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SUB-ANNEX 3E: DIRECT PAYMENTS

SUPPRESSION OF COUPLED SUPPORT FOR BEEF, SHEEP AND GOAT SECTORS

1. INTRODUCTION

The aim of this note is to analyse the role of coupled payments on farmers' margins. The analysis is limited to beef, sheep and goat sectors¹ for the period 2006-2007. All types of coupled payment implemented during the analysed period are taken into account: "re-coupled" payment, specific support (Article 69 of Reg. 1782/2003), national aid or Complementary National Direct Payment.

If all the payments are decoupled it is assumed that a farmer continues producing only if the output covers the operating costs. Therefore the analysis will compare the margin over operating costs with and without coupled payments. The impact of decoupling is assessed through the percentage of farms and/or livestock population becoming negative with respect to their margins.

2. SUMMARY

Beef: The situation in the beef sector varies among the different bovine systems and Member States. In Finland and Sweden direct payments (both European and national coupled & decoupled payments – especially LFA and environmental payments) are so important that the farmers may not take their production decision solely on the basis of a margin analysis per enterprise. Specialist breeders especially in mountainous LFA are the most sensitive to the decoupling of any of the per head payments especially in France, Austria and Portugal where from 18 to 44% of the suckler cow population respectively could be affected due to margins becoming negative when coupled payments are not taken into account. The payments per head represent a lower share of the margin of the specialist breeders and fatteners (B&F); therefore the impact of a total decoupling would be limited for these systems except in France and Portugal where respectively 15% and 36% of the cows could be affected especially in other LFA areas. Suppression of the coupled direct payments (CDPs) for fatteners affected an estimated 86% of Finish fattening farms and 89% of the total population of animals.

Sheep & Goats: For sheep milk producers the impact on margins of a total decoupling would be limited because of the high output they obtain from milk and cheese. The highest impact is estimated in Portugal (5% of the ewes kept on farms moving to a negative margin without coupled payments). For goat milk farms, 5% of the she-goats in France and Spain are grazed on farms moving to a negative margin and 9% in Cyprus. On the contrary sheep meat specialists are more sensitive to any decoupling because coupled payments represent a high share of their margin. In France 26% of the 'meat' ewes may be affected, in Spain the impact may be limited to 5% of the ewes. Despite the limitation due to small sample sizes, it seems plausible that the impact would be also significant in Hungary and Portugal.

¹ Some payments will be decoupled during the next period (sugar beet and cane, fruits and vegetables), some are part of specific programmes (POSEI and Small Aegean Islands), or are guaranteed by the Treaty (cotton). Support for rice and silk worms (possible under article 68) is not covered.

3. METHODOLOGY

The analysis is based on **Farm Accountancy Data Network (FADN)**, a European system of sample surveys that take place each year and collect structural and accountancy data relating to farms.

FADN provides farm level data and therefore it is necessary to estimate the costs of production because FADN accounts are not based on analytical accounts. For the beef sector, rules are defined to allocate the different costs recorded at farm level to each enterprise². Due to the need to allocate costs, the more the farm is specialised in the production of the product studied the better should be the estimate. Therefore estimations of production costs are based on a sample of farms with a rate of specialisation³ of at least 50% for beef.

For the sheep and goat sector no FADN model allocating costs has been developed. Therefore this analysis will focus on highly specialised farms (above 60% of the output coming from sheep) and the margin analysis will be done at farm level and not specifically for the sheep enterprise. For more information on typology please see Annex 1, point (5).

Costs and margins per head are analysed because the FADN does not gather data on the weight of the animals. It should be taken into account that these head counts could be for animals of different breeds, weights and age categories.

The margin over operating costs is defined as follows:

$$\text{Margin} = \text{output} - \text{specific costs}^4 - \text{farming overheads}^5$$

Estimations are performed on the most recently available FADN data; to limit conjectural price impact⁶ a two-year average (2006-2007) were used unless specified otherwise. Results based on less than 15 farms are not displayed.

In the model, the coupled payments refer to the "re-coupled" payments (Art. 111-135 of Reg. 1782/2003), the specific support (Article 69 of Reg. 1782/2003), national aid or Complementary National Direct Payment (Act of Adhesion). Then the margins with coupled payments are compared to margins without coupled payments.

In the analysis, farmers changing to a negative margin with a full decoupling always refer to the sample selected and are presented in form of percentage of total farms, as well as the percentages of hectares and heads affected.

² Annex 1, on page 26 gives details of the model which is used in this analysis for estimating beef production costs and margins.

³ Specialisation rate: output of the crop studied on total output.

⁴ Specific costs: feed and other specific livestock costs, seeds, fertilisers, crop protection and other specific crop costs.

⁵ Farming overheads: contract work, upkeep of machinery, motor fuel, car expenses, upkeep of land and buildings, electricity, heating fuels, water, insurance.

⁶ As last FADN data available were referring to 2007 and the implementation of 2003 CAP reform was only completed for all Member States in 2006.

4. BEEF SECTOR

4.1. Beef sector – the main findings

Beef producers are classified into three groups (described in more detail in sections 4.4 to 4.6) on the basis of the beef production system practised. “**Breeders**” are farmers with suckler cows not fattening their calves, “**breeders and fatteners**” (B&F) fatten the calves born on their farm, and “**fatteners**” purchase animals and then finish fattening them.

Not surprisingly the effect of the CDPs suppression appears to be the strongest for farms with high share of CDP in Gross Margin and with high share of all subsidies in total receipts.

Suppression of CDPs for **breeders** would increase (the already) negative margin in the Czech Republic, Denmark, Sweden and UK. Only in the case of Finland and Austria does the existing coupled support manage to counterbalance the otherwise negative margins. Luxembourg, Germany and Ireland do not use CDP but the data suggest that apart from Luxembourg their beef breeders are barely breaking-even.

Eighty four percent of the EU-27 breeders are located in less favoured areas. Gross margin is significantly lower in mountainous LFA as the lower value of output is not fully compensated by lower costs of production.

The highest share of farms would be affected in Austria (39%); in the whole EU27 it would be about 20.6 thousand farms (17% of total) out of which more than three fourth are located in France. In terms of effects on livestock units the highest share is reported in Austria (44%).

The effect of suppressing CDPs for **B&F** would contribute to a worsening situation in the UK and Sweden where the share of farms operating on a negative margin would increase up to 68-69% (from xx%).

About three fourth of EU-27 B&F are located in less favoured areas out of which nearly 80% operate in other LFA. Their margin is about 30% lower as compared to the remaining area; this is especially evident in France (55%), Ireland (63%), Italy (61%) and UK (29%). For the average B&F farm in each EU country, value of output is lower for B&F located in LFA and this effect is not fully compensated by lower costs of production in these areas or by the CDPs but situation varies country by country. The least compensatory effect of CDPs was found in UK, Italy and Ireland where B&F in other LFA make respectively 10%, 61% and 63% of the non-LFA Gross Margin with CDPs.

Withdrawal of the CDPs would affect the highest share of farms in France (17%); at the EU level nearly 5.8 thousand farms are going to be affected, of which nearly 80% in France. Suppression of CDPs would increase the share of farms operating on negative Gross Margin in France from 5% to 22% and in Portugal from 6% to 22%. The highest share of livestock units to be affected is reported in Portugal (36%) where large farms (twice as large as the average size) are going to be affected. A considerable increase in the share of farms operating on negative Gross Margin is also reported in Czech Republic from 35% to 57%, in Slovenia from 53% to 63% and in Sweden from 40% to 58%.

Specialist beef **fatteners** in Sweden and Finland would suffer losses contrary to the 2007 situation where CDPs turn the (otherwise negative) margin positive. While Ireland does not use CDPs, the margin of 49€/cattle sold can be seen as unsustainable.

Suppression of the CDP would largely affect Finish fatteners as 86% of farms would move to negative Gross Margin, affecting 89% of the total population of animals. This is because the subsidies contributed in 2007 more than half to the total output. In Denmark 59% of specialist fatteners already operate on negative Gross Margin and this percentage would increase.

4.2. Coupled support in the beef sector

The implementation of coupled payments in the beef sector in 2006 and 2007 (base years in the analysis) is shown in **Table 1**. Coupled Payments displayed between brackets, were not anymore implemented in 2010.

Table 1 Implementation of the coupled payments in the beef sector

	Suckler cow premium	Special premium	Slaughter premium adults	Slaughter premium calves	Art. 69	National aid and Complementary National Direct Payments
Belgium	100%			100% (Fland.)	Wallonie	
Bulgaria						x
Czech Republic						x
Denmark		75%				x
Estonia						
Ireland					X	
Greece					X	
Spain	100%		40%	100%	X	
France	100%		(40%)	(100%)	X	
Hungary						x
Italy					X	
Cyprus						x
Latvia						x
Lithuania						x
Netherlands			(100%)	(100%)		
Austria	100%		(40%)	(100%)		
Poland					X	
Portugal	100%		40%	100%	X	
Romania						x
Slovakia						x
Slovenia		75%	65%		x	x
Finland		(75%)			x	x
Sweden		75%	74.55%			
United Kingdom					Scotland	

(): not in 2010

4.3. Population

To demonstrate FADN sample coverage at EU level, the number of suckler cows is taken into account. The FADN survey for 2007 covers 100% of the suckler cows in the Eurostat farm structure survey (FSS) for 2007. However, as FADN does not cover small farms, the coverage is lower in some Member States such as Austria, Slovenia or Portugal. This analysis focuses on specialist beef producers⁷, thus specialisation criteria are applied to the FADN database. In the 2007 FADN survey, 74% of the suckler cows in the EU-27 were raised by specialised beef producers. However, application of specialisation criteria and division into three groups (breeders, B&F and fatteners) significantly reduces the coverage to an average of 51% for EU27, which becomes even lower in Member States where beef production is mainly based on non-specialised farms.

The decrease in coverage is particularly significant for Belgium, Luxembourg and Austria, where around 40% of suckler cows are kept in combination with dairy cows, and for the UK where 50% of suckler cows are raised on farms combining extensive beef and sheep production (see Table 2).

Table 2 Share of suckler cows in the FADN sample in 2007

	Coverage of suckler cows in FADN		
	Beef breeders without criteria on specialisation	Breeders and fatteners (B&F) without criteria on specialisation	FADN: Breeders, B&F, fatteners + 50% specialisation rate
BE	37%	26%	45%
CZ	38%	37%	39%
DK	36%	56%	33%
DE	35%	48%	38%
IE	17%	56%	57%
EL	44%		47%
ES	33%	45%	64%
FR	49%	35%	64%
IT	35%	38%	39%
LU	27%	27%	32%
AT	28%	41%	28%
PT	40%	29%	47%
SI	27%	51%	35%
FI	41%	55%	61%
SE	34%	59%	41%
UK	10%	36%	27%
EU-27	35%	39%	51%

Source: DG AGRI – EU Beef report 2010 based on FADN data

⁷ Defined in this case as farms which generate at least 50% of output in form of beef

4.4. Breeders

Breeders produce non-finished animals (male and females). Some of the females are kept for replacement. The calves are fed with milk and mainly grass. They are sold once they are weaned or later. The age and weight of the animals at the time they are sold depend on the breed and on the commercial channels.

Breeders' farms are usually small. Numerous specialist breeders located on grassland area produce weanlings that will be fattened on cereals and maize silage by a smaller number of specialist fatteners. In the FADN survey, more than 60% of specialist breeders are located in two countries: France (39%) and Spain (20%). There are also large numbers in Ireland (11%) and Italy (8%). Only 3% of the breeders are in the EU-10, mainly in Slovenia and the Czech Republic.

The degree of specialisation in beef production is relatively high: 82% in the EU-15 and 74% in EU-10. The average area stands at 73 hectares (ha) in the EU-27, but is as high as 162 ha in Germany and the Czech Republic. The stocking density⁸ is low: 1 LU/ha in the EU-15 and 0.5 LU/ha in the EU-10. A large proportion of the UAA is allocated to forage production, mainly grassland.

Table 3 Overview, Breeders⁹

Country code	Farms represented	Av. Labour in AWU	Beef specialisation - % output	Average UAA - ha	Stocking density - LU/ha	Av. number of suckler cows - head
EU27	87 810	1.3	82%	73	1.0	47
EU15	84 610	1.3	82%	73	1.0	47
EU10	2 590	1.9	74%	88	0.5	29
BE	2 940	1.4	87%	54	1.9	54
CZ	660	2.5	70%	161	0.4	50
DK	770	0.6	63%	26	1.9	23
DE	1 020	2.2	74%	162	1.0	97
IE	9 410	1.0	85%	45	0.9	25
ES	17 980	1.4	85%	65	0.8	49
FR	34 350	1.3	84%	93	1.1	59
IT	7 220	1.4	70%	42	0.9	28
LU	130	1.1	72%	71	1.3	49
AT	990	1.6	65%	48	0.7	25
PT	4 400	1.4	70%	78	0.4	27
FI	600	1.3	70%	56	0.8	28
SI	1 120	1.6	75%	15	0.8	9
SE	840	1.0	72%	86	0.7	38
UK	1 730	1.3	76%	103	1.2	73

* Including females under one year

Source: DG AGRI – EU-FADN

⁸ Average number of bovine LU (except calves for fattening) and sheep/goat LU per hectare of forage UAA.

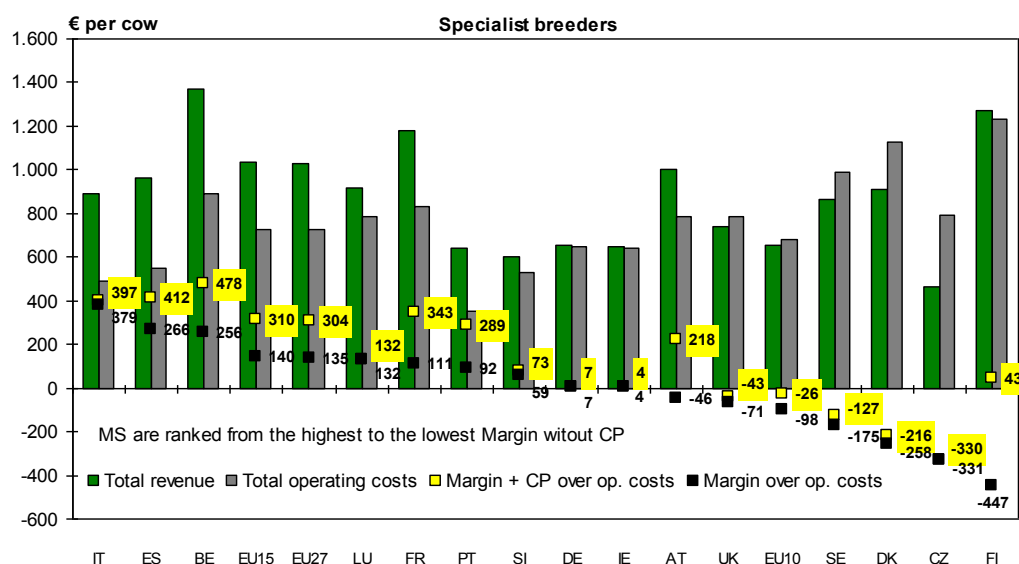
⁹ Common land used for grazing is not included in the farm UAA and is therefore not included in the calculation of stocking density. That is why the stocking density may seem high in some areas where this practice is more common.

4.4.1. Margin over variable costs with and without coupled payments

Fifteen out of the 27 Member States are presented in this section (with a large enough sample for analysis).

Figure 1 shows that in 2007 for most Member States in question CDPs considerably raise the level of Gross Margin. Producers in Italy, Spain, Belgium and France after suppression of CDP would still generate margin above 100€ per suckler cow, but producers in Czech Republic, Denmark, Sweden and UK would suffer even higher losses. CDPs however would not fully address the problem of negative margins as only in case of Finland and Austria does the negative margin become positive if coupled DPs remain. Luxembourg, Germany and Ireland do not use CDP but the data suggest that apart from Luxembourg their beef breeders are barely breaking-even.

Figure 1: Margin over operating costs by MS, Breeders, 2007



Source: DG AGRI EU FADN

Total revenues presented in Figure 1 contain CDPs but if they are subtracted it can be seen (Figure 6 on page 144) that the highest output can be associated with high market price per animal due to quality and weight of finished animals¹⁰.

Structure of operating costs reflects local natural conditions for cattle breeding, and the highest total operating costs were found in Finland, Denmark and Sweden (from €1.232 to €990/cow). The lowest costs (from €353 to 529/cow) were observed in areas with a milder climate, i.e. in Portugal, Italy and Slovenia.

By far the majority (84%) of the EU-27 breeders are located in less favoured areas, and about one in three are located in mountainous areas. Table 5 on page 123 shows that an

¹⁰ For example in Belgium and France revenue per cow reached respectively €1.145 and €946 where production is dominated by heavy *Blanc Bleu Belge* raised in Belgium and *Charolais* and *Limousin* in France.

average EU breeder makes a comparable Gross Margin in non-LFA and other LFA but the margin is significantly lower in mountainous areas, especially in France where it reaches only 47% of the non-LFA margin. CDPs compensate this effect for an average EU breeder but the situation may vary country by country. The least compensatory effect of CDPs was found in France and Italy where breeders in mountain LFA make respectively 75% and 85% of the non-LFA Gross Margin with CDPs.

In each country with the exemption of UK, value of output is lower for breeders located in LFA and this effect is not fully compensated by lower costs of production in these areas. For more details please see Annex 2 on page 144.

4.4.2. Farmers moving to a negative margin with the suppression of re-coupled payments

Representative FADN sample allowing projection on number of farms moving from positive to negative Gross Margin exist for Austria, Spain, France and Portugal (see Table 4). However some existing data for Italy, Sweden and UK allow to have some insight into impact of the CDPs suppression.

Table 4 Output, margins and Coupled Direct Payments, specialist beef breeders

	AT	AT	ES	ES	FR	FR	PT	PT
	Farms moving to (-)	Total farms	Farms moving to (-)	Total farms	Farms moving to (-)	Total farms	Farms moving to (-)	Total farms
Farms represented	720	1 840	1 690	43 870	16 020	70 870	2 210	8 410
Farms represented % of total	39%	100%	4%	100%	23%	100%	26%	100%
Beef specialisation - % output	67%	65%	80%	85%	82%	84%	79%	75%
Heard affected - total LU	26 371	67 393	120 495		1 178 545	5 213 700	86 049	327 452
Share of herd affected	44%		6%		18%		31%	
in €/COW								
TOTAL BEEF OUTPUT	729	763	538	797	790	965	388	441
TOTAL BEEF COUPLED DP	265	267	220	160	251	233	226	210
Share of CP in output value	36%	35%	41%	20%	32%	24%	58%	48%
Gross margin	-118	-33	-94	279	-101	142	-95	68
Gross margin with CP	147	234	126	438	150	375	131	278
in €/AWU								
Total output	18 553	18 908	33 110	28 135	35 813	48 220	9 840	12 297
Balance subsidies and taxes	22 132	21 725	18 180	9 772	24 755	26 463	10 894	9 658
of which LFA/AWU	4 598	4 660	693	655	3 070	2 783	1 103	1 023
of which environmental/AWU	8 387	7 934	814	166	2 504	2 621	865	854
Share of all subsidies in total receipts	54%	53%	35%	26%	41%	35%	53%	44%

Source: DG AGRI – EU-FADN

Specialist breeders are characterised by high share of suckler cow premium in CDP and total CDP share in output is different by MS (see Table 4 or Annex 4 for more details). On average they range from 20% in Spain to 48% in Portugal. However, these shares are higher for farms which are moving from positive to negative margin as a consequence of withdrawal of the CDPs and they range from 32% in France to 58% in Portugal. Similar pattern is observed for shares of all subsidies in total receipts (last row in Table 5).

In terms of farm number, withdrawal of CDPs would affect the highest share of farms in Austria (39%) and the lowest in Spain (4%). In absolute terms 20.6 thousand farms are going to be affected, accounting for 11% of the EU total; more than three fourth of them are located in France. Similar picture appears from the analysis of number of livestock units affected – the highest share is reported in Austria (44%) and the lowest in Spain (6%). The average number of these livestock units per farm range from 37 in Austria to 74 in France and match exactly average breeders herd size in these countries.

Suppression of CDP would increase share of farms operating on negative Gross Margin from 2% to 6%, in Spain, from 7% to 29.5%, in France and from 5% to 31% in Portugal. For Austria the sample is not large enough to determine the share of farms already operating on negative margin, thus drawing the conclusion of how much the share would increase after the suppression of CDP.

For countries not reported in Table 4, the share of farms operating on negative Gross Margin would increase in Italy from 4% to 6%, in Sweden from 59% to 69% and in UK from 65% to 68%.

Estimates suggest that there are also countries where vast majority of beef specialist breeders are expected to operate on positive margin with or without suppression of the CDPs. These are: Belgium, (88%), Spain (94%), Italy (93%), France (71%) and Portugal (69%).

Table 5 Output, costs and margins by LFA type and non-LFA, specialist beef breeders

	FR	FR	FR	IT	IT	IT	ES	ES	ES	SE	SE	UK	UK	EU	EU	EU
	Mountain LFA	Other LFA	non LFA	Mountain LFA	Other LFA	non LFA	Mountain LFA	Other LFA	non LFA	Other LFA	non LFA	Other LFA	non LFA	Mountain LFA	Other LFA	non LFA
Farms represented	19 711	38 126	13 037	9 398	1 218	3 914	22 786	16 123	4 962	1 748	323	2 175	1 008	92 961	133 761	49 509
Sample farms	316	660	162	269	29	83	246	296	63	52	20	78	30	1 675	2 508	918
Beef specialisation - % output	91%	83%	78%	71%	78%	70%	95%	77%	93%	74%	74%	78%	73%	87%	82%	79%
Stocking density - LU/ha	0.9	1.1	1.5	0.8	1.2	2.5	0.9	0.7	0.7	0.6	0.9	1.2	1.2	0.9	1.0	1.3
Av. number of suckler cow s - he	54	62	51	34	25	25	32	42	63	31	66	78	57	37	47	50
Number of suckler cows	1 069 519	2 365 337	666 712	316 337	30 438	99 024	739 178	671 845	314 740	54 608	21 218	170 585	57 436	3 435 839	6 250 652	2 461 587
% of cow s by LFA class	26%	58%	16%	71%	7%	22%	43%	39%	18%					28%	51%	20%
in €/COW																
TOTAL BEEF OUTPUT	904	981	1 003	739	778	1 216	705	823	963	806	847	813	773	766	871	968
TOTAL BEEF COUPLED DP	229	231	249	17	14	15	148	192	118	45	41	29	8	211	218	165
Specific costs	415	427	443	272	312	606	347	461	568	395	628	580	459	350	410	487
Non specific costs	420	380	415	96	146	165	100	79	73	542	413	301	396	267	290	316
Total operating costs	835	807	858	367	459	771	447	540	641	937	1 041	881	855	616	701	803
Gross margin	69	174	145	372	320	445	258	282	322	-131	-194	-68	-82	150	170	165
Ratio CP/GM	331%	133%	171%	5%	5%	3%	57%	68%	37%	34%	21%	43%	9%	141%	129%	100%
Gross margin with CP	298	405	395	389	334	460	405	474	440	-86	-153	-39	-75	360	388	329

Source: DG AGRI – EU-FADN

4.5. Breeders and Fatteners

Breeders and fatteners (B&F) fatten the calves born on their farms and in some cases additional purchased calves. They produce either young bulls or steers (Ireland). B&F producing steers use a feeding system based mainly on grass, whereas for young bulls cereals and silage maize are used.

There are about 74 000 specialist B&F in the EU-27 represented in the FADN sample. They are located mainly in Germany (27%), Ireland (22%) and Spain (16%). Seven percent of B&F are in the EU-10, but none of the above countries have a sample that is large enough to be presented independently.

The average herd size in the EU-27 is 31 suckler cows per farm, with 32 male cattle sold per year. The average UAA of 55 ha is smaller than for specialist breeders.

The production systems differ widely between MS (Table 6). The largest herds can be found in Belgium (56 cows/farm) where, because of the limited area, the density is very high (3.0 LU/ha). By contrast, in Portugal the area is large (113 ha), the number of suckler cows is average and the density is low (0.7 LU/ha).

In the B&F system it is mostly the young bulls that are fattened. In Ireland fattening of steers is more common (as in the UK). The forage system is mainly based on grass and the daily diet is supplemented with concentrates. The farms are relatively small (32 ha and 20 cows).

In Finland, Sweden and Slovenia, it is common to buy additional calves for fattening, typically from milk producers who do not fatten their males.

Table 6 Overview, B&F

Country code	Farms represented	Av. Labour in AWU	Beef specialisation - % output	Average UAA - ha	Stocking density - LU/ha	Av. number of suckler cows - head
EU27	73 689	1.3	78%	55	1.1	31
EU15	68 546	1.3	78%	56	1.2	32
EU12	5 028	1.5	69%	43	0.6	13
BE	1 454	1.5	75%	56	3.0	56
DK	1 468	1.6	73%	86	1.1	45
DE	19 821	1.1	84%	45	1.2	23
IE	16 334	1.1	79%	32	0.7	20
ES	11 829	1.5	80%	98	1.2	56
FR	5 389	1.5	68%	29	1.3	20
IT	82	1.0	73%	75	1.8	48
LU	1 322	1.6	88%	79	0.4	26
AT	626	1.6	83%	74	0.9	31
PT	964	1.3	70%	113	0.7	36
FI	6 265	1.4	74%	91	1.4	49

* Including females < 1 year

Source: DG AGRI – EU-FADN

4.5.1. Margin over variable costs with and without coupled payments

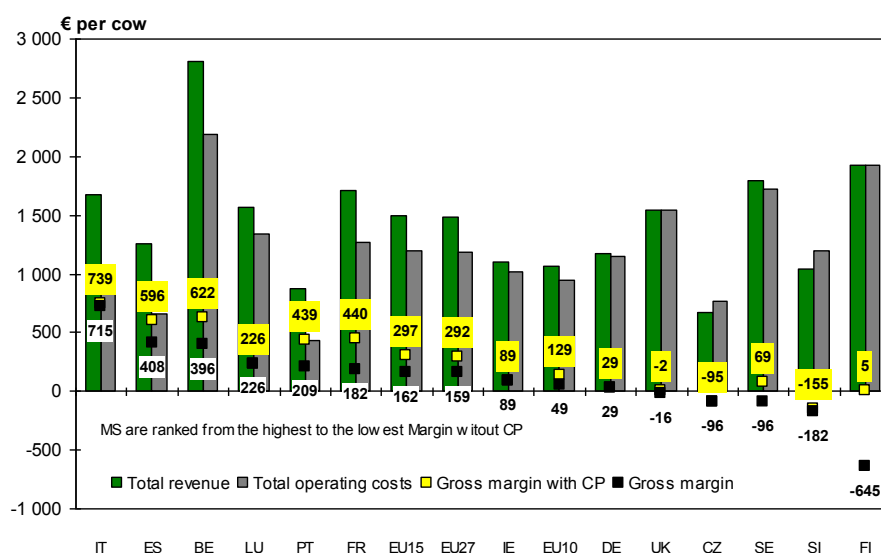
This section presents estimates for the thirteen Member States, out of the total of 27, which provide a sufficiently large sample.

Figure 2 shows that in 2007 for most Member States in question CDPs considerably raise the level of Gross Margin. Producers in Italy, Spain, Belgium, France and Portugal after suppression of CDPs would still generate margin above 100€ per suckler cow, but producers in Czech Republic, Slovenia and UK would suffer even higher losses. CDPs however would not fully address the problem of negative margins as only in case of Finland and Sweden does the negative margin become positive if coupled DP are maintained. Luxembourg, Ireland and Germany do not use the CDPs but situation of beef B&F considerably differ among them. Only in Luxemburg producers generate reasonable margin while in the remaining two countries margin is below 100€/cow (in Germany only 29€/cow).

Total revenues presented in Figure 2 contain CDPs but if they are subtracted it can be seen (Figure 5 on page 144) that the highest output can be associated with high market price per animal due to quality and weight of finished animals¹¹.

Structure of operating costs reflects both local natural conditions and quality-oriented systems for cattle B&F. The highest total operating costs were found in Belgium, Finland, and Sweden (€2.1807, €1.923 and €1.721/cow respectively). The lowest costs were observed in areas with a milder climate, i.e. in Portugal, Spain and Czech Republic (€ 437, €656 and €767/cow respectively).

Figure 2: Margin over operating costs by MS, B&F, 2007



Source: DG AGRI EU FADN

¹¹ For example in Belgium and France revenue per cow reached respectively €1.145 and €946 where production is dominated by heavy *Blanc Bleu Belge* raised in Belgium and *Charolais* and *Limousin* in France.

A majority of EU-27 B&F (76%) are located in less favoured areas; only 21% are in mountainous areas and the rest are located in other LFA. Table 7 on page 127 shows that margin is significantly lower in other LFA which is especially visible in France (55%), Ireland (63%), Italy (61%) and UK (29%).

For an average B&F in each EU country value of output is lower in LFA and this effect is not fully compensated by lower costs of production in these areas or by the CDPs. On average the other LFA margin is lower by about 30% than in non-LFA but situation vary country by country. The least compensatory effect of CDPs was found in UK; Italy and Ireland where breeders in other LFA make respectively 10%, 61% and 63% of the non-LFA Gross Margin with CDPs. For more details please see Annex 2.

Table 7 Output, costs and margins by LFA type and non-LFA, specialist beef breeders and fatteners

	BE		FR		FR		IE		IT		IT		PT	
	Other LFA	non LFA	Mountain LFA	Other LFA	non LFA	Other LFA	non LFA	Mountain LFA	Other LFA	non LFA	Mountain LFA	Other LFA	non LFA	Other LFA
Farms represented	385	2 552	7 398	9 914	9 115	31 376	6 181	6 214	1 402	4 312	1 430	1 695		
Sample farms	16	56	97	199	136	303	63	201	35	110	59	63		
Beef specialisation - % output	74%	75%	92%	81%	76%	85%	80%	70%	73%	71%	68%	86%		
Average UAA - ha	97.7	53.9	83.4	108.2	83.7	45.7	43.0	28.8	32.8	25.2	25.6	129.3		
Stocking density - LU/ha	2.2	3.2	1.0	1.2	1.5	1.1	1.4	1.1	1.2	2.1	0.6	0.5		
Av. number of suckler cows - head	66	56	51	62	49	23	20	18	23	17	11	45		
% of cows by LFA class			26%	43%	31%			51%	15%	34%				
in €/COW														
TOTAL BEEF OUTPUT	2 835	2 734	1 234	1 409	1 706	1 086	1 592	1 340	1 382	2 808	705	555		
TOTAL BEEF COUPLED DP	272	225	247	246	275	0	0	17	20	34	205	254		
Share of CP in output value	10%	8%	20%	17%	16%	0%	0%	1%	1%	1%	29%	46%		
Specific costs	2 041	1 852	622	750	936	665	1 025	523	668	1 674	407	304		
Non specific costs	329	392	480	444	532	327	416	206	204	294	163	129		
Total operating costs	2 370	2 243	1 102	1 195	1 468	991	1 442	729	871	1 968	570	433		
Gross margin	465	490	132	214	238	95	150	611	511	840	135	123		
Ratio CP/GM	58%	46%	188%	115%	115%	0%	0%	3%	4%	4%	152%	207%		
Gross margin with CP	737	716	379	460	513	95	150	628	532	874	340	377		

	ES		SE		UK		EU			
	Mountain LFA	Other LFA	non LFA	Other LFA	non LFA	Other LFA	non LFA	Mountain LFA	Other LFA	non LFA
Farms represented	10 576	18 215	2 929	1 185	508	9 065	4 476	50 818	116 915	56 252
Sample farms	88	115	29	49	20	273	132	918	1 816	1 121
Beef specialisation - % output	91%	70%	94%	70%	70%	78%	71%	85%	79%	75%
Average UAA - ha	33.0	27.4	31.5	124.8	79.1	94.7	101.2	43.0	58.1	62.4
Stocking density - LU/ha	0.8	0.8	2.0	0.7	0.8	1.2	1.6	0.9	1.1	1.5
Av. number of suckler cows - head	24	17	68	38	29	53	49	26	32	37
% of cows by LFA class	33%	41%	26%					19%	52%	29%
in €/COW										
TOTAL BEEF OUTPUT	1 033	1 057	1 510	1 666	1 231	1 081	2 173	1 157	1 138	1 829
TOTAL BEEF COUPLED DP	172	209	48	172	127	20	2	255	141	156
Share of CP in output value	17%	20%	3%	10%	10%	2%	0%	22%	12%	9%
Specific costs	480	577	1 074	1 001	690	722	1 557	569	684	1 151
Non specific costs	133	115	107	699	590	390	539	337	338	461
Total operating costs	613	693	1 181	1 700	1 280	1 112	2 096	906	1 022	1 612
Gross margin	420	364	328	-34	-49	-31	76	251	116	217
Ratio CP/GM	41%	57%	14%	506%	258%	66%	3%	102%	122%	72%
Gross margin with CP	591	573	376	138	78	-10	78	505	258	373

Source: DG AGRI – EU-FADN

4.5.2. Farmers moving to a negative margin with the suppression of re-coupled payments

Representative FADN sample allowing projection on number of farms moving from positive to negative Gross Margin exist for Spain, France and Portugal (see Table 8). However some existing data for Czech Republic, Slovenia, Sweden and UK allow to have some insight into impact of the CDPs suppression.

Table 8 Output, margins and Coupled Direct Payments, specialist B&F

	ES	ES	FR	FR	PT	PT
	Farms moving to (-)	Total farms	Farms moving to (-)	Total farms	Farms moving to (-)	Total farms
Farms represented	650	31 720	4 570	26 430	570	3 470
Farms represented % of total	2%	100%	17%	100%	16%	100%
Beef specialisation - % output	88%	81%	80%	82%	80%	81%
Heard affected - total LU	63 321	865 778	400 867	2 676 053	45 481	276 873
Share of heard affected	7%		15%		36%	
in €/COW						
TOTAL BEEF OUTPUT	644	1 169	1 380	1 455	494	628
TOTAL BEEF COUPLED DP	215	154	272	255	262	244
Share of CP in output value	33%	13%	20%	18%	53%	39%
in €/AWU						
Gross margin	-126	374	-106	200	-24	125
Gross margin with CP	88	529	166	455	238	369
in €/AWU						
Total output	23 430	26 607	41 043	55 035	26 814	14 353
Balance subsidies and taxes	17 616	6 629	26 041	26 398	19 997	10 480
<i>of which LFA/AWU</i>	717	471	2 751	2 287	995	995
<i>of which environmental/AWU</i>	2 808	128	2 509	2 024	1 225	905
Share of all subsidies in total receipts	43%	20%	39%	32%	43%	42%

Source: DG AGRI – EU-FADN

Similar as it is in case of specialist breeders, specialist B&F are characterised by high share of suckler cow premium in CDP; slaughter premium however plays slightly greater role for this type of beef producers. Share of total CDP in output is different by MS (see Table 7 or Annex 4 for more details). On average they range from 13% in Spain to 39% in Portugal. However, these shares are higher for farms which are moving from positive to negative margin as a consequence of withdrawal of the CDPs and they range from 20% in France to 53% in Portugal. Similar pattern is observed for shares of all subsidies in total receipts (last row).

In terms of farms number, withdrawal of CDP would affect the highest share of farms in France (17%) and the lowest in Spain (2%). In absolute terms nearly 5.8 thousand farms are going to be affected and nearly 80% of them are located in France. Suppression of CDP would increase share of farms operating on negative Gross Margin from 3% to 5% in Spain, in France from 5% to 22% and in Portugal from 6% to 22%.

Livestock is going to be affected in a different pattern: – the highest share of livestock units to be affected is reported in Portugal (36%) and the lowest in Spain (7%). The average number of these livestock units per farm range from 80 in Portugal to 97 in Spain and match exactly an average B&F heard size in these countries. In terms of the Utilised Agriculture Area Portuguese and Spanish farm affected by the suppression are respectively twice and three times larger than the average size; in France they are close to an average.

For countries not reported in Table 8 share of farms operating on negative Gross Margin would increase in Czech Republic from 35% to 57%, in Slovenia from 53% to 63%, in Sweden from 40% to 58% and UK from 48% to 49%. Estimates suggest that there are also countries where vast majority of beef specialist B&F are expected to operate on positive margin with or without suppression of the CDPs. These are: Spain (95%), Italy (95%), France (77%) and Portugal (77%).

4.6. Fatteners

Specialist fatteners are less widespread in the EU than specialist breeders and B&F. There are around 23 000 specialist fatteners in the EU-27, of whom 98% are located in the EU-15. The average number of male cattle fattened on farms is high (105 in the EU-27) thus the data analysed represent 2.4 million head of male cattle.

The characteristic feature of this system is that the males are not born on the farm, but are purchased from specialist breeders. For example, a large number of the weanlings produced in France are fattened in the North of Italy. Specialist fatteners are particularly numerous in Germany and Denmark (32% and 24% respectively of the total for EU-27).

The production systems differ widely between MS, ranging from an extensive system in Ireland and Sweden to a very intensive system in Italy, where young bulls of meat breeds are slaughtered at the age of around 15 to 18 months. In Italy they are mainly fed with cereals and silage maize which may or may not be produced on the farm. The livestock density can be high, at almost 5.1 LU/ha, compared with the EU-27 average of 1.8 LU/ha. The number of male cattle sold averages more than 282 per farm.

Table 9 Overview, Fatteners, 2007

Country code	Farms represented	Av. Labour in AWU	Beef specialisation - % output	Average UAA - ha	Stocking density - LU/ha	Male cattle sold - head
EU27	22 994	1.3	79%	41	1.8	105
EU15	22 558	1.3	79%	41	1.8	107
EU10	436	2.0	80%	23	1.5	46
AT	1 002	1.2	64%	25	2.1	42
DE	2 022	1.5	68%	57	2.7	132
ES	7 383	1.3	85%	30	0.7	66
FI	1 008	1.9	84%	73	1.8	109
IE	5 441	1.0	85%	46	1.1	64
IT	3 049	1.6	82%	36	5.1	282
SE	584	1.2	68%	102	0.9	82

* Including females < 1 year
Source: DG AGRI – EU-FADN

The system in Sweden is different; wider use is made of grass, the livestock density is only 0.9 LU/ha, the animals fattened are mainly dairy breeds or crossings, and the average UAA is large (102 ha) compared with the EU-27 average of 41 ha. The weight, breed and age of the animals fattened are not reported in the FADN data but it is known that in Spain, young bulls are often slaughtered before the age of one year, in Italy at around 15 to 18 months and in France a little later. In Ireland at least 75% of the males sold are steers.

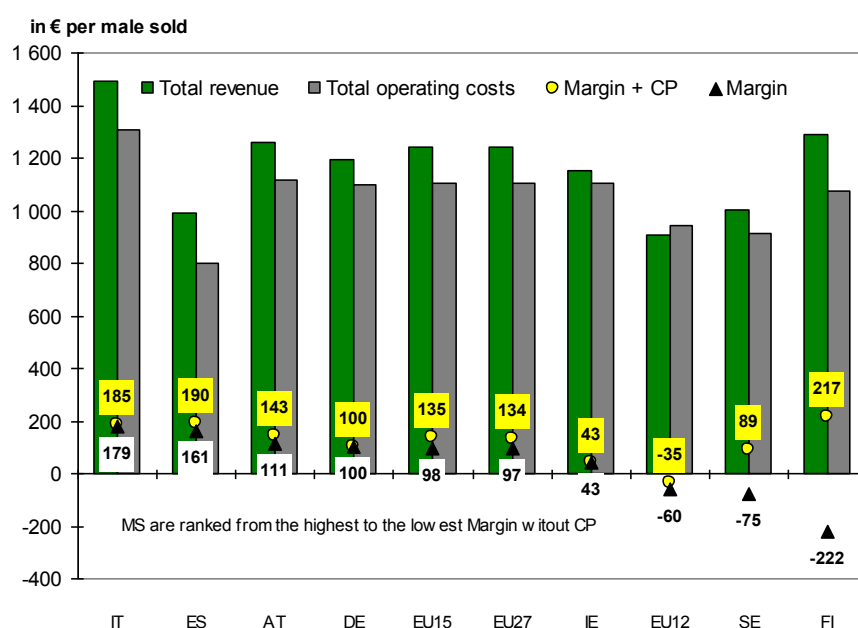
4.6.1. Margin over variable costs with and without coupled payments

This section presents the seven countries out of all 27 Member States with a large enough sample to perform analysis.

Figure 3 shows that in 2007 for most Member States in question DCP considerably raise the level of Gross Margin. Producers in Italy, Spain, Austria and Germany after suppression of CDP would still generate margin of at least 100€ per cattle sold, but producers in Sweden and Finland would suffer losses and only due to CDPs their negative margin was in 2007 positive. Germany and Ireland do not use the CDPs. While it seems that a margin of 100€/cattle sold obtained by German fatteners could be still acceptable, less than half of it would endanger the existence of many producers in Ireland¹².

Total revenues presented in Figure 3 contain CDPs but if they are subtracted it can be seen (Figure 8 on page 144) that the highest output can be associated with high market price per animal. Prices received by specialist fatteners are about €250 higher per male sold than the prices received by breeders, because fattened animals are heavier. In case of fatteners structure of operating costs does not directly reflect local natural conditions as this activity tends to involve more high-energy intensive feeding. The highest total operating costs were found in Italy (€1.307), followed by a fairly comparable group of countries which included Austria, Ireland, Germany and Finland (from €1.118 to €1.075/male sold). The lowest costs were observed in Spain and Sweden (€800 and €913/male sold).

Figure 3: Margin over operating costs by MS, Fatteners, 2007



Source: DG AGRI – EU-FADN

¹² Margins obtained by fatteners per unit are not directly comparable with these obtained by breeders because of considerable difference in production process and hence the way margins are reported in FADN. While for breeders margin is calculated per suckler cow, for fatteners it is calculated per cattle sold. Fatteners are usually able to fatten relatively large number of cattle per year and therefore can operate on lower margin per unit produced as compared to breeders.

4.6.2. Farmers moving to a negative margin with the suppression of re-coupled payments

Representative FADN sample allowing projection on number of farms moving from positive to negative Gross Margin exists only for Finland (see Table 10). However some existing data for Denmark and Spain allow having some insight into impact of the DCP suppression.

Table 10 Output, margins and Coupled Direct Payments, specialist beef fatteners

	FI	FI
	Farms moving to (-)	Total farms
Farms represented	1 780	2 080
Farms represented % of total	86%	100%
Beef specialisation - % output	85%	85%
Heard affected - total LU	195 553	220 687
Share of heard affected	89%	
in €/cattle sold		
TOTAL BEEF OUTPUT	815	847
TOTAL BEEF COUPLED DP	433	435
Share of CP in output value	53%	51%
in €/AWU		
Gross margin	-217	-202
Gross margin with DCP	216	233
in €/AWU		
Total output	43 246	44 037
Balance subsidies and taxes	57 632	56 581
<i>of which LFA/AWU</i>	11 912	11 673
<i>of which environmental/AWU</i>	5 224	5 399
Share of all subsidies in total receipts	57%	56%

Source: DG AGRI – EU-FADN

Specialist fatteners in Finland and Denmark are characterised by considerable share of the special male premium in CDP. In case of Finland, where it has been suppressed from 2010 they reach one third of the total CDP and two thirds are other direct payments including national direct payments (see Annex 4 for more details). In Denmark the special male premium reaches 100% of the CDP; in Spain CDP are paid in form of slaughter premium and are 80% lower than in Denmark and 95% lower than in Finland.

Suppression of the CDP would largely affect Finish fatteners as 86% of farms would move to negative Gross Margin, affecting 89% of the total population of animals. This is because the subsidies contribute more than half to the total output thus their withdrawal would have serious consequences. The average numbers of livestock units and Utilised Agriculture Area per 'moving' farm are close to fatteners' farm averages.

Data for Denmark show that 59% of specialist fatteners already operate on negative Gross Margin and that some would move from positive to negative but the sample is too small to estimate the magnitude. Data indicate that 9% of farm fattening cattle in Spain would move from positive to negative Gross Margin enlarging the fatteners' farm population already operating on negative Gross Margin from 22% to 31%.

Estimates suggest that vast majority (93%) of Italian beef specialist fatteners are expected to operate on positive margin with or without suppression of the CDPs.

Table 11 Output, costs and margins by LFA type and non-LFA, specialist beef fatteners

	IE	IE	IT	IT	IT	ES	ES
	Other LFA	non LFA	Mountain LFA	Other LFA	non LFA	Other LFA	non LFA
Farms represented	7 346	3 279	586	326	5 078	3 596	3 191
Farms represented % of total			10%	5%	85%	53%	47%
Beef specialisation - % output	85%	78%	78%	89%	82%	88%	77%
Average UAA - ha	38.9	39.7	19.7	107.6	36.1	47.2	49.8
Forage crops - ha	38.6	36.4	11.0	80.2	22.6	31.5	35.4
Stocking density - LU/ha	1.1	1.3	2.8	6.8	4.4	0.8	0.7
Total cattle sold - head	62	61	76	1 296	239	136	95
Number of animals sold in the LFA class	452 684	199 794	44 441	422 596	1 212 356	490 640	302 651
% of animals sold by LFA class			3%	25%	72%		
in €/cattle sold							
TOTAL BEEF OUTPUT	1 110	984	1 566	1 415	1 465	958	705
TOTAL BEEF COUPLED DP	0	0	2	5	6	29	24
Share of CP in output value	0%	0%	0%	0%	0%	3%	3%
Specific costs	956	778	995	1 311	1 172	755	653
Non specific costs	132	131	56	73	67	51	87
Total operating costs	1 088	909	1 051	1 384	1 239	806	740
Gross margin	22	75	514	31	226	151	-35
Ratio CP/GM	0%	0%	0%	16%	3%	19%	68%
Gross margin with CP*	22	75	517	35	232	180	-11

Source: DG AGRI – EU-FADN

5. COUPLED SUPPORT IN THE SHEEP AND GOATS SECTOR

After the 2003 CAP Reform only six Member States have re-coupled 50% of the sheep and goat payments (Denmark, Spain, France, Portugal, Slovenia and Finland) and only two of them have provided some support to this sector in the framework of article 69 of regulation 1782/2003 (Greece and Italy)¹³.

5.1. Population

Depending on the type of production, the size of the sample selected enables to display results only in Cyprus, Spain, France, Hungary and Portugal.

In Cyprus, nearly 90% of the sheep and goats are kept in specialised farms considered. The importance of specialised farms is lower in other Member States. In particular, in Hungary, only one third of ewes and one tenth of goats are in specialised farms (Table 12).

Table 12 Share of sheep and goats in the specialised farms analysed

	Number of ewes	Number of goats	Number of other sheep	Number of other goats
Cyprus	88%	88%	87%	87%
Spain	68%	72%	65%	69%
France	56%	51%	55%	63%
Hungary	32%	11%	36%	16%
Portugal	45%	56%	39%	63%

Source: DG AGRI – EU-FADN

In general, farms specialised in sheep and goat production are located mainly in less favoured areas (LFAs). It is particularly true for sheep milk specialists (Table 13). There is a larger share of goat's milk producers in non LFA (up to 35% in France). For meat production, the situation varies between Member States. In Portugal, Spain and France more than 85% of the producers are located in LFA while this share decreases to around 51% in Cyprus and 42% in Hungary. In France, it seems that breeding activity is more concentrated in non LFA and the fattening in LFA while the contrary is observed in Hungary.

Table 13: Share of farms specialised in sheep and goats production in LFA

	Specialised sheep milk farms		Specialised goat's milk farms		Specialised sheep and goat meat			
	Farms represented	Number of ewes	Farms represented	Number of goats	Farms represented	Number of ewes	Number of goats	Number of sheep and goats - heads
Cyprus			73%	84%	51%	60%	48%	52%
Spain	95%	92%	84%	80%	85%	90%	88%	87%
France	97%	100%	65%	78%	87%	56%	1%	91%
Hungary					42%	94%	96%	37%
Portugal	99%	85%			91%	90%	94%	90%

Source: DG AGRI – EU-FADN

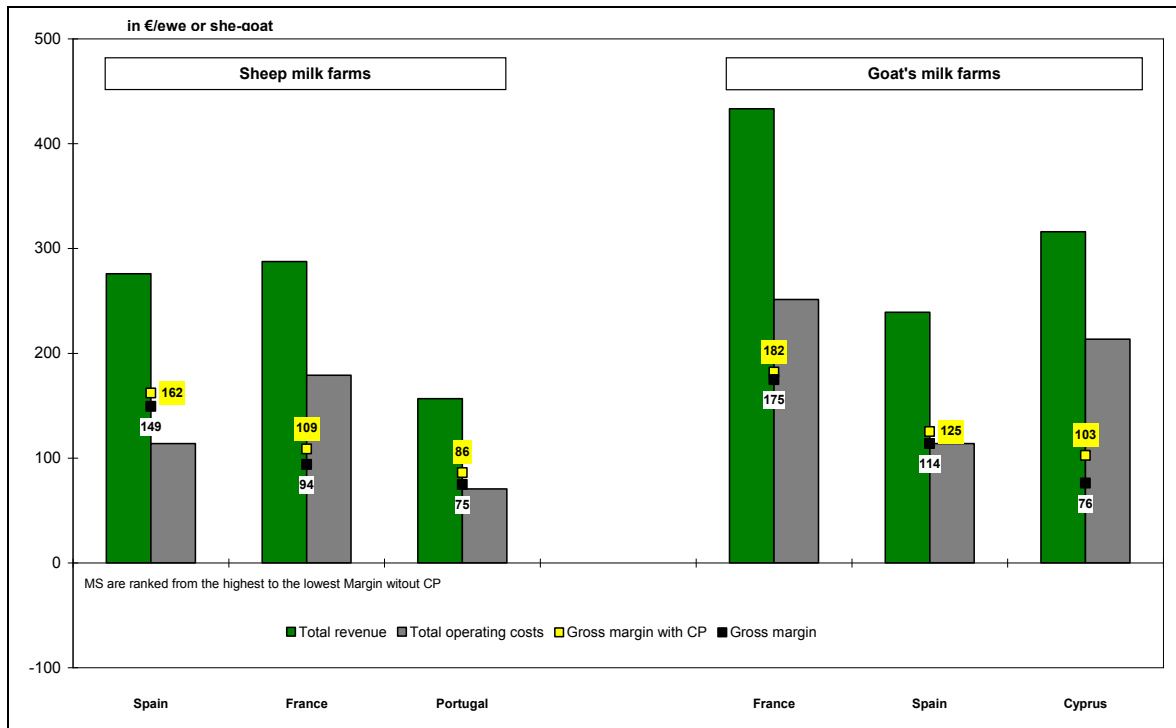
¹³ After 2007, only Denmark, Portugal and Finland maintained re-coupled payments () and seven, provided specific aid in the framework of articles 68 or 72 of Regulation 73/2009 (Ireland, Greece, Spain, France, Italy, Poland and Portugal), and Cyprus and Hungary as Complementary National Direct Payment.

5.2. Sheep and goat milk farms

5.2.1. Margin over variable costs with and without direct payments

The milk production systems do not rely much on direct payments and the margins, even without coupled payments, are significantly positive. However, relatively low levels of margins (around 75 euro per female) are observed in Portugal for sheep milk farms and in Cyprus for goat's milk farms (Table 14 and Figure 4).

Figure 4 Margin by MS, specialised sheep or goat milk farms, average 2006-2007



Source: DG AGRI – EU-FADN

The coupled ovine payments contribute from 1% of the margin over operating costs for goat's milk farms in France, to 25% in Cyprus. For the other systems and countries it ranges from 6% to 12%.

The margin without coupled direct payments of sheep milk producers is 149 €/ewe in Spain and 94 €/ewe in France. The profitability of the Spanish systems is linked to the low costs (especially the farming overheads). The Portuguese value the milk at a high price, they may produce cheese on the farm, but the yield is very low and the margin (75 €/ewe) is smaller than in the other MS.

The margin without coupled payments of goat milk producers is very high in France (175 €/she-goat) thanks to a very good yield and to the good valorisation of the milk with cheese. Yield and prices are identical in Cyprus and Spain, but very high feed costs in Cyprus impact the margin (76 €/she-goat).

Table 14: Margin over variable costs on FADN sheep and goat milk farms

	Sheep milk farms			Goat's milk farms		
	Spain	France	Portugal	Cyprus	Spain	France
Farms represented	25 070	6 750	6 380	680	11 520	4 620
Sheep & goats specialisation - % output	90%	92%	85%	89%	91%	91%
Av. number of ewes or she-goats - head	345	332	132	237	234	243
Total heard of ewes or she-goats - heads	8 532 400	2 240 200	834 500	149 400	2 530 500	1 021 100
Milk price - €/l	0.75	0.85	1.11	0.54	0.54	0.70
Milk yield - kg/breeding female	226	223	88	261	280	511

Output and costs in €/ewe or she-goat

Total output	263	273	145	290	228	426
o.w. for sheep and goats	231	249	124	242	206	385
Share of Coupled Direct Payment in total output	5%	5%	8%	9%	5%	2%
Total Coupled Direct Payments	13	15	11	26	11	7
o.w. for sheep and goats	11	11	11	26	7	1
Total operating costs	114	179	71	213	114	251

Gross margin (over operating costs) in €/ewe or she-goat

With Coupled Direct payments	162	109	86	103	125	182
Share of Coupled Direct Payment in margin	7%	10%	12%	25%	6%	1%
Without Coupled Direct payments	149	94	75	76	114	175

Source: DG AGRI – EU-FADN

The detailed margin calculation is provided in Annex.

5.2.2. Farmers moving to a negative margin with the suppression of re-coupled payments

With the suppression of the coupled payments almost all the sheep milk producers keep a positive margin in Spain and France and only 4% would be affected in Portugal. For milk goat farms, 5% of the she-goats in France and Spain are grazed on farms moving to a negative margin and 9% in Cyprus. However in all the analysed countries, more than 96% of goats are located on farms keeping a positive margin.

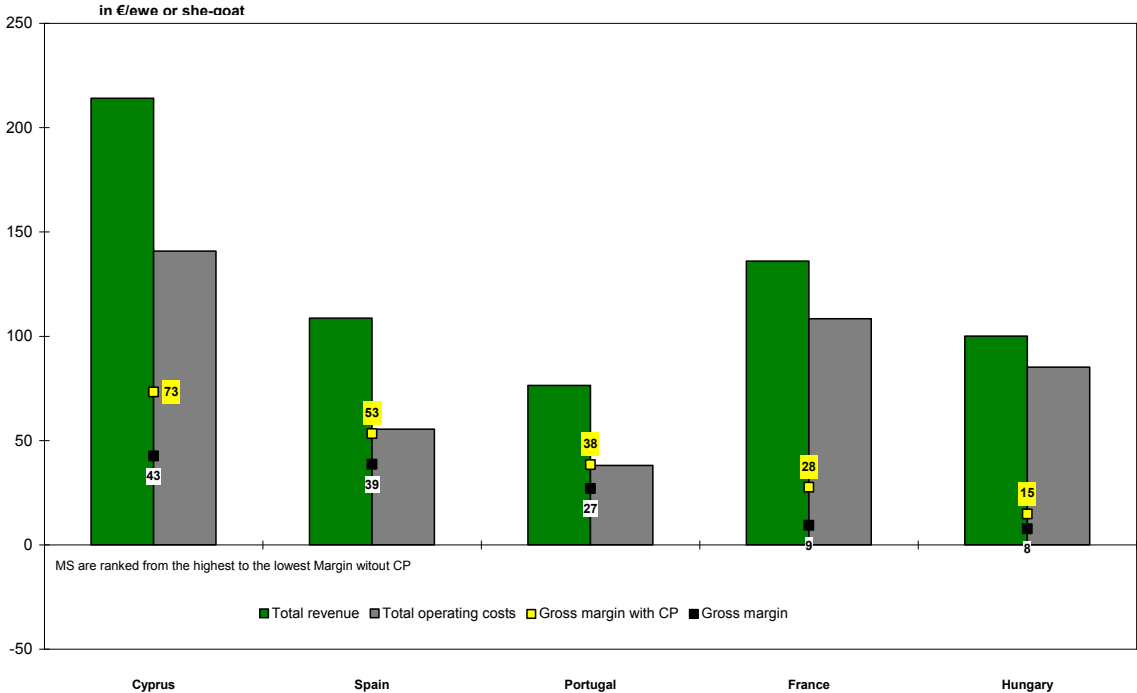
5.3. Sheep and goat meat*5.3.1. Margin over variable costs with and without coupled payments*

The margins over variable costs are smaller for sheep meat producers than for the milk producers and the coupled payments represent a larger share of the margin: it ranges from 52% in France to 23% in Spain (Table 15 and Figure 5).

The margin without direct payments is very small in Hungary and France (around 8-9 €/ewe), and increase from 27 €/ewe in Portugal to 39-43 €/ewe in Spain and Cyprus.

The highest margin in Cyprus is due to very high prices, despite the technical productivity is the lowest and operating costs (due mainly to feed) are the highest. In addition, sheep and goat meat producers in Cyprus received the highest coupled payment. Producers in Portugal have also a low productivity but, in addition, receive the lowest prices. They however reach a positive average margin as their very extensive systems lead to the lowest operating costs. Producers in Spain and Hungary reach nearly the same technical productivity and receive the same prices. Spanish producers reach 5 times higher margins due to much lower feed costs and farming overheads. Coupled payments, even if at the lowest level among the analysed countries, are therefore crucial for Hungarian sheep and meat producers. In France, despite relatively good prices, margins are affected by high non-feed costs, in particular farming overheads.

Figure 5 Margin over operating costs by MS, specialised sheep or goat meat farms, average 2006-2007



Source: DG AGRI – EU-FADN

The variability of margins according to the less favoured character is not homogeneous among the Member states analysed. Margins are lower in less favoured areas (LFAs) in France, mountains in Spain and other LFA in Portugal, while they are higher in other LFA in Cyprus and Portugal. The reasons are various: costs in LFAs are higher in Cyprus and Spain but are lower in France and Portugal. On the other hand, outputs are higher in LFAs in Cyprus and Portugal but are lower in France. The most clear negative trend is observed in France, with a margin (with coupled payments) decreasing from 75 €/ewe in non LFA to 13 €/ewe in mountain areas with a share of coupled payments in the margin increasing from 15% to 117% respectively.

5.3.2. Farmers moving to a negative margin with the suppression of re-coupled payments

In France, with the suppression of the coupled payments numerous farms move to a negative margin: 26% of the ewes may be concerned (1.5 million ewes in FADN field of survey). The main reason is the low productivity of the ewes: 1.0 lamb is sold per ewe while farmers keeping a positive margin sell 1.4 lambs per ewe. There are no significant differences in the costs. As a remark, in France 19% of the ewes are raised on farms having a negative margin with and without the re-coupled payments. The mountainous character plays a significant role: 58% of farms moving to negative margin without coupled payments and 56% of the farms with negative margins even with coupled payments are located in mountains while the total share of farms in mountains reaches only 41%. In France, the LFA and agri-environmental payments contribute largely to the farmers' income: in other LFA total direct payments represent 32% of total receipts of which 9% from LFA and agri-environment aids; in mountain areas these proportions increase to 48% and 23% respectively. Moreover it is to be underlined that sheep production is located in areas where often no other production is possible.

In Spain the impact of the suppression of the coupled payments is limited to 5% of the ewes (nearly 575.000 heads) and 13% of the goats (nearly 125.000 heads). As in France, the main reason is also a low productivity and a higher proportion of these farms located in mountains (45% for a global share of 28% of farms in mountains).

In Hungary, Cyprus and Portugal, the share of farms with margins staying positive without coupled payments ranges from 64% to 88% (Table 15). Unfortunately, the sample is too small to be able to analyse the role of coupled payments. However, taken into account the low national margins over operating costs in Hungary and Portugal (Table 16), it can be reasonably expected that some farmers may move to a negative margin without coupled payments.

Table 15: Impact of the suppression of coupled payments on margin on operating costs of specialised sheep and goats meat farms, average 2006-2007.

	Cyprus	Spain	Spain	Spain	France	France	France	Hungary	Portugal
	Farms always (+)	Farms always (+)	Farms moving to (-)	Farms always (-)	Farms always (+)	Farms moving to (-)	Farms always (-)	Farms always (+)	Farms always (+)
Farms represented	76%	93%	5%	2%	55%	26%	19%	64%	88%
Number of goats	78%	87%	13%	0%	92%	7%	2%		92%
Number of ewes	67%	93%	5%	1%	57%	26%	17%	60%	93%
Sheep and goats meat	80%	95%	5%	1%	67%	22%	11%	64%	93%
Sheep and goats milk & milk products	77%	88%	11%	1%	95%	1%	4%	100%	98%

Source: DG AGRI – EU-FADN

Classes: margin always positive (with and without coupled direct payments) / margin moving from positive (with coupled direct payments) to negative (without coupled direct payments) / margin always negative (with and without coupled direct payments)

Table 16: Margin over variable costs on FADN sheep meat producers

	Sheep and goat meat farms															
	Cyprus	Cyprus	Cyprus	Spain	Spain	Spain	Spain	France	France	France	France	Hungary	Hungary	Portugal	Portugal	Portugal
	non LFA	Other LFA	Total area	non LFA	Other LFA	Mountain LFA	Total area	non LFA	Other LFA	Mountain LFA	Total area	non LFA	Total area	Other LFA	Mountain LFA	Total area
Farms represented	820	760	1 670	3 400	14 640	6 880	24 920	1 340	6 390	5 390	13 120	1 250	1 480	2 680	2 990	6 050
Sheep & goats specialisation - % output	89%	88%	89%	84%	86%	82%	85%	81%	87%	87%	86%	74%	74%	82%	91%	86%
Av. number of ewes and she-goats - head	257	289	269	401	478	432	455	334	468	428	438	452	477	204	139	173
Total sheep and goats sold - head	214	297	257	516	669	555	617	1 061	593	487	598	533	556	199	160	185
Total heard of ewes or she-goats - heads																
Lambs-kids sold / female	0.7	0.9	0.8	1.2	1.3	1.2	1.3	3.1	1.1	1.0	1.2	1.1	1.1	0.9	1.1	1.0
Selling price sheep and goats - €/head	97	97	97	53	54	54	54	57	88	74	77	55	55	45	46	44
Output and costs in €/ewe and she-goat																
Total output	161	199	183	93	93	95	94	206	124	92	118	97	93	57	70	65
o.w. for sheep and goats	147	175	165	80	78	76	78	171	107	79	101	70	67	46	60	54
Share of Coupled Direct Payment in tot	18%	16%	17%	12%	16%	16%	16%	8%	15%	20%	16%	8%	8%	21%	17%	18%
Total Coupled Direct Payments	29	32	31	12	15	15	15	17	18	19	18	7	7	12	12	11
o.w. for sheep and goats	28	31	29	10	13	12	12	11	14	15	14	7	7	12	12	11
Total operating costs	131	149	141	55	54	59	55	147	111	98	108	92	85	39	32	38
Gross margin (over operating costs) in €/ewe or she-goat																
With Coupled Direct payments	59	82	73	50	55	51	53	75	32	13	28	13	15	29	50	38
Share of Coupled Direct Payment in margin	47%	37%	40%	20%	23%	23%	23%	15%	45%	117%	52%	53%	44%	40%	24%	30%
Without Coupled Direct payments	29	51	43	39	40	36	39	59	14	-6	9	6	8	17	38	27

Source: DG AGRI – EU-FADN

Annex 1: Methodology

(1) General introduction to FADN

The **Farm Accountancy Data Network (FADN)** is a European system of sample surveys that take place each year and collect structural and accountancy data relating to farms; their aim is to monitor the income and business activities of agricultural holdings and to evaluate the impacts of the Common Agricultural Policy (CAP).

The scope of the FADN¹⁴ survey covers only those farms exceeding a minimum economic size (threshold) so as to cover the most relevant part of the agricultural activity of each EU Member State, i.e. at least 90% of the total Standard Gross Margin¹⁵ (SGM) covered in the Farm Structure Survey (FSS, EUROSTAT). For 2007, the sample consists of approximately 81.000 holdings in the EU-27, which represents 5.1 million farms (37%) out of a total of nearly 14 million farms included in the FSS.

The applicable rules are aimed at providing representative data along three dimensions: region, economic size and type of farming. FADN is the only harmonised source of micro-economic data, which means that the accounting principles are the same in all Member States.

(2) Method of calculating costs and margins with FADN

The FADN database contains information about output, specific costs and subsidies per product, but as far as non-specific costs are concerned it only provides information relating to the farm as a whole. Hence, the direct contribution of each enterprise to the farm income is not available. This means that the production costs by product have to be estimated. The EU FADN unit has built several models to estimate costs and margins for the various products: arable crops, milk and beef, pigmeat and permanent crops. These models allocate farm costs to a particular product using different ratios.

(3) Method of calculating beef costs and margins

Specific costs

Home-grown forage

One feature of FADN accounts is that they assign no value to the production of fodder areas in some countries (generally those in the north of the EU)¹⁶.

In order to take into account the differences in data-gathering and to facilitate comparison between Member States, fodder production consumed on the farm is valued as equal to the cost of the inputs used to cultivate the fodder area.

The share of fodder crops in specific crop costs (seeds, fertilisers and crop protection) is estimated from the share of fodder area in the total area. As not all types of fodder crop benefit from the same inputs (e.g. there is no crop

¹⁴ For more information on FADN: <http://ec.europa.eu/agriculture/rica/index.cfm>

¹⁵ The Standard Gross Margin (SGM) is the difference between the standardised monetary value of gross production and the standardised monetary value of certain special costs. This difference is calculated for the various crop and animal characteristics (per hectare or per animal), at the level of the survey district for each Member State and given in €. By multiplying the areas or the number of animals by the corresponding SGM and then adding the products together, the total SGM of the holding is obtained. By adding the total SGM of all holdings of a Member State, the total Member State SGM is obtained. The concept of SGM is used for the determination of the economic size and the type of farming in FADN and in the Farm Structure Survey (FSS) organised by EUROSTAT.

¹⁶ This stems mainly from the difficulty of estimating forage production and value. Therefore, based on the principle that forage production is just an input for animal production and that not recording it – neither on the crop output side, nor on the animal costs side – does not affect income, no effort is made to estimate it. In other countries, generally those where fodder production is more expensive, a value is allocated to production from the fodder areas. Even though this difference should not affect margins, it leads to biases when comparing costs between Member States.

protection on temporary grassland), the area taken into account – both the forage part and the total area – depends on the input. This cost item is known as “specific forage costs”.

Livestock replacement/animal purchase costs

Since the FADN survey was conducted for 2000, the farm return now includes a table giving details of the number and value of bovine animals sold and purchased. Nevertheless, in the first year following its introduction, this table was not completed by Ireland, Italy, Finland and Sweden. In the case of Greece, this table is missing for both 2000 and 2001. In Italy, from 2001 to 2005 only the total number and value of bovine animals were available. Therefore, the replacement costs of livestock in these MS are estimated from the total purchase value of bovine animals.

Method of allocating costs

Costs have to be estimated because FADN accounts, like many others, are not based on analytical accounts. This means that costs are not recorded separately for the various enterprises on the holding. The specific costs of crop products and animals are recorded separately (not by product, but by group of products) and all the other costs are recorded for the entire holding only.

It is therefore necessary to lay down rules for allocating the different costs recorded at farm level to each enterprise.

Costs are allocated to beef production on the basis of three criteria (see the table below):

1. the proportion of livestock units (LU): for the livestock-specific costs (mainly feed);
2. the proportion of area: for the costs of forage produced on the farm;
3. the proportion of output and coupled DP: for the other costs.

“Beef cattle” means all cattle except dairy cows and a share of total breeding heifers and young females equal to the proportion of suckler cows in the total number of cows (dairy cows, cull dairy cows and other cows).

COST ITEM	ALLOCATION KEYS FOR BEEF PRODUCTION
Purchased feed for grazing livestock (concentrates and coarse fodder)	% of beef livestock units in the total grazing livestock units
Crops produced on the farm used for feed	% of beef livestock units in the total livestock units
On-farm use of forage crops = “specific forage costs”	% of beef livestock units in the total grazing livestock units
Seed	% of the total utilised agricultural area (UAA) under fodder crops and temporary grass - after exclusion of fallow land, areas leased to others, meadows and rough grazing
Fertilisers	% of the total UAA under fodder crops, temporary grass and meadows - after exclusion of fallow land, areas leased to others and rough grazing
Crop protection	% of the total UAA under fodder crops - after exclusion of fallow land, temporary grass, areas leased to others, meadows and rough grazing
Animal purchases cattle under one year and male cattle all females over one year	100% % of suckler cow livestock units in the total cow livestock units
Other specific livestock costs (e.g. veterinary)	% of beef livestock units in the total livestock units
All other costs (non-specific costs)	% of beef output and DP in the total output and coupled DP

As “output and coupled DP” is used to construct the scale, certain precautions must be taken to avoid problems with the estimates:

- output and coupled DP on beef and total production should be positive;

- beef output and DP should not be greater than total output and coupled DP.

Farms that do not meet these conditions are excluded from the sample.

(4) Margin and cost indicators

Coverage of costs

- The **operating costs** include:
 - The **specific costs**: purchased feed, home-grown feed, animals purchased and other specific livestock costs (such as veterinary costs);
 - The operating **non-specific costs**: upkeep of machinery and buildings, power (fuels and electricity), contract work, taxes and other dues, taxes on land and buildings, insurance for farm buildings and other direct costs;
 - Water can be considered as specific (for maize) or non specific (for milk) depending on the product concerned.

All margins are displayed with or without coupled payments. The decoupled payments are not attributed to products by definition. They are taken into account when studying income indicators.

Gross margin (over operating costs): Output – operating costs

(5) Typology

A typology of Grazing Livestock Systems (GLS) developed by INRA¹⁷ for DG AGRI is used to separate the various beef and sheep and goats sectors analysed:

- beef breeding (GLS 5210)
- beef breeding-fattening (GLS 5220)
- beef fattening (GLS 5120)
- sheep milk production (GLS 6110)
- goat milk production (GLS 6120)
- sheep and goat meat production (GLS 6200)

¹⁷ Institut National de la Recherche Agronomique, France – Annex 1.

Typology of Grazing Livestock Systems (adapted from INRA typology elaborated for DG AGRI)

4000: Cattle, dairying (CD)	Grazing LU (incl. calves for fattening) ≥ 5 and dairy cows LU ≥ 3
4100: Specialist dairying	Sheep, goats LU/grazing LU < 0.2 and cow LU/total cows LU < 0.1 and MC LU (> 1 year)/DC LU < 0.25 and (cattle LU (< 1 year) + CF LU)/DC LU < 0.35
4200: Cattle, dairying - Cattle, fattening	Sheep, goats LU/grazing LU < 0.25 cow LU/total cows LU < 0.1
4210: CD — Cattle, fattening — Calves	and MC LU (> 1 year)/DC LU < 0.25 and (cattle LU (< 1 year) + CF LU)/DC LU ≥ 0.35
4220: CD — Cattle, fattening — Young cattle	and MC LU (> 1 year)/DC LU ≥ 0.25 and MC LU (> 2 years) $< MC$ LU (1-2 years)
4230: CD — Cattle, fattening — Steers	and MC LU (> 1 year)/DC LU ≥ 0.25 and MC LU (> 2 years) $> MC$ LU (1-2 years)
4300: Cattle, dairying — Suckler cows	Sheep, goats LU/grazing LU < 0.2 and cow LU/total cows LU ≥ 0.1
4310: CD — Suckler cows — Breeder	MC LU (> 1 year)/cows LU < 0.1
4320: CD — Suckler cows — Breeder-fattener	MC LU (> 1 year)/cows LU ≥ 0.1
4400: Cattle, dairying — Sheep and goats	Sheep, goats LU/grazing LU ≥ 0.2 and cow LU/total cows LU < 0.1
4410: CD — Sheep, goats — mainly dairying	TO milk and other milk products (ewe, goat) $\geq TO$ meat
4420: CD — Sheep, goats — mainly fattening	TO milk and other milk products (ewe, goat) $< TO$ meat
5000: Cattle, fattening (CF)	Grazing LU (incl. calves for fattening) ≥ 5 and dairy cows LU < 3 and cattle LU ≥ 3
5100: Cattle, fattening — Fattener	Sheep, goats LU/grazing LU < 0.2 and cow LU < 3
5110: CF, Fattener — Calves	Cattle LU/(cow LU+1) ≥ 8 and CF LU/cattle LU ≥ 0.2
5120: CF, Fattener — Young cattle	Cattle LU/(cow LU+1) ≥ 8 and CF LU < 5 and MC LU (1-2 years)/cattle LU > 0.4
5130: CF, Fattener — Steers	Cattle LU/(cow LU+1) ≥ 8 and MC LU (1-2 years)/cattle LU < 0.4 and MC LU (> 2 years)/cattle LU ≥ 0.4
5140: CF, Fattener — Diversified	Considered as CF, Fattener — Young cattle for Spain and Denmark. Other cattle holdings, fattening type — Fattener
5200: Cattle fattening — Suckling	Sheep, goats LU/grazing LU < 0.2 and cow LU ≥ 3
5210: CF — Suckling — Breeder	MC LU (> 1 year)/cow LU < 0.25 and MS/cow < 0.9
5220: CF — Suckling — Fattener	MC LU (> 1 year)/cow LU ≥ 0.25 Or (MC LU (> 1 year)/cow LU < 0.25 and MS/cow ≥ 0.9)
5300: Cattle, fattening — Sheep, goats	Sheep, goats LU/grazing LU ≥ 0.2
5310: CF — Sheep, goats — mainly dairying	TO milk and other milk products (ewe, goat) $\geq TO$ meat
5320: CF — Sheep, goats — mainly fattening	TO milk and other milk products (ewe, goat) $< TO$ meat
6000: Sheep/goats	Grazing LU (incl. calves for fattening) ≥ 5 and dairy cows LU < 3 and cattle LU < 3 and sheep, goats LU ≥ 3
6100: Sheep, goats — mainly milk	TO milk and other milk products (ewes, goats) $\geq TO$ meat
6110: Sheep, goats — mainly milk — Sheep	(TO sheep's milk + TO other sheep's milk products) \geq (TO goats' milk + TO other goats' milk products)
6120: Sheep, goats — mainly milk — Goats	(TO sheep's milk + TO other sheep milk products) $<$ (TO goats' milk + TO other goats' milk products)
6200: Sheep, goats — mainly fattening	TO milk and other milk products (sheep, goats) $< TO$ meat
7000: Small farms	Grazing LU (incl. calves for fattening) < 5

Abbreviations: **MC:** Male cattle; **LU:** Livestock unit; **GL:** Grazing livestock; **Cow:** Suckler cow; **CF:** Calves for fattening; **DC:** Dairy cow; **TO:** Total output; **MS:** Male cattle sold (including females < 1 year)

Annex 2

Figure 6: Revenues and costs – no CDP, beef breeders, 2007

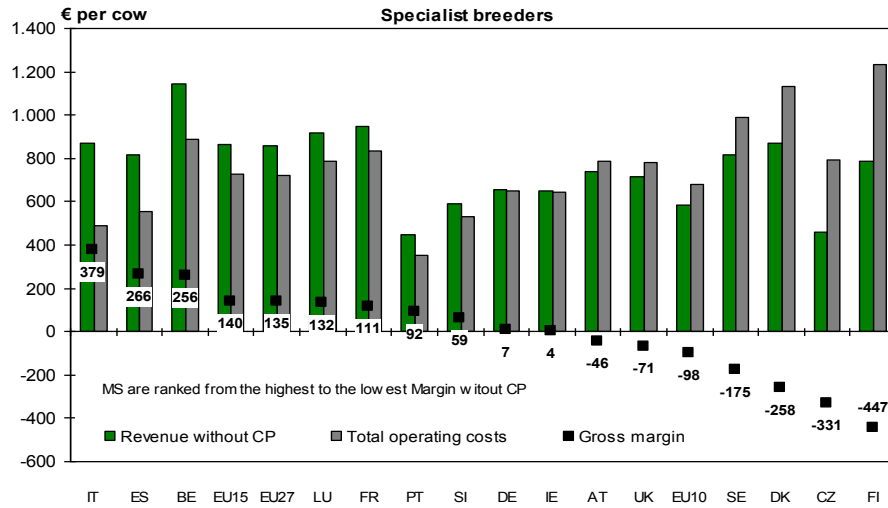


Figure 7: Revenues and costs – no CDP, beef B&F, 2007

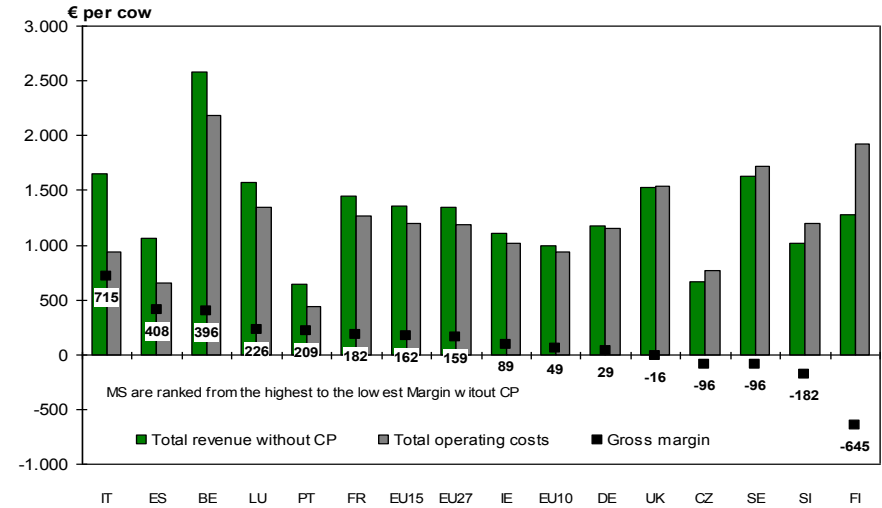
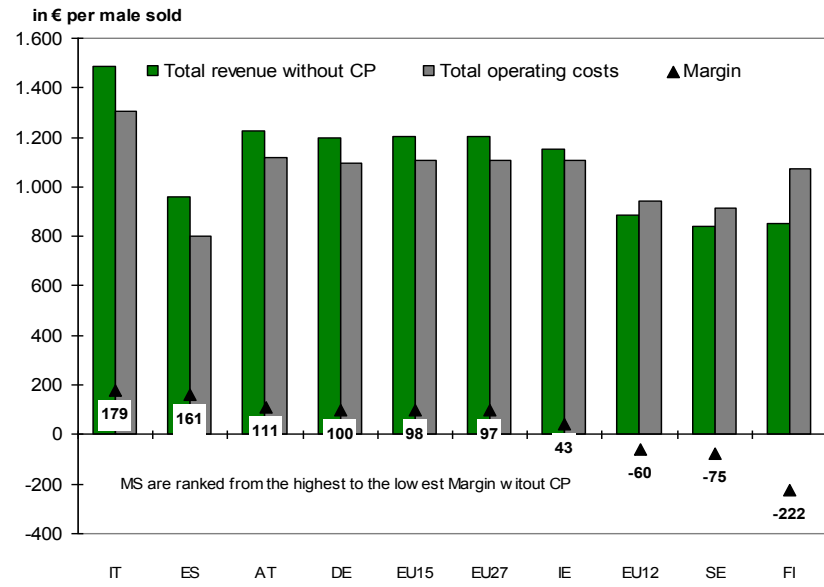


Figure 8: Revenues and costs – no CDP, beef fatteners, 2007



Annex 3_1: Detailed calculation of the Gross Margin for specialist beef breeders by LFA class (1)

	AT	BE	BE	CZ	CZ	DK	FI	FR	FR	FR
	Mountain LFA	Other LFA	non LFA	Mountain LFA	Other LFA	non LFA	Mountain LFA	Mountain LFA	Other LFA	non LFA
Farms represented	1 677	3 726	2 162	582	673	1 943	720	19 711	38 126	13 037
Sample farms	36	129	50	29	41	32	18	316	660	162
Av. Labour in AWU	1.60	1.41	1.29	2.88	3.26	0.62	1.18	1.29	1.37	1.23
Family labour - %	97%	99%	99%	52%	36%	98%	95%	96%	93%	97%
Beef specialisation - % output	65%	91%	78%	69%	70%	69%	80%	91%	83%	78%
Average UAA - ha	58.6	65.1	37.6	196.5	208.9	27.9	53.3	93.5	100.0	71.6
Forage crops - ha	55.3	59.9	30.0	190.9	195.9	18.4	42.7	89.2	85.1	58.1
Stocking density - LU/ha	0.5	1.8	2.5	0.4	0.4	1.8	0.8	0.9	1.1	1.5
Av. number of suckler cow s - head	25	63	44	60	61	22	26	54	62	51
% of cow s by LFA class								26%	58%	16%
in €/COW										
TOTAL BEEF OUTPUT	753	1 139	1 245	378	487	1 198	709	904	981	1 003
TOTAL BEEF COUPLED DP	266	228	220	60	92	56	574	229	231	249
<i>of which suckler cow premium</i>	250	228	220	0	0	0	0	222	222	235
<i>of which special male premium</i>	0	0	0	0	0	56	10	0	0	0
<i>of which slaughter premium</i>	16	0	0	0	0	0	0	6	9	14
<i>of which extensification premium</i>	0	0	0	0	0	0	0	0	0	0
<i>f which other DP (incl. National DP)</i>	0	0	0	60	92	0	564	0	0	0
Specific costs	302	581	715	136	314	797	463	415	427	443
Non specific costs	483	247	295	638	452	583	796	420	380	415
Total operating costs	785	828	1 010	773	766	1 380	1 258	835	807	858
Gross margin	-32	311	235	-395	-278	-182	-550	69	174	145
Ratio CP/GM	842%	73%	93%	15%	33%	31%	104%	331%	133%	171%
Gross margin with CP	234	539	455	-336	-187	-126	25	298	405	395

Source: DG AGRI L3 – EU FADN

Annex 2_2 Detailed calculation of the Gross Margin for specialist beef breeders by LFA class (2)

	DE	GR	HU	IE	IT	IT	IT	PT	PT
	non LFA	Mountain LFA	non LFA	Other LFA	Mountain LFA	Other LFA	non LFA	Mountain LFA	Other LFA
Farms represented	2 297	1 186	491	16 356	9 398	1 218	3 914	3 667	4 487
Sample farms	121	16	15	160	269	29	83	172	137
Av. Labour in AWU	2.12	1.73	1.17	1.00	1.39	1.33	1.50	1.53	1.35
Family labour - %	70%	73%	45%	98%	89%	98%	95%	98%	80%
Beef specialisation - % output	74%	88%	72%	84%	71%	78%	70%	75%	75%
Average UAA - ha	153.0	6.9	63.4	42.7	51.1	30.8	18.3	46.7	103.8
Forage crops - ha	139.6	3.9	52.2	42.4	47.5	26.5	12.2	21.3	50.4
Stocking density - LU/ha	1.0	8.0	0.8	0.8	0.8	1.2	2.5	0.4	0.5
Av. number of suckler cows - head	90	45	39	22	34	25	25	14	39
% of cows by LFA class							22%		
in €/COW									
TOTAL BEEF OUTPUT	628	491	456	632	739	778	1 216	528	414
TOTAL BEEF COUPLED DP	0	8	147	0	17	14	15	195	216
<i>of which suckler cow premium</i>	0	0	27	0	0	0	0	183	198
<i>of which special male premium</i>	0	0	7	0	0	0	0	0	5
<i>of which slaughter premium</i>	0	0	0	0	0	0	0	10	3
<i>of which extensification premium</i>	0	0	20	0	0	0	0	0	7
<i>of which other DP (incl. National DP)</i>	0	8	93	0	17	14	15	1	2
		0.00							
Specific costs	213	326	395	345	272	312	606	282	224
Non specific costs	422	62	193	281	96	146	165	134	134
Total operating costs	636	389	588	626	367	459	771	416	358
Gross margin	-7	102	-131	7	372	320	445	112	55
Ratio CP/GM	0%	8%	112%	0%	5%	5%	3%	174%	391%
Gross margin with CP	-7	110	15	7	389	334	460	307	271

Source: DG AGRI L3 – EU FADN

Annex 2 3 Detailed calculation of the Gross Margin for specialist beef breeders by LFA class (3)

	LU	SI	ES	ES	ES	SE	SE	UK	UK
	Other LFA	Mountain LFA	Mountain LFA	Other LFA	non LFA	Other LFA	non LFA	Other LFA	non LFA
Farms represented	313	2 000	22 786	16 123	4 962	1 748	323	2 175	1 008
Sample farms	48	28	246	296	63	52	20	78	30
Av. Labour in AWU	1.05	1.64	1.33	1.19	1.52	1.08	1.23	1.44	1.18
Family labour - %	97%	99%	99%	97%	82%	97%	78%	88%	84%
Beef specialisation - % output	72%	73%	95%	77%	93%	74%	74%	78%	73%
Average UAA - ha	65.6	16.0	40.4	65.0	84.5	76.6	128.8	110.7	85.9
Forage crops - ha	52.5	15.4	39.7	49.5	81.4	68.5	105.8	102.2	68.9
Stocking density - LU/ha	1.3	0.7	0.9	0.7	0.7	0.6	0.9	1.2	1.2
Av. number of suckler cows - head	42	9	32	42	63	31	66	78	57
% of cows by LFA class			43%	39%	18%				
in €/COW									
TOTAL BEEF OUTPUT	937	468	705	823	963	806	847	813	773
TOTAL BEEF COUPLED DP	0	220	148	192	118	45	41	29	8
<i>of which suckler cow premium</i>	0	132	124	177	72	0	0	0	0
<i>of which special male premium</i>	0	20	0	0	0	44	39	0	0
<i>of which slaughter premium</i>	0	21	10	15	14	0	0	0	0
<i>of which extensification premium</i>	0	47	4	1	5	0	0	0	0
<i>of which other DP (incl. National DP)</i>	0	0	10	0	28	0	2	29	8
Specific costs	418	151	347	461	568	395	628	580	459
Non specific costs	412	320	100	79	73	542	413	301	396
Total operating costs	829	471	447	540	641	937	1 041	881	855
Gross margin	107	-3	258	282	322	-131	-194	-68	-82
Ratio CP/GM	0%	7119%	57%	68%	37%	34%	21%	43%	9%
Gross margin with CP	107	217	405	474	440	-86	-153	-39	-75

Source: DG AGRI L3 – EU FADN

Annex 2_4 Detailed calculation of the Gross Margin for specialist beef breeders & fatteners by LFA class (1)

	AT	BE	BE	CZ	CZ	DK	FI	FR	FR	FR
	Mountain LFA	Other LFA	non LFA	Mountain LFA	Other LFA	non LFA	Mountain LFA	Mountain LFA	Other LFA	non LFA
Farms represented	935	385	2 552	234	853	995	600	7 398	9 914	9 115
Sample farms	17	16	56	15	32	24	17	97	199	136
Av. Labour in AWU	1.39	1.48	1.52	2.37	1.64	0.92	1.33	1.32	1.44	1.56
Family labour - %	96%	99%	98%	65%	80%	91%	92%	97%	91%	94%
Beef specialisation - % output	63%	74%	75%	81%	75%	72%	85%	92%	81%	76%
Average UAA - ha	58.2	97.7	53.9	174.2	84.2	52.1	63.9	83.4	108.2	83.7
Forage crops - ha	56.2	65.8	36.4	161.9	78.7	28.2	47.5	79.5	89.4	66.0
Stocking density - LU/ha	0.5	2.2	3.2	0.4	0.5	2.6	1.0	1.0	1.2	1.5
Av. number of suckler cow s - head	22	66	56	47	22	19	22	51	62	49
% of cow s by LFA class								26%	43%	31%
in €/COW										
TOTAL BEEF OUTPUT	1 048	2 835	2 734	560	813	5 558	1 775	1 234	1 409	1 706
TOTAL BEEF COUPLED DP	262	272	225	50	99	804	1 109	247	246	275
<i>of which suckler cow premium</i>	237	272	225	0	0	0	0	240	222	242
<i>of which special male premium</i>	0	0	0	0	0	804	131	0	0	0
<i>of which slaughter premium</i>	25	0	0	0	0	0	0	8	23	33
<i>of which extensification premium</i>	0	0	0	0	0	0	0	0	0	0
<i>f which other DP (incl. National DP)</i>	1	0	0	50	99	0	978	0	0	0
Specific costs	472	2 041	1 852	222	381	4 725	1 409	622	750	936
Non specific costs	527	329	392	658	529	1 240	1 242	480	444	532
Total operating costs	999	2 370	2 243	880	910	5 965	2 651	1 102	1 195	1 468
Gross margin	50	465	490	-319	-97	-407	-876	132	214	238
Ratio CP/GM	529%	58%	46%	16%	102%	198%	127%	188%	115%	115%
Gross margin with CP	312	737	716	-269	2	397	233	379	460	513

Source: DG AGRI L3 – EU FADN

Annex 2_5 Detailed calculation of the Gross Margin for specialist beef breeders & fatteners by LFA class (2)

	DE	IE	IE	IT	IT	IT	LU	NL	PT	PT
	non LFA	Other LFA	non LFA	Mountain LFA	Other LFA	non LFA	Other LFA	non LFA	Mountain LFA	Other LFA
Farms represented	2 781	31 376	6 181	6 214	1 402	4 312	159	2 844	1 430	1 695
Sample farms	100	303	63	201	35	110	37	17	59	63
Av. Labour in AWU	1.66	1.10	1.13	1.37	1.41	1.46	1.10	0.97	1.71	1.45
Family labour - %	80%	97%	96%	95%	94%	95%	97%	98%	99%	73%
Beef specialisation - % output	71%	85%	80%	70%	73%	71%	74%	72%	68%	86%
Average UAA - ha	91.8	45.7	43.0	28.8	32.8	25.2	80.7	28.5	25.6	129.3
Forage crops - ha	81.1	45.0	40.3	23.7	27.1	16.5	62.8	25.9	16.5	79.4
Stocking density - LU/ha	1.2	1.1	1.4	1.1	1.2	2.1	1.7	1.7	0.6	0.5
Av. number of suckler cow s - head	46	23	20	18	23	17	52	24	11	45
% of cow s by LFA class				51%	15%	34%				
in €/COW										
TOTAL BEEF OUTPUT	0	1 086	1 592	1 340	1 382	2 808	1 583	1 478	705	555
TOTAL BEEF COUPLED DP	0	0	0	17	20	34	0	172	205	254
<i>of which suckler cow premium</i>	0	0	0	0	0	0	0	45	186	208
<i>of which special male premium</i>	0	0	0	0	0	0	0	23	0	15
<i>of which slaughter premium</i>	0	0	0	0	0	0	0	97	17	7
<i>of which extensification premium</i>	0	0	0	0	0	0	0	2	0	11
<i>of which other DP (incl. National DP)</i>	0	0	0	17	20	34	0	6	2	12
Specific costs	140	665	1 025	523	668	1 674	934	964	407	304
Non specific costs	1 301	327	416	206	204	294	420	750	163	129
Total operating costs	0	991	1 442	729	871	1 968	1 354	1 713	570	433
Gross margin	94	95	150	611	511	840	229	-235	135	123
Ratio CP/GM	0%	0%	0%	3%	4%	4%	0%	73%	152%	207%
Gross margin with CP	290	95	150	628	532	874	229	-63	340	377

Source: DG AGRI L3 – EU FADN

Annex 2_6 Detailed calculation of the Gross Margin for specialist beef breeders & fatteners by LFA class (3)

	SI	SI	ES	ES	ES	SE	SE	UK	UK
	Mountain LFA	Other LFA	Mountain LFA	Other LFA	non LFA	Other LFA	non LFA	Other LFA	non LFA
Farms represented	5 466	521	10 576	18 215	2 929	1 185	508	9 065	4 476
Sample farms	78	18	88	115	29	49	20	273	132
Av. Labour in AWU	1.52	1.69	1.28	0.98	1.38	1.38	1.07	1.38	1.48
Family labour - %	99%	99%	99%	97%	70%	88%	94%	91%	82%
Beef specialisation - % output	68%	72%	91%	70%	94%	70%	70%	78%	71%
Average UAA - ha	14.0	14.9	33.0	27.4	31.5	124.8	79.1	94.7	101.2
Forage crops - ha	13.3	13.3	31.6	24.7	30.5	109.8	65.8	88.8	80.1
Stocking density - LU/ha	0.8	1.1	0.8	0.8	2.0	0.7	0.8	1.2	1.6
Av. number of suckler cow s - head	7	8	24	17	68	38	29	53	49
% of cow s by LFA class			33%	41%	26%				
in €/COW									
TOTAL BEEF OUTPUT	941	1 061	1 033	1 057	1 510	1 666	1 231	1 081	2 173
TOTAL BEEF COUPLED DP	338	246	172	209	48	172	127	20	2
<i>of which suckler cow premium</i>	130	121	141	181	24	0	0	0	0
<i>of which special male premium</i>	74	92	0	0	0	170	124	0	0
<i>of which slaughter premium</i>	56	25	22	26	20	0	0	0	0
<i>of which extensification premium</i>	77	10	1	2	3	0	0	0	0
<i>f which other DP (incl. National DP)</i>	0	0	7	0	0	2	3	20	2
Specific costs	466	569	480	577	1 074	1 001	690	722	1 557
Non specific costs	683	442	133	115	107	699	590	390	539
Total operating costs	1 149	1 011	613	693	1 181	1 700	1 280	1 112	2 096
Gross margin	-208	51	420	364	328	-34	-49	-31	76
Ratio CP/GM	162%	487%	41%	57%	14%	506%	258%	66%	3%
Gross margin with CP	130	297	591	573	376	138	78	-10	78

Source: DG AGRI L3 – EU FADN

Annex 2 7 Detailed calculation of the Gross Margin for specialist beef fatteners by LFA class

	AT	DK	FI	DE	IE	IE	IT	IT	IT	PT	ES	ES	SE	UK
	Other LFA	non LFA	Mountain LFA	non LFA	Other LFA	non LFA	Mountain LFA	Other LFA	non LFA	non LFA	Other LFA	non LFA	Other LFA	non LFA
Farms represented	964	1 156	1 664	4 588	7 346	3 279	586	326	5 078	663	3 596	3 191	633	727
Farms represented % of total	100%						10%	5%	85%		53%	47%	100%	
Av. Labour in AWU	1.00	0.84	1.72	1.47	0.94	0.96	1.43	2.92	1.59	1.86	1.04	1.18	1.53	1.26
Family labour - %	100%	85%	84%	95%	97%	92%	85%	46%	88%	79%	93%	93%	86%	83%
Beef specialisation - % output	69%	65%	84%	68%	85%	78%	78%	89%	82%	76%	88%	77%	71%	69%
Average UAA - ha	21.1	40.3	72.0	54.5	38.9	39.7	19.7	107.6	36.1	9.2	47.2	49.8	143.2	73.1
Forage crops - ha	13.1	8.5	39.6	31.4	38.6	36.4	11.0	80.2	22.6	8.3	31.5	35.4	111.5	47.7
Stocking density - LU/ha	1.9	4.5	1.7	2.7	1.1	1.3	2.8	6.8	4.4	4.0	0.8	0.7	0.8	2.2
Total LU on the farm	26	48	77	98	43	48	32	574	111	34	34	46	92	114
Total cattle sold - head	34	123	102	129	62	61	76	1 296	239	41	136	95	110	183
Number of animals sold in the LFA class	32 838	142 132	169 945	593 156	452 684	199 794	44 441	422 596	1 212 356	27 068	490 640	302 651	69 819	133 069
% of animals sold by LFA class							3%	25%	72%					
in €/cattle sold														
TOTAL BEEF OUTPUT	1 170	633	871	1 157	1 110	984	1 566	1 415	1 465	927	958	705	965	1 022
TOTAL BEEF COUPLED DP	31	113	481	0	0	0	2	5	6	24	29	24	161	0
Share of CP in output value	3%	18%	55%	0%	0%	0%	0%	0%	0%	3%	3%	3%	17%	0%
<i>of which suckler cow premium</i>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<i>of which special male premium</i>	0	113	149	0	0	0	0	0	0	0	0	0	161	0
<i>of which slaughter premium</i>	31	0	0	0	0	0	0	0	0	24	27	22	0	0
<i>of which extensification premium</i>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<i>of which other DP (incl. National DP)</i>	0	0	332	0	0	0	2	5	6	0	2	2	0	0
Specific costs	860	600	759	860	956	778	995	1 311	1 172	749	755	653	701	897
Non specific costs	257	174	348	217	132	131	56	73	67	106	51	87	248	145
Total operating costs	1 117	774	1 107	1 077	1 088	909	1 051	1 384	1 239	855	806	740	949	1 042
Gross margin	53	-141	-236	81	22	75	514	31	226	72	151	-35	16	-20
Ratio CP/GM	58%	80%	203%	0%	0%	0%	0%	16%	3%	33%	19%	68%	1001%	0%
Gross margin with CP*	84	-28	244	81	22	75	517	35	232	96	180	-11	177	-20

Source: DG AGRI L3 – EU FADN

Annex 4 1: Farms moving from positive to negative margin as a result of withdrawal of Coupled Payments, specialist beef breeders

	ES	ES	FR	FR	AT	AT	PT	PT
	Farms switching	Total farms	Farms switching	Total farms	Farms switching	Total farms	Farms switching	Total farms
Farms represented	1 690	43 870	16 020	70 870	720	1 840	2 210	8 410
Farms represented % of total	4%	100%	23%	100%	39%	100%	26%	100%
Av. Labour in AWU	1.40	1.30	1.25	1.32	1.64	1.55	1.50	1.42
Family labour - %	96%	96%	96%	94%	97%	97%	87%	88%
Beef specialisation - % output	80%	85%	82%	84%	67%	65%	79%	75%
Average UAA - ha	112.1	54.4	83.6	93.0	60.4	56.0	88.0	76.3
Forage crops - ha	99.1	48.0	73.8	81.2	57.5	52.3	38.9	36.7
Stocking density - LU/ha	0.7	0.8	1.0	1.1	0.6	0.6	0.5	0.5
Av. number of suckler cows - head	63	39	48	58	28	25	32	27
Total beef cattle - LU	71	71	74	74	37	37	39	39
Heard affected - total LU	120 495	3 127 874	1 178 545	5 213 700	26 371	67 393	86 049	327 452
Share of heard affected	6%		18%		44%		31%	
in €/COW								
TOTAL BEEF OUTPUT	538	797	790	965	729	763	388	441
TOTAL BEEF COUPLED DP	220	160	251	233	265	267	226	210
Share of CP in output value	41%	20%	32%	24%	36%	35%	58%	48%
<i>of which suckler cow premium</i>	190	135	241	224	251	251	210	193
<i>of which special male premium</i>	0	0	0	0	0	0	3	4
<i>of which slaughter premium</i>	17	12	10	9	14	16	4	5
<i>of which extensification premium</i>	7	3	0	0	0	0	7	5
<i>of which other DP (incl. National DP)</i>	5	10	0	0	0	0	1	2
Specific costs	512	432	445	426	322	300	306	239
Non specific costs	120	87	447	396	525	496	177	134
Total operating costs	632	519	892	823	847	796	483	373
Gross margin	-94	279	-101	142	-118	-33	-95	68
Gross margin with CP	126	438	150	375	147	234	131	278
in €/AWU								
Total output	33 110	28 135	35 813	48 220	18 553	18 908	9 840	12 297
Balance subsidies and taxes	18 180	9 772	24 755	26 463	22 132	21 725	10 894	9 658
<i>of which LFA/AWU</i>	693	655	3 070	2 783	4 598	4 660	1 103	1 023
<i>of which environmental/AWU</i>	814	166	2 504	2 621	8 387	7 934	865	854
Share of all subsidies in total receipts	35%	26%	41%	35%	54%	53%	53%	44%

Source: DG AGRI L3 – EU FADN

Annex 3_2 Farms moving from positive to negative margin as a result of withdrawal of Coupled Payments, specialist beef breeders and fatteners

	ES	ES	FR	FR	PT	PT
	Farms switching	Total farms	Farms switching	Total farms	Farms switching	Total farms
Farms represented	650	31 720	4 570	26 430	570	3 470
Farms represented % of total	2%	100%	17%	100%	16%	100%
Av. Labour in AWU	1.85	1.12	1.41	1.44	1.69	1.55
Family labour - %	83%	95%	92%	94%	82%	87%
Beef specialisation - % output	88%	81%	80%	82%	80%	81%
Average UAA - ha	95.0	29.6	87.5	92.8	151.3	74.8
Forage crops - ha	64.3	27.6	75.7	78.5	80.1	46.6
Stocking density - LU/ha	1.2	0.9	1.1	1.3	0.5	0.5
Av. number of suckler cows - head	75	24	49	54	58	27
Total beef cattle - LU	97	97	88	88	80	80
Heard affected - total LU	63 321	865 778	400 867	2 676 053	45 481	276 873
Share of heard affected	7%		15%		36%	
in €/COW						
TOTAL BEEF OUTPUT	644	1 169	1 380	1 455	494	628
TOTAL BEEF COUPLED DP	215	154	272	255	262	244
Share of CP in output value	33%	13%	20%	18%	53%	39%
<i>of which suckler cow premium</i>	173	127	243	233	227	200
<i>of which special male premium</i>	2	0	0	0	2	14
<i>of which slaughter premium</i>	17	23	29	22	7	10
<i>of which extensification premium</i>	17	2	0	0	2	10
<i>of which other DP (incl. National DP)</i>	6	3	0	0	24	10
Specific costs	613	675	950	774	381	365
Non specific costs	157	119	535	481	137	139
Total operating costs	770	794	1 486	1 255	518	503
Gross margin (over operating costs)	-126	374	-106	200	-24	125
Gross margin (over operating costs) with CP*	88	529	166	455	238	369
in €/AWU						
Total output	23 430	26 607	41 043	55 035	26 814	14 353
Balance subsidies and taxes	17 616	6 629	26 041	26 398	19 997	10 480
<i>of which LFA/AWU</i>	717	471	2 751	2 287	995	995
<i>of which environmental/AWU</i>	2 808	128	2 509	2 024	1 225	905
Share of all subsidies in total receipts	43%	20%	39%	32%	43%	42%

Source: DG AGRI L3 – EU FADN

Annex 3_3 Farms moving from positive to negative margin as a result of withdrawal of Coupled Payments, specialist beef fatteners

	FI	FI
	Farms switching	Total farms
Farms represented	1 780	2 080
Farms represented % of total	86%	100%
Av. Labour in AWU	1.67	1.67
Family labour - %	86%	85%
Beef specialisation - % output	85%	85%
Average UAA - ha	69.9	70.3
Forage crops - ha	37.8	37.4
Stocking density - LU/ha	2.0	2.0
Total cattle sold - head	106.7	102.2
Total beef cattle - LU	110	106
Heard affected - total LU	195 553	220 687
Share of herd affected	89%	
in €/cattle sold		
TOTAL BEEF OUTPUT	815	847
TOTAL BEEF COUPLED DP	433	435
Share of CP in output value	53%	51%
<i>of which suckler cow premium</i>	0	0
<i>of which special male premium</i>	138	144
<i>of which slaughter premium</i>	0	0
<i>of which extensification premium</i>	0	0
<i>of which other DP (incl. National DP)</i>	295	292
Specific costs	718	729
Non specific costs	314	320
Total operating costs	1 031	1 049
Gross margin (over operating costs)	-217	-202
Gross margin (over operating costs) with CP*	216	233
in €/AWU		
Total output	43 246	44 037
Balance subsidies and taxes	57 632	56 581
<i>of which LFA/AWU</i>	11 912	11 673
<i>of which environmental/AWU</i>	5 224	5 399
Share of all subsidies in total receipts	57%	56%

Source: DG AGRI L3 – EU FADN

Annex 5_1: Detailed calculation of the margin over operating costs for FADN specialist sheep milk producers

STRUCTURAL INFORMATION	Sheep milk farms								
	Spain non LFA	Spain Other LFA	Spain Mountain LFA	Spain Total area	France Mountain LFA	France Total area	Portugal Other LFA	Portugal Mountain LFA	Portugal Total area
Farms represented	800	20 540	3 730	25 070	6 420	6 750	2 750	3 590	6 380
Av. Labour in AWU	1.58	1.24	1.72	1.32	1.58	1.58	1.78	1.71	1.74
Family labour - %	88%	84%	95%	86%	96%	96%	93%	91%	91%
Sheep & goats specialisation - % output	87%	89%	93%	90%	92%	92%	87%	83%	85%
Average UAA - ha	59.0	31.2	21.2	30.6	77.4	77.7	47.5	46.1	46.4
Forage crops - ha	38.3	14.2	11.0	14.5	66.2	66.4	27.6	39.5	34.1
Stocking density - LU/ha	0.5	1.8	1.3	1.7	0.7	0.7	0.5	0.3	0.4
Av. number of ewes and she-goats - head	355	348	326	345	331	332	154	114	132
Total sheep and goats - LU	43	40	41	41	45	45	20	14	17
Lambs-kids sold - head	546	463	419	459	374	374	136	105	119
Lambs-kids sold / female	1.5	1.3	1.3	1.3	1.1	1.1	0.9	0.9	0.9
<i>Selling price lamb-kid - €/head</i>	62	48	57	50	46	46	31	28	30
Total sheep and goats sold - head	558	481	427	476	436	435	147	112	128
Total sheep and goats sales - €	34 358	23 803	24 269	24 208	19 517	19 606	4 641	3 129	3 838
Selling price sheep and goats - €/head	62	49	57	51	45	45	32	28	30
Milk price - €/l	0.71	0.74	0.81	0.75	0.85	0.85	1.25	0.93	1.11
Milk yield - kg/breeding female	267	226	219	226	225	223	78	102	88

in €/ewe or she-goat

OUTPUT AND COSTS	Spain	Spain	Spain	Spain	France	France	Portugal	Portugal	Portugal
TOTAL OUTPUT	305	259	275	263	274	273	138	148	145
TOTAL SHEEP AND GOATS OUTPUT	269	226	251	231	250	249	121	123	124
<i>of which meat</i>	81	60	74	62	58	58	24	28	26
<i>of which milk&products</i>	189	166	177	168	191	190	98	95	98
Share of CP in output value	4%	5%	5%	5%	5%	5%	7%	7%	8%
TOTAL COUPLED DIRECT PAYMENTS	12	13	14	13	15	15	10	11	11
TOTAL SHEEP AND GOATS COUPLED DP	10	11	13	11	11	11	10	11	11
<i>of which sheep premium</i>	9	11	12	11	11	11	9	10	9
<i>of which goats premium</i>	0	0	1	0	0	0	0	0	0
<i>of which sheep milk&products</i>	0	0	0	0	0	0	0	0	0
<i>of which goats' milk&products</i>	0	0	0	0	0	0	0	0	0
<i>of which other DP</i>	0	0	0	0	0	0	1	1	1
Feed	77	80	74	79	58	58	36	29	33
Other specific costs	11	16	10	15	32	32	16	12	14
Specific costs	88	97	85	95	90	89	52	40	47
Non specific costs	43	19	18	19	90	89	25	22	24
Total operating costs	131	115	102	114	180	179	77	63	71
Gross margin (over operating costs)	174	144	173	149	93	94	61	85	75
Gross margin (over operating costs) with CP*	187	157	186	162	108	109	71	96	86

* CP: coupled payments

in €/AWU

INCOME per AWU	Spain	Spain	Spain	Spain	France	France	Portugal	Portugal	Portugal
Total output	68 628	72 748	52 080	68 706	57 330	57 337	11 980	9 875	11 071
Intermediate consumptions	29 409	32 282	19 385	29 727	37 756	37 627	6 676	4 177	5 378
Balance subsidies and taxes	6 946	9 799	6 893	9 143	14 809	14 764	3 240	2 784	3 131
<i>of which LFA/AWU</i>	0	515	288	452	5 913	5 747	551	1 149	878
<i>of which environmental/AWU</i>	0	94	34	80	1 420	1 473	351	61	193
Gross Farm Income (GFI)	46 165	50 265	39 588	48 123	34 383	34 475	8 544	8 482	8 824
Share of all subsidies in total receipts	9%	12%	12%	12%	21%	20%	21%	22%	22%

Source: DG AGRI L3 – EU FADN

Annex 4_2: Detailed calculation of the margin over operating costs for FADN specialist goat's milk producers

STRUCTURAL INFORMATION	Goat's milk farms									
	Cyprus	Cyprus	Spain	Spain	Spain	Spain	France	France	France	France
	Other LFA	Total area	non LFA	Other LFA	Mountain LFA	Total area	non LFA	Other LFA	Mountain LFA	Total area
Farms represented	500	680	1 940	3 310	6 270	11 520	1 850	1 490	1 290	4 620
Av. Labour in AWU	1.87	1.75	1.43	1.49	1.80	1.65	2.32	1.54	1.84	1.93
Family labour - %	64%	66%	94%	89%	94%	93%	72%	90%	96%	83%
Sheep & goats specialisation - % output	87%	89%	95%	94%	88%	91%	92%	88%	92%	91%
Average UAA - ha	27.2	22.4	11.3	24.7	35.1	28.1	35.4	37.3	75.9	47.3
Forage crops - ha	16.5	14.3	8.3	18.2	23.8	19.6	20.0	22.4	71.6	35.1
Stocking density - LU/ha	1.8	1.7	1.6	0.8	0.6	0.7	1.4	1.0	0.5	0.8
Av. number of ewes and she-goats - head	268	237	253	266	211	234	277	195	249	243
Total sheep and goats - LU	29	26	32	33	26	29	29	23	33	28
Lambs-kids sold - head	212	186	267	351	217	263	88	120	202	130
Lambs-kids sold / female	0.8	0.8	1.1	1.3	1.0	1.1	0.3	0.6	0.8	0.5
Selling price lamb-kid - €/head	98	98	43	49	44	46	25	31	37	32
Total sheep and goats sold - head	255	220	282	360	232	277	264	198	227	233
Total sheep and goats sales - €	25 165	21 737	12 302	17 696	10 382	12 806	5 426	6 320	8 233	6 496
Selling price sheep and goats - €/head	99	99	44	49	45	46	21	32	36	28
Milk price - €/l	0.56	0.54	0.49	0.50	0.59	0.54	0.78	0.58	0.70	0.70
Milk yield - kg/breeding female	242	261	282	279	280	280	563	538	402	511

in €/ewe or she-goat

OUTPUT AND COSTS	Cyprus	Cyprus	Spain	Spain	Spain	Spain	France	France	France	France
TOTAL OUTPUT	291	290	195	229	239	228	499	392	340	426
TOTAL SHEEP AND GOATS OUTPUT	240	242	184	206	214	206	455	342	312	385
<i>of which meat</i>	104	102	45	66	48	53	18	29	32	25
<i>of which milk&products</i>	135	140	138	140	166	152	437	313	280	360
Share of CP in output value	9%	9%	4%	5%	6%	5%	1%	3%	2%	2%
TOTAL COUPLED DIRECT PAYMENTS	25	26	7	10	13	11	6	10	7	7
TOTAL SHEEP AND GOATS COUPLED DP	25	26	7	9	7	7	0	1	3	1
<i>of which sheep premium</i>	2	2	0	0	0	0	0	1	3	1
<i>of which goats premium</i>	23	24	7	9	6	7	0	0	0	0
<i>of which sheep milk&products</i>	0	0	0	0	0	0	0	0	0	0
<i>of which goats' milk&products</i>	0	0	0	0	0	0	0	0	0	0
<i>of which other DP</i>	0	0	0	0	0	0	0	0	0	0
Feed	162	157	69	76	94	84	102	102	99	101
Other specific costs	23	21	9	13	12	12	36	34	20	31
Specific costs	184	178	78	89	107	96	138	136	119	132
Non specific costs	37	36	15	17	20	18	130	113	108	119
Total operating costs	221	213	93	106	126	114	268	249	226	251
Gross margin (over operating costs)	70	76	101	122	113	114	231	143	114	175
Gross margin (over operating costs) with CP*	96	103	109	133	126	125	237	153	121	182

* CP: coupled payments

in €/AWU

INCOME per AWU	Cyprus	Cyprus	Spain	Spain	Spain	Spain	France	France	France	France
Total output	41 801	39 285	34 495	40 821	28 045	32 277	59 570	49 612	46 026	53 567
Intermediate consumptions	31 700	28 963	16 529	18 974	14 816	16 132	32 002	31 512	30 612	31 590
Balance subsidies and taxes	6 783	6 265	2 525	4 299	2 763	3 124	2 854	6 105	9 349	5 421
<i>of which LFA/AWU</i>	1 371	1 081	0	108	68	68	0	841	4 108	1 307
<i>of which environmental/AWU</i>	0	0	0	0	1	1	312	381	1 331	601
Gross Farm Income (GFI)	16 883	16 586	20 492	26 146	15 992	19 269	30 422	24 205	24 764	27 399
Share of all subsidies in total receipts	14%	14%	7%	10%	9%	9%	5%	11%	17%	9%

Source: DG AGRIL3 – EU FADN

Annex 4_3: Detailed calculation of the margin over operating costs for FADN specialist t sheep & goat meat producers

STRUCTURAL INFORMATION	Sheep and goat meat farms															
	Cyprus non LFA	Cyprus Other LFA	Cyprus Total area	Spain non LFA	Spain Other LFA	Spain Mountain LFA	Spain Total area	France non LFA	France Other LFA	France Mountain LFA	France Total area	Hungary non LFA	Hungary Total area	Portugal Other LFA	Portugal Mountain LFA	Portugal Total area
Farms represented	820	760	1 670	3 400	14 640	6 880	24 920	1 340	6 390	5 390	13 120	1 250	1 480	2 680	2 990	6 050
Av. Labour in AWU	1.38	1.57	1.53	1.24	1.27	1.32	1.28	1.23	1.39	1.25	1.31	1.56	1.76	1.34	1.46	1.41
Family labour - %	85%	89%	85%	90%	88%	93%	90%	93%	95%	96%	95%	40%	41%	94%	92%	92%
Sheep & goats specialisation - % output	89%	88%	89%	84%	86%	82%	85%	81%	87%	87%	86%	74%	74%	82%	91%	86%
Average UAA - ha	7.0	18.7	12.3	60.4	82.6	91.3	82.0	51.3	97.8	95.4	92.0	53.1	74.9	86.4	35.2	58.3
Forage crops - ha	5.7	16.6	10.5	38.3	59.7	58.6	56.5	38.5	85.3	87.7	81.5	47.2	68.7	59.7	15.8	36.4
Stocking density - LU/ha	4.6	1.7	2.8	1.0	0.7	0.7	0.8	1.6	0.9	0.8	0.9	1.3	1.0	0.4	0.7	0.5
Av. number of ewes and she-goats - head	257	289	269	401	478	432	455	334	468	428	438	452	477	204	139	173
Total sheep and goats - LU	28	31	29	54	59	54	57	63	79	68	73	63	66	29	22	26
Lambs-kids sold - head	185	261	225	484	641	523	587	1 029	529	434	541	509	530	180	149	169
Lambs-kids sold / female	0.7	0.9	0.8	1.2	1.3	1.2	1.3	3.1	1.1	1.0	1.2	1.1	1.1	0.9	1.1	1.0
Selling price lamb-kid - €/head	96	98	97	54	53	55	54	57	92	79	81	53	54	44	45	43
Total sheep and goats sold - head	214	297	257	516	669	555	617	1 061	593	487	598	533	556	199	160	185
Total sheep and goats sales - €	20 733	28 677	24 888	27 228	35 823	30 063	33 060	60 258	51 951	36 127	46 297	29 329	30 877	8 878	7 394	8 092
Selling price sheep and goats - €/head	97	97	97	53	54	54	54	57	88	74	77	55	55	45	46	44

in €/ewe or she-goat

OUTPUT AND COSTS	Cyprus	Cyprus	Cyprus	Spain	Spain	Spain	Spain	France	France	France	France	Hungary	Hungary	Portugal	Portugal	Portugal
TOTAL OUTPUT	161	199	183	93	93	95	94	206	124	92	118	97	93	57	70	65
TOTAL SHEEP AND GOATS OUTPUT	147	175	165	80	78	76	78	171	107	79	101	70	67	46	60	54
<i>of which meat</i>	86	105	98	74	74	71	73	156	106	79	99	66	64	39	48	45
<i>of which milk&products</i>	61	70	67	6	4	5	5	14	1	0	1	4	3	7	12	10
Share of CP in output value	18%	16%	17%	12%	16%	16%	16%	8%	15%	20%	16%	8%	8%	21%	17%	18%
TOTAL COUPLED DIRECT PAYMENTS	29	32	31	12	15	15	15	17	18	19	18	7	7	12	12	11
TOTAL SHEEP AND GOATS COUPLED DP	28	31	29	10	13	12	12	11	14	15	14	7	7	12	12	11
Feed	109	109	110	36	36	38	37	65	40	31	38	60	56	16	10	14
Other specific costs	8	17	12	8	8	8	8	24	21	17	19	8	7	8	12	11
Specific costs	117	127	123	44	44	46	45	89	61	48	58	68	63	24	22	25
Non specific costs	15	22	18	11	9	13	11	59	50	50	51	24	22	15	10	13
Total operating costs	131	149	141	55	54	59	55	147	111	98	108	92	85	39	32	38
Gross margin (over operating costs)	29	51	43	39	40	36	39	59	14	-6	9	6	8	17	38	27
Gross margin (over operating costs) with CP*	59	82	73	50	55	51	53	75	32	13	28	13	15	29	50	38

in €/AWU (nominal)

INCOME per AWU	Cyprus	Cyprus	Cyprus	Spain	Spain	Spain	Spain	France	France	France	France	Hungary	Hungary	Portugal	Portugal	Portugal
Total output	29 928	36 680	32 250	30 193	35 176	31 267	33 396	55 843	41 869	31 420	39 308	28 165	25 165	8 651	6 715	7 981
Intermediate consumptions	24 462	27 388	24 759	17 727	20 258	19 428	19 683	39 937	37 265	33 452	36 199	26 526	23 096	6 001	3 065	4 668
Balance subsidies and taxes	6 165	8 337	6 951	8 513	12 562	11 940	11 847	12 433	20 001	27 110	22 155	6 017	7 445	6 161	3 737	4 760
<i>of which LFA/AWU</i>	0	1 047	525	0	191	598	282	442	2 796	9 576	5 242	0	231	949	1 160	993
<i>of which environmental/AWU</i>	0	0	0	102	100	377	180	276	2 803	3 904	3 005	759	1 157	435	355	365
Gross Farm Income (GFI)	11 631	17 629	14 442	20 979	27 480	23 779	25 560	28 338	24 606	25 078	25 264	7 657	9 514	8 812	7 387	8 073
Share of all subsidies in total receipts	17%	19%	18%	22%	26%	28%	26%	18%	32%	46%	36%	18%	23%	42%	36%	37%

Source: DG AGR L3 – EU FADN

Annex 4_4: Detailed calculation of the margin over operating costs for FADN specialist t sheep & goat meat producers
Impact on the margin of the suppression of the coupled payments

STRUCTURAL INFORMATION	Sheep and goat meat farms									
	Cyprus	Spain	Spain	Spain	France	France	France	Hungary	Portugal	
	Farms always +	Farms always +	Farms switching	Farms always -	Farms always +	Farms switching	Farms always -	Farms always +	Farms always +	
Farms represented	1 270	23 260	1 260	410	7 280	3 360	2 480	940	5 350	
Av. Labour in AWU	1.44	1.29	1.17	1.10	1.38	1.30	1.14	1.68	1.44	
Family labour - %	91%	90%	87%	99%	95%	95%	96%	40%	92%	
Sheep & goats specialisation - % output	89%	85%	88%	85%	87%	84%	87%	71%	87%	
Average UAA - ha	13.2	84.3	43.0	69.7	96.5	94.7	75.4	80.0	60.0	
Forage crops - ha	11.2	58.2	26.2	52.8	84.6	83.1	70.3	75.8	37.8	
Stocking density - LU/ha	2.4	0.7	1.7	0.7	0.9	0.9	0.8	0.8	0.5	
Av. number of ewes and she-goats - head	252	452	522	395	451	451	380	454	182	
Total sheep and goats - LU	28	57	62	52	79	71	59	62	28	
Lambs-kids sold - head	224	595	502	396	650	446	350	495	180	
Lambs-kids sold / female	0.9	1.3	1.0	1.0	1.4	1.0	0.9	1.1	1.0	
Selling price lamb-kid - €/head	100	54	57	49	80	84	82	52	43	
Total sheep and goats sold - head	252	623	563	452	706	514	394	523	196	
Total sheep and goats sales - €	25 047	33 381	31 121	20 685	54 404	40 479	30 369	28 140	8 577	
Selling price sheep and goats - €/head	99	54	55	46	77	79	77	54	44	

in €/ewe or she-goat

OUTPUT AND COSTS	Cyprus	Spain	Spain	Spain	France	France	France	Hungary	Portugal
TOTAL OUTPUT	204	96	80	50	138	97	79	100	66
TOTAL SHEEP AND GOATS OUTPUT	182	79	68	42	119	81	68	73	55
<i>of which meat</i>	110	75	59	40	117	81	68	68	45
<i>of which milk&products</i>	72	4	9	2	2	0	0	5	10
Share of CP in output value	15%	15%	22%	25%	13%	21%	22%	7%	17%
TOTAL COUPLED DIRECT PAYMENTS	31	15	17	12	18	21	17	7	11
TOTAL SHEEP AND GOATS COUPLED DP	30	12	13	12	14	15	14	6	11
Feed	99	36	46	38	41	36	35	50	13
Other specific costs	14	7	14	12	20	19	16	6	10
Specific costs	113	44	60	50	61	55	51	56	23
Non specific costs	19	10	25	21	47	52	62	20	12
Total operating costs	132	53	86	71	108	107	113	76	35
Gross margin (over operating costs)	72	42	-6	-21	30	-9	-34	24	30
Gross margin (over operating costs) with CP*	103	57	11	-9	48	12	-16	31	42

* CP: coupled payments

INCOME per AWU

INCOME per AWU	Cyprus	Spain	Spain	Spain	France	France	France	Hungary	Portugal
Total output	35 682	33 501	35 520	17 800	45 123	33 815	26 361	27 079	8 308
Intermediate consumptions	23 117	18 679	38 159	25 338	35 258	37 012	37 593	20 579	4 484
Balance subsidies and taxes	7 305	11 714	14 462	11 643	19 636	26 308	24 273	7 837	4 812
of which LFA/AWU	677	247	772	972	3 674	7 686	6 946	30	1 020
of which environmental/AWU	0	184	15	445	2 653	2 942	4 295	1 217	379
Gross Farm Income (GFI)	19 870	26 536	11 823	4 105	29 501	23 111	13 041	14 338	8 636
Share of all subsidies in total receipts	17%	26%	29%	40%	30%	44%	48%	22%	37%

Source: DG AGRI L3 – EU FADN