

Impact of CAP reform at farm level in Italy

Lessons from the past and matter at stake for the future

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OVERVIEW

- Exploratory analysis of the **first effects** of 2014-2020 CAP reform

To what extent the transition from the historical model to a regionalised / greening model of DP has affected the economic performance of Italian farms?

- Descriptive statistics of **panel data** → Italian FADN 2013-2016
4.607 farms per year

- More specific research questions:
 - To what extent can the reduction in support **reduce farm income**?
 - Which **areas / sectors** have earned and which ones have they lost?
 - Is redistribution sufficient to **rebalance** the most unbalanced situations?

In Italy there are extremely different climatic and pedological conditions that heavily influence agricultural economic performance and significantly change the role in countryside stewardship

CAP Expenditure in Italy at farm level

	Average 2013-2014	Average 2015-2016	% Change
Total Subsidies / UAA (eur/ha)	551	533	-3,4%
Direct Payments / UAA (eur/ha)	429	411	-4,2%
RDP Payments / UAA (eur/ha)	122	121	-0,7%
Total Subsidies / AWU	9.254	9.285	0,3%
Direct Payments / AWU	7.202	7.169	-0,5%
RDP Payments / AWU	2.052	2.116	3,1%
Total Subsidies (%)	100	100	
Direct Payments (%)	78	77	
RDP Payments (%)	22	23	
Total Subsidies / FNVA (%)	23	22	
Direct Payments / FNVA (%)	18	17	
RDP Payments / FNVA (%)	5	5	

Source: FADN Italy – constant sample 2013-2016.

Economic (and Environmental) Performance

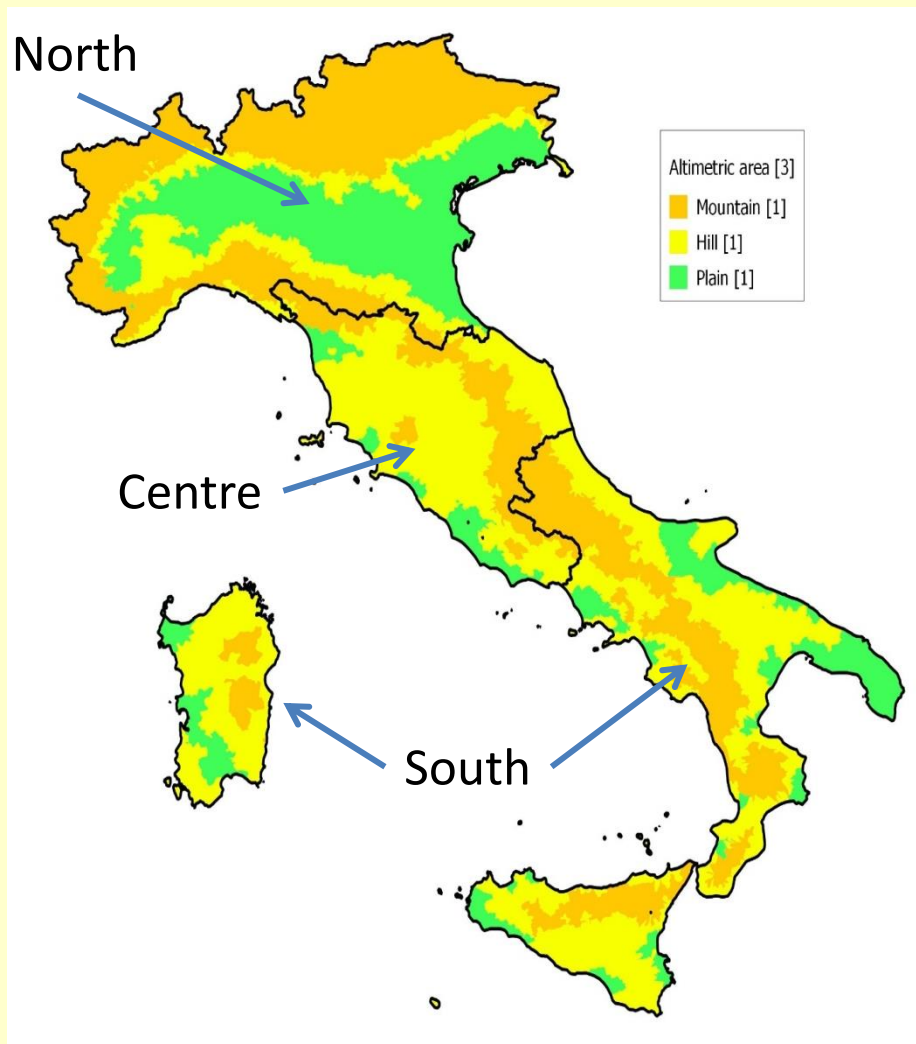
	Average 2013-2014	Average 2015-2016	% Change
Farm Net Value Added / UAA (eur/ha))	2.425	2.426	0,0%
Farm Net Value Added / AWU (EUR)	40.689	42.294	3,9%
Farm Net Value Added / Total Output (%)	54,4	55,6	
% Permanent Grassland / UAA	21,0	21,4	
Nitrogen / UAA (kg)	66	65	-2,2%

Source: FADN Italy – constant sample 2013-2016.

Geographical Conditions and Relevance of Agriculture

Percentage of Utilised Agricultural Area (UAA)

North	36
Centre	17
South	47
Plain	22
Hill	45
Mountain	33
Italy	100



Percentage of Standard Output (SO)

North	52
Centre	14
South	34
Plain	46
Hill	37
Mountain	17
Italy	100

Direct Payments and Farm Net Value Added

Direct Payments / UAA (EUR)			
	Average 2013-2014	Average 2015-2016	% Change
North	554	516	-7%
Centre	387	379	-2%
South	315	313	-1%
Plain	650	605	-7%
Hill	461	458	-1%
Mountain	202	224	11%
Italy	429	411	-4%

Farm Net Value Added / AWU (EUR)			
	Average 2013-2014	Average 2015-2016	% Change
North	52.086	53.911	4%
Centre	31.052	32.535	5%
South	30.410	31.521	4%
Plain	57.277	59.086	3%
Hill	31.536	32.982	5%
Mountain	30.382	31.434	3%
Italy	40.689	42.294	4%

Source: FADN Italy – constant sample 2013-2016.

Relevance of Subsidies

Total Subsidies out of Farm Net Value Added

	Average 2013-2014	Average 2015-2016
North	20%	19%
Centre	35%	34%
South	24%	23%
Plain	23%	21%
Hill	24%	23%
Mountain	22%	22%
Italy	23%	22%

Direct Payments out of Total Subsidies

	Average 2013-2014	Average 2015-2016
North	81%	79%
Centre	74%	71%
South	74%	77%
Plain	89%	87%
Hill	74%	72%
Mountain	50%	58%
Italy	78%	77%

Source: FADN Italy – constant sample 2013-2016.

Environmental Performance

% Permanent Grassland / UAA

	Average 2013-2014	Average 2015-2016
North	22%	22%
Centre	7%	6%
South	26%	26%
Plain	4%	3%
Hill	18%	18%
Mountain	56%	58%
Italy	21%	21%

Nitrogen / UAA (kg/ha)

	Average 2013-2014	Average 2015-2016	% Change
North	95	88	-7%
Centre	58	57	-2%
South	39	43	9%
Plain	110	106	-3%
Hill	50	50	1%
Mountain	19	19	2%
Italy	66	65	-2%

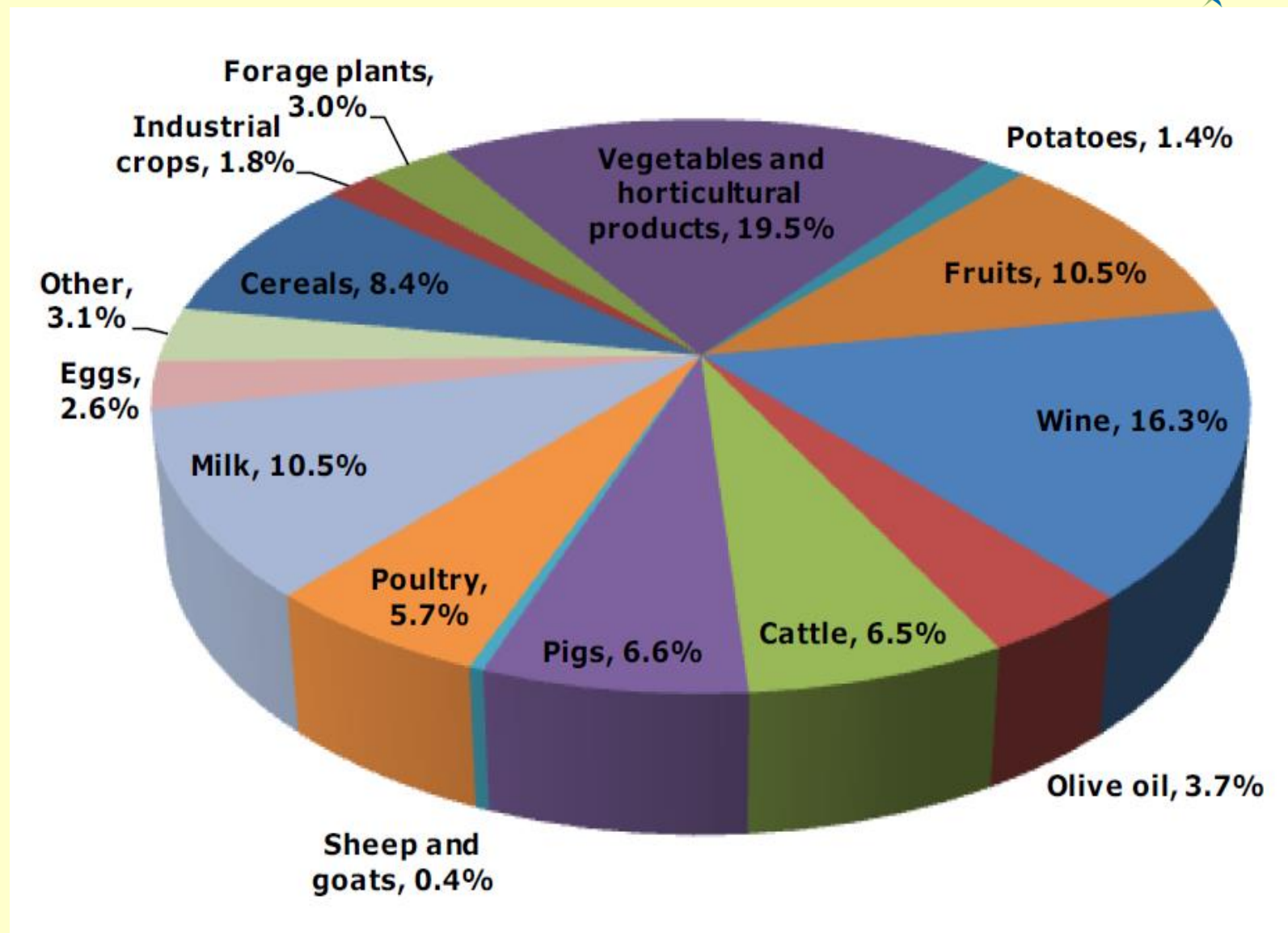
Source: FADN Italy – constant sample 2013-2016.

Economic Performance

	Average 2013-2014	Average 2015-2016	% Change
Farm Net Value Added / UAA (EUR)	2.425	2.426	0,0%
Farm Net Value Added / AWU (EUR)	40.689	42.294	3,9%
Farm Net Value Added / Total Output (%)	54,4	55,6	
% Permanent Grassland / UAA	21,0	21,4	
Nitrogen / UAA (kg)	66	65	-2,2%

Source: FADN Italy – constant sample 2013-2016.

Output components (2015-2017 average)



Source: Eurostat, Economic Accounts for Agriculture (values at real producer prices).

Type of Farming (1)

<u>Direct Payments / UAA (EUR)</u>			
	Average 2013-2014	Average 2015-2016	% Change
Field crops	508	478	-6%
Horticulture	245	158	-36%
Permanent c.	454	392	-14%
Erbivores	379	387	2%
Granivores	362	324	-11%
Mixed	358	362	1%
Italy	429	411	-4%

Type of Farming (2)

Farm Net Value Added / AWU (EUR)			
	Average 2013-2014	Average 2015-2016	% Change
Field crops	40.595	43.019	6%
Horticulture	35.686	34.912	-2%
Permanent c.	32.259	34.668	7%
Erbivores	47.660	48.758	2%
Granivores	94.865	92.524	-2%
Mixed	27.123	29.930	10%
Italy	40.689	42.294	4%

CONCLUDING REMARKS

- **Methodological aspects** concerning the use of FADN panel data
 - Improving **data reliability**, possibly with access to administrative databases
 - Applying sampling methods to ensure a **good representativeness**
- Does the **reduction of direct payments** jeopardise the economic performance of the farms?
 - not really, if structural adjustments and market evolution favour the **competitiveness** of the farming sector
- Does the **redistribution of direct payments** improve the economic conditions of the more marginalised farm?
 - **not sufficiently to rebalance** the ratio between higher profitability in more fertile areas and lower profitability in less favoured areas
 - different approaches based on the measurement of **ecosystem services** (as one of the proxies of countryside stewardship)

Thank you for the attention!

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