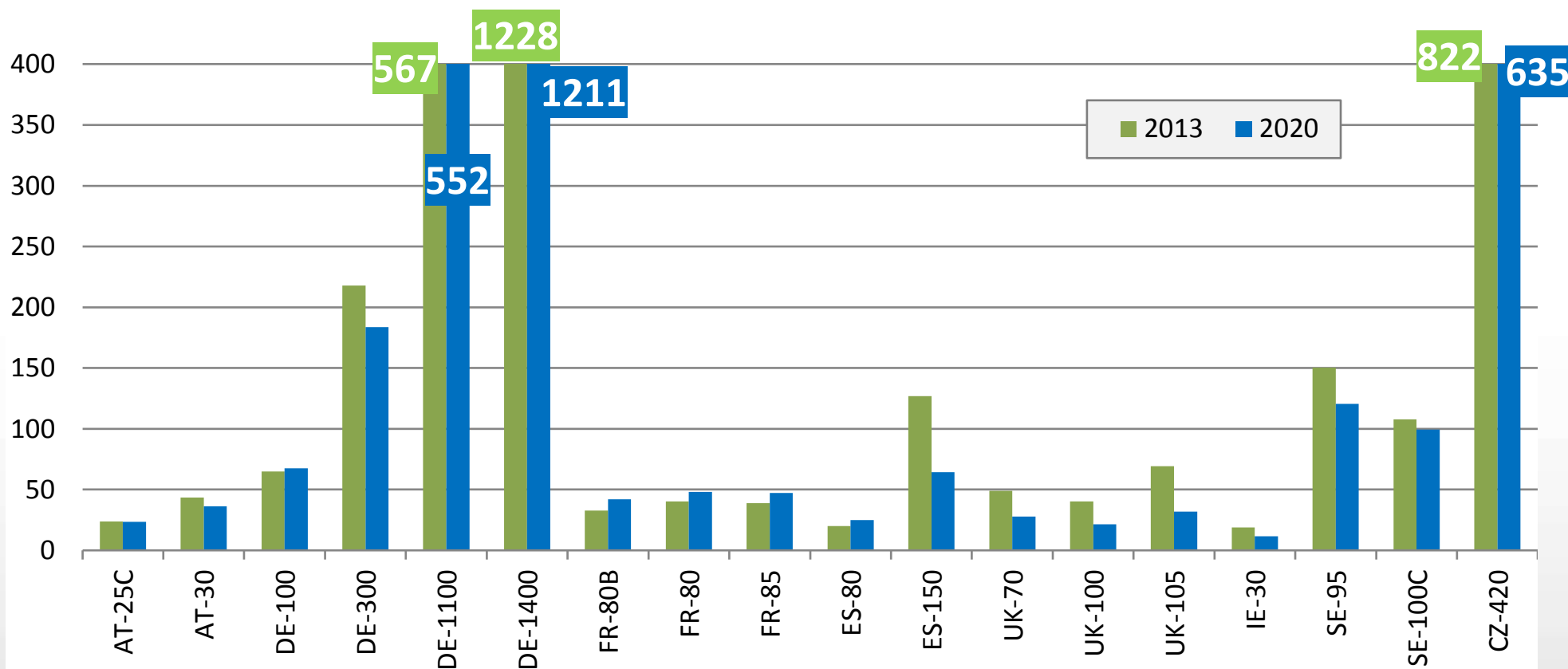
## % change per farm

The highlighted farms did not receive any regional (acreage) payments in 2013 and therefore a relative change cannot be displayed.



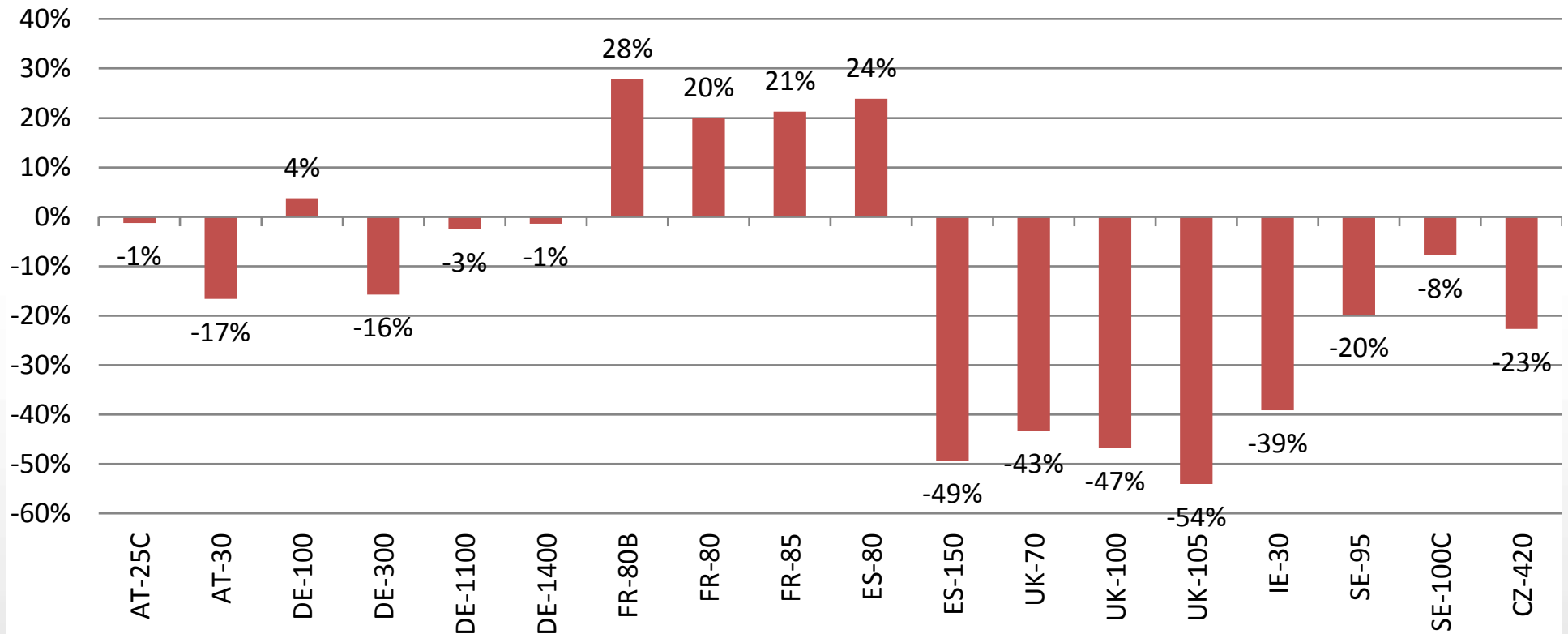
# Total farm payments in 2013 and 2020

'000 € per farm

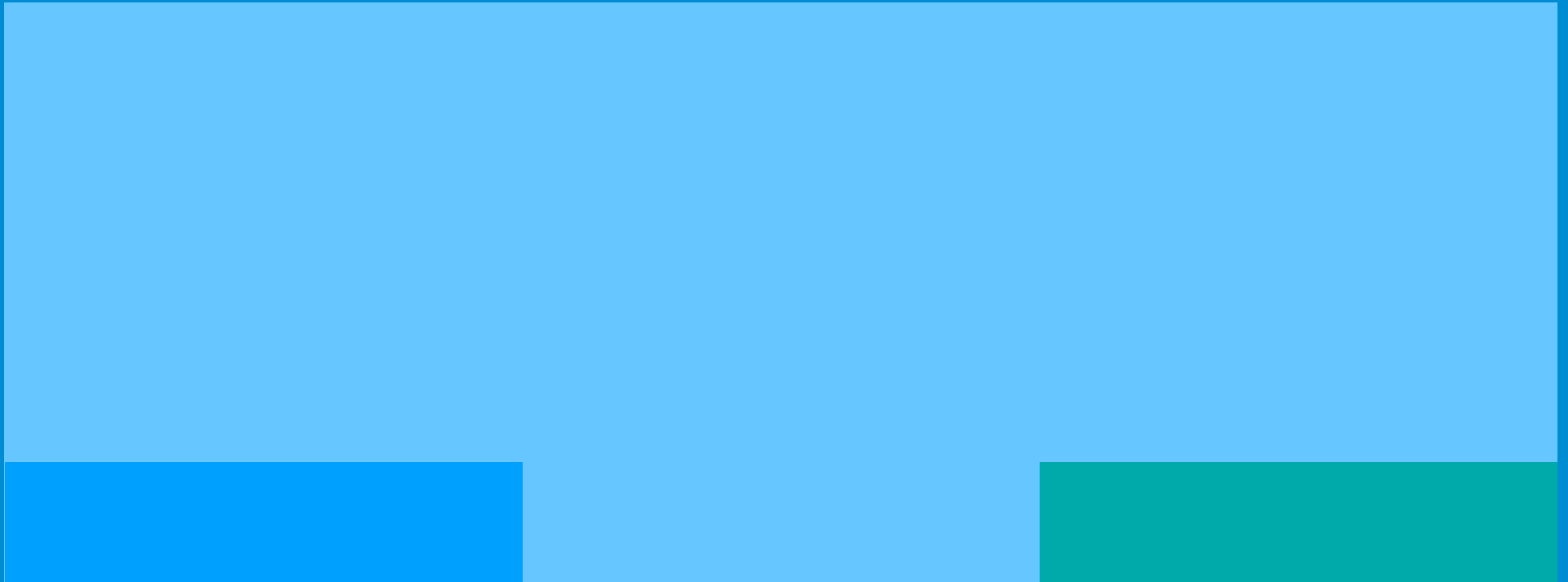


# Total farm payments in 2013 and 2020

## % change per farm



# Special case Greening in Germany



# Specification of the farm



- 500 Fleckvieh-Bulls from stores, 100 ha cropland
- 80 ha Maize silage, 20 ha Winter wheat

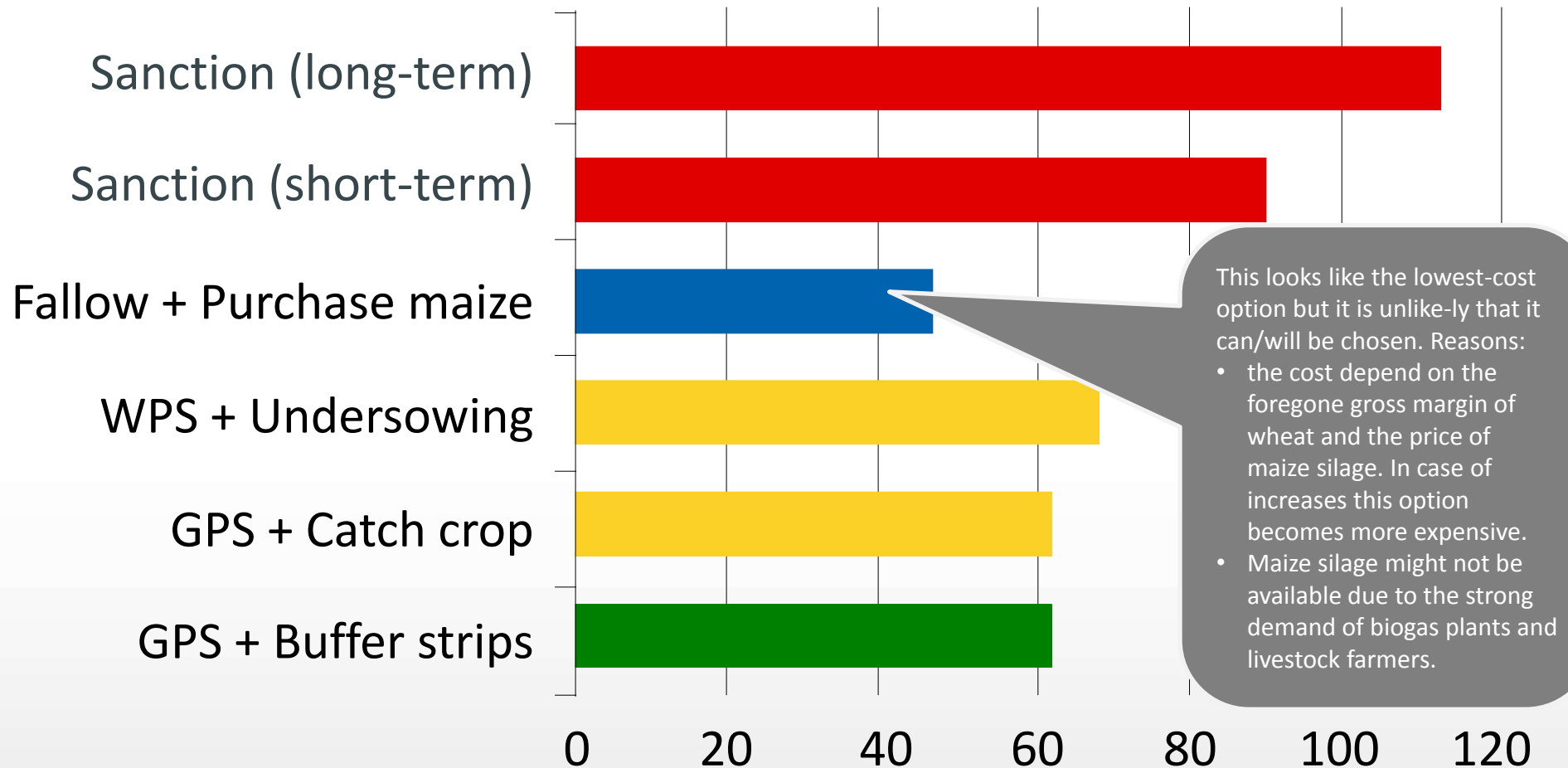
## Issues

1. Maize has to be reduced to a max. of 75 has.
2. A third crop of at least 5 has has to be introduced.
3. Ecological focus area (EFA) of 5% (and 7%) has to be introduced.
4. The energy gap of the missing maize has to be closed.

## Adjustments

1. WPS triticales on 7 has (third crop) + 1 ha buffer strips
2. Fallow of 5 has (= third crop = EFA) + purchase of maize silage
3. WPS triticales on 7 has (third crop) + 5 ha undersowing maize
4. WPS triticales on 7 has (third crop) + catch crop
5. Sanction (loss of greening component) – short-term and long-term

# Income changes in EUR per ha



[http://literatur.ti.bund.de/digbib\\_extern/bitv/dn053881.pdf](http://literatur.ti.bund.de/digbib_extern/bitv/dn053881.pdf)

# Conclusions

- Results for cow-calf producers vary widely depending on the settings in the previous situation and the particular national implementation
- Beef finishers with high (historic) stocking rates suffer most from the conversion of SFP into area payments. Italian and Spanish farms are hit hardest.
- Other than their colleagues in Germany (and the UK), they cannot expect the same extent of beef price increases as in the period 2008-2012 when these countries transformed their payments.
- Greening 'challenges' of bull finishers with few crops can be addressed (German example). Accepting the sanctions is the least profitable option.

# *agri benchmark* – passionate about facts



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