

Differences in viability of small and large farms in redefined areas with natural constraints (ANC) in the Czech Republic

Marie ŠTOLBOVÁ, Tomáš HLAVSA, Jakub KUČERA

Institute of Agriculture Economics and Information Prague



ÚZEI

ÚSTAV ZEMĚDĚLSKÉ EKONOMIKY
A INFORMACÍ

LFA converted into ANC

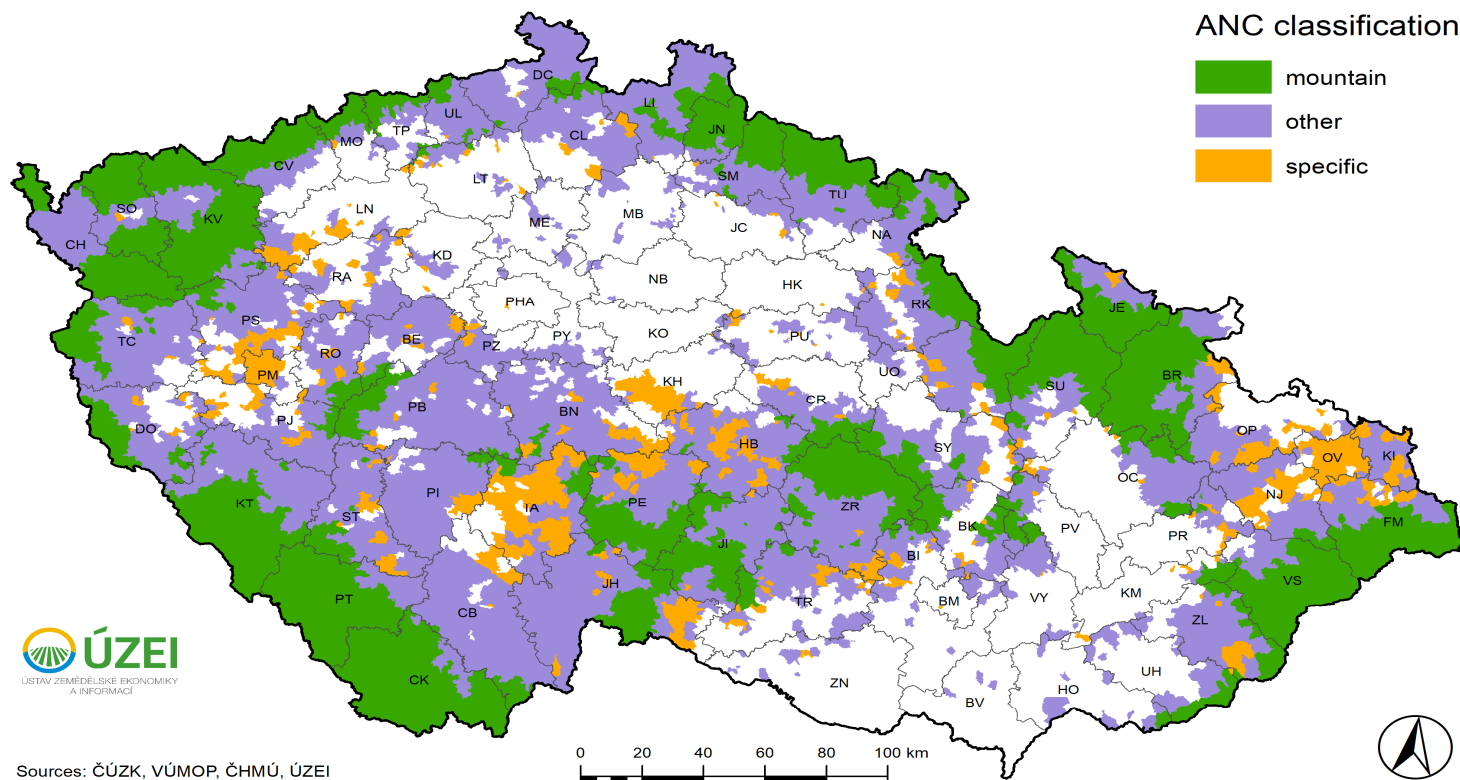
- Redefined areas
- New scheme of payments
- Degressivity is the same (six size categories by UAA)

- The goal of ANC support?
 - Higher costs on cultivating UAA in ANC
 - Lower income
 - Negative impact of agriculture on environment
 - Land abandonment risk

- Objective:
 - To assess selected economic indicators of farms in ANC by size groups

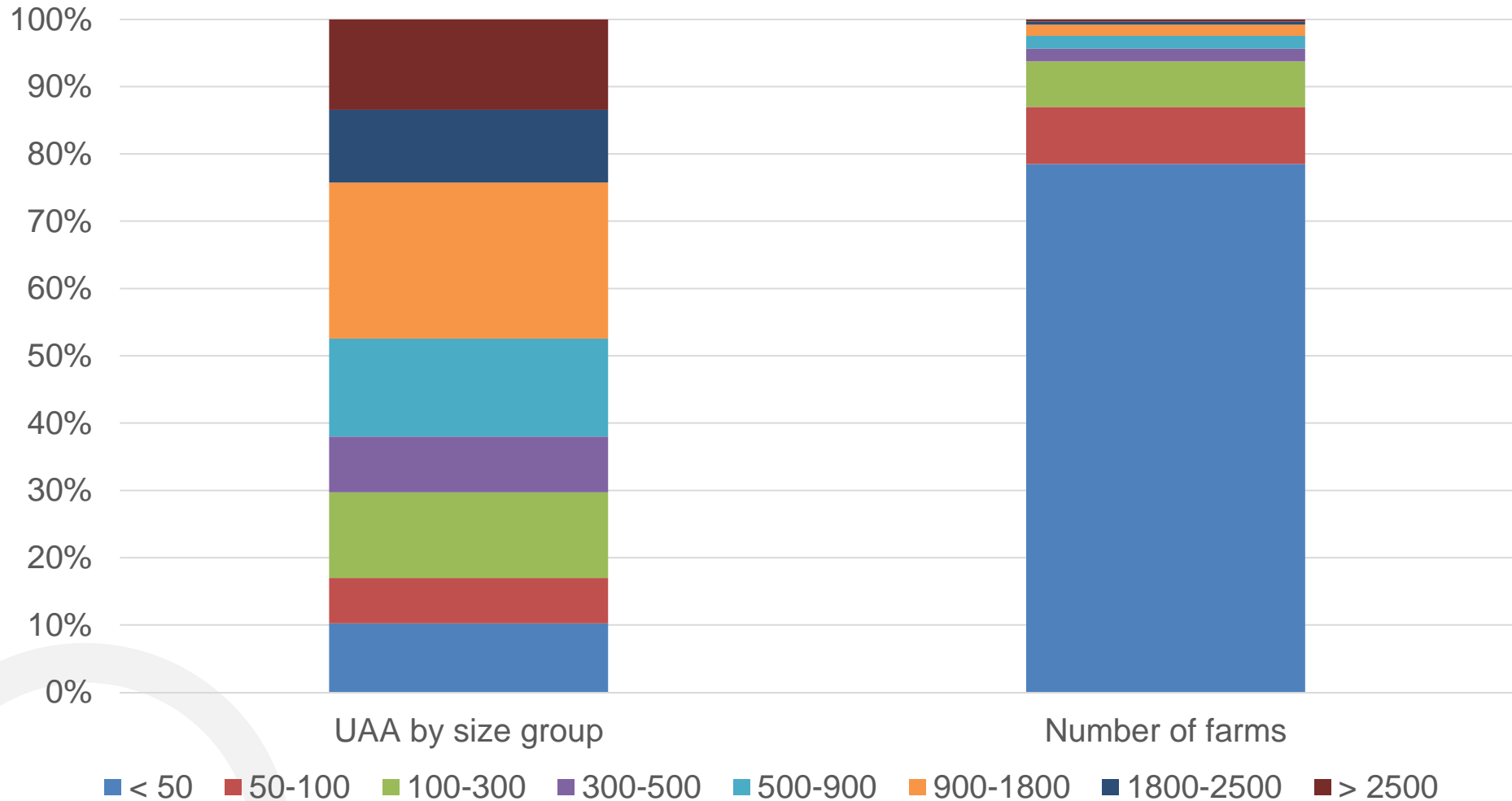
ANC since 2018

ANC delimitation 2018+



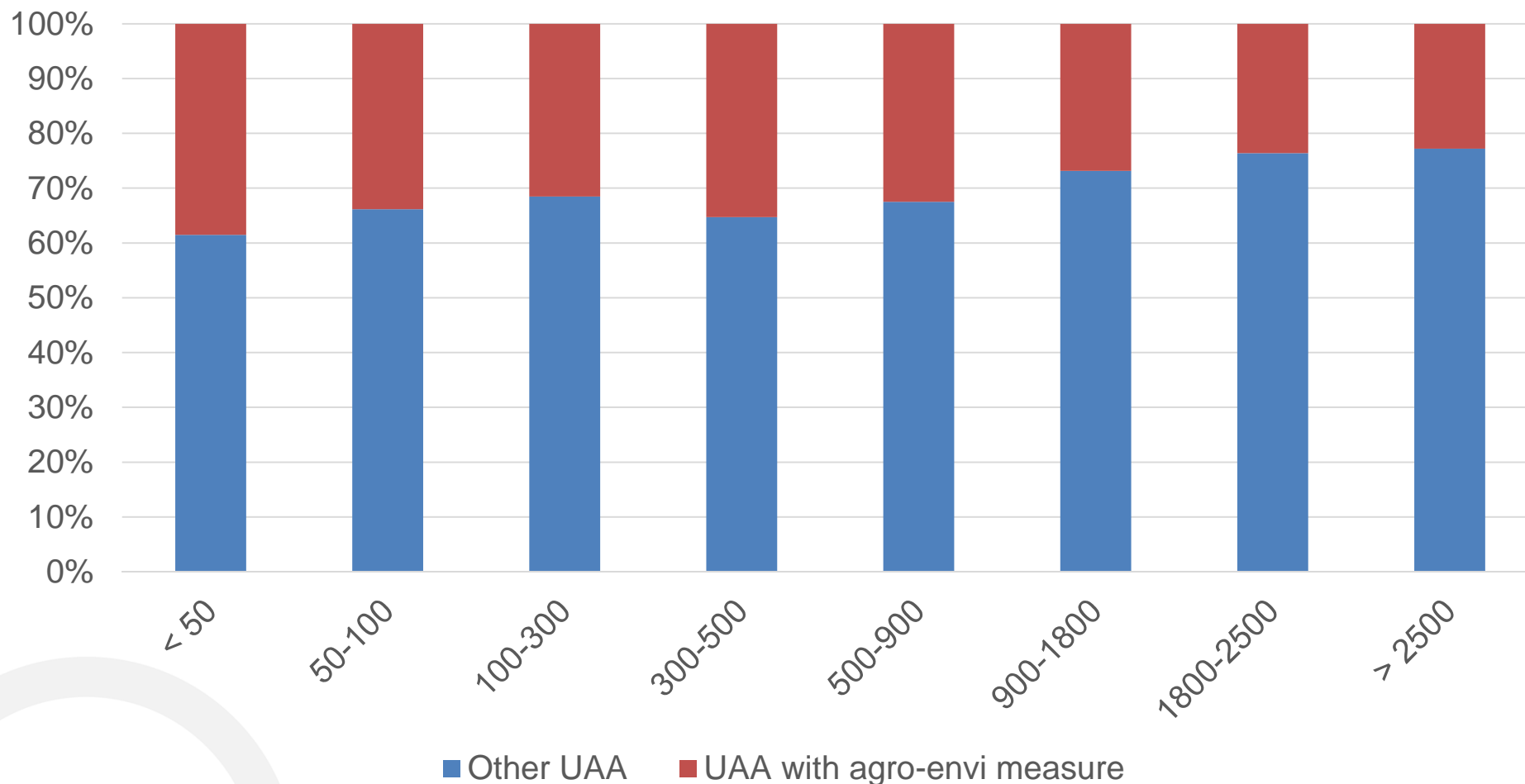
- Until 2017: 50.1% UAA
- Since 2018: 56.5% UAA (↑ O by 5.8%, S by 0.6%)

Farms in ANC

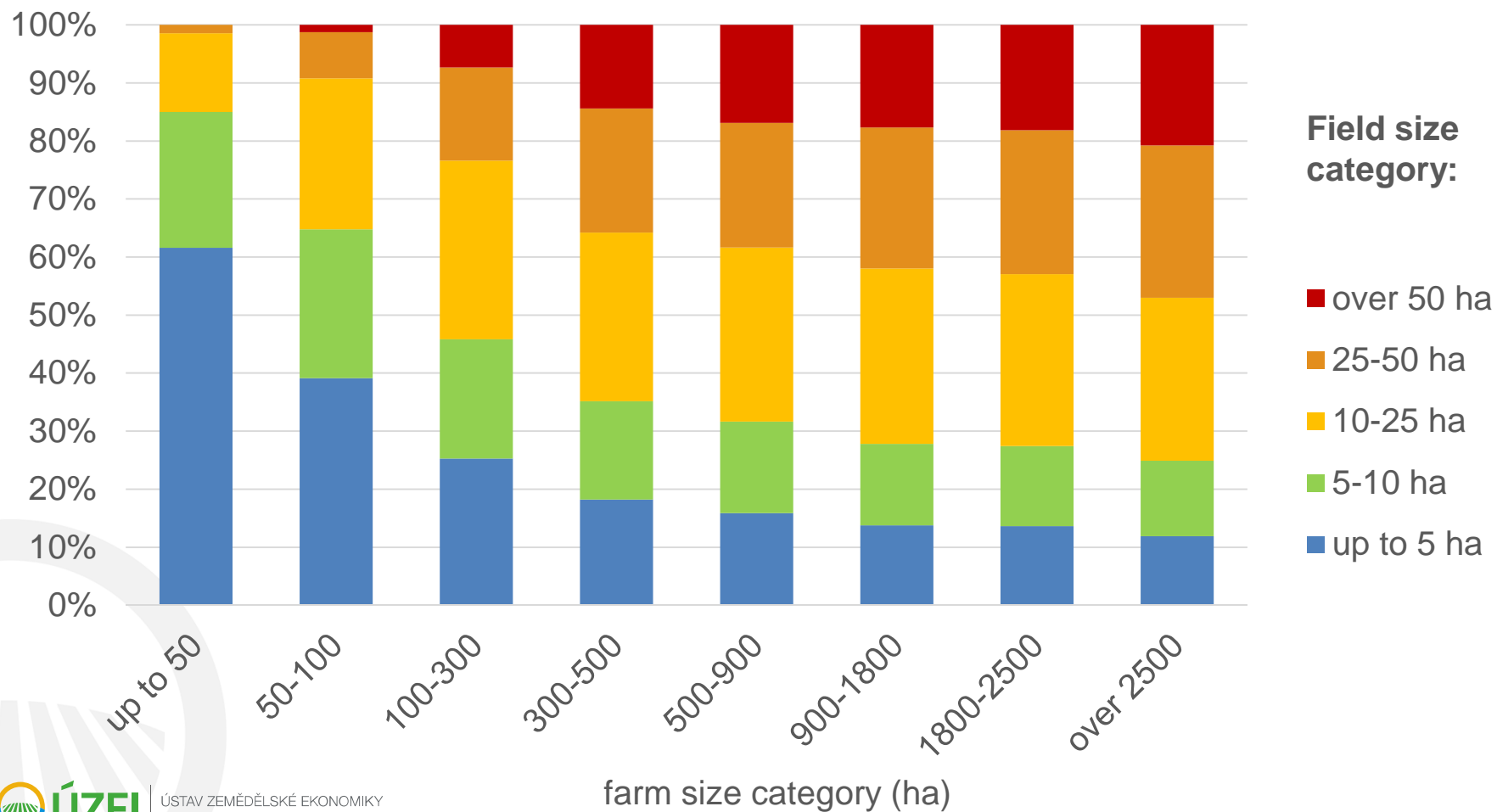


- Dual farm structure: 80% of farms with 10% of UAA

Farms in ANC with AGRO-ENVI

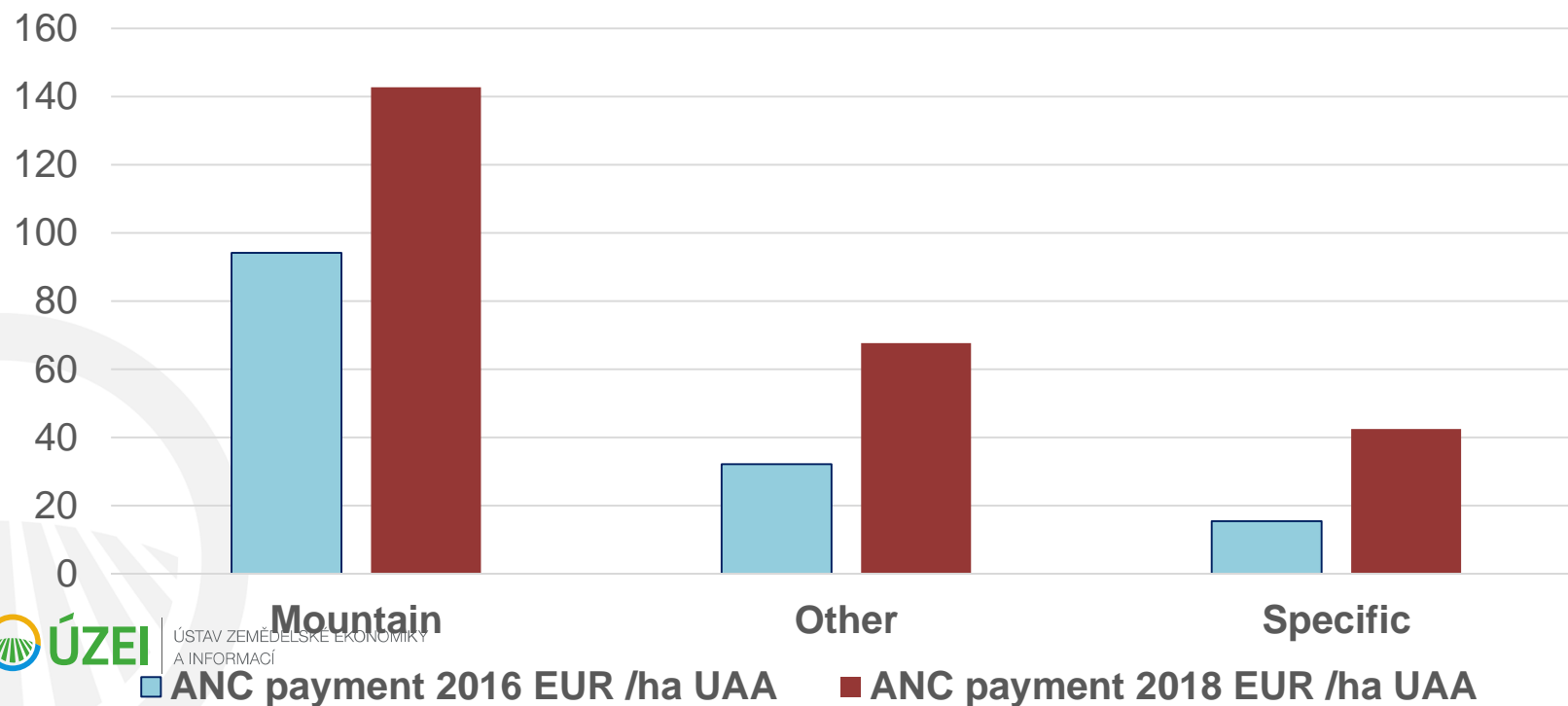


Land use in ANC by size category

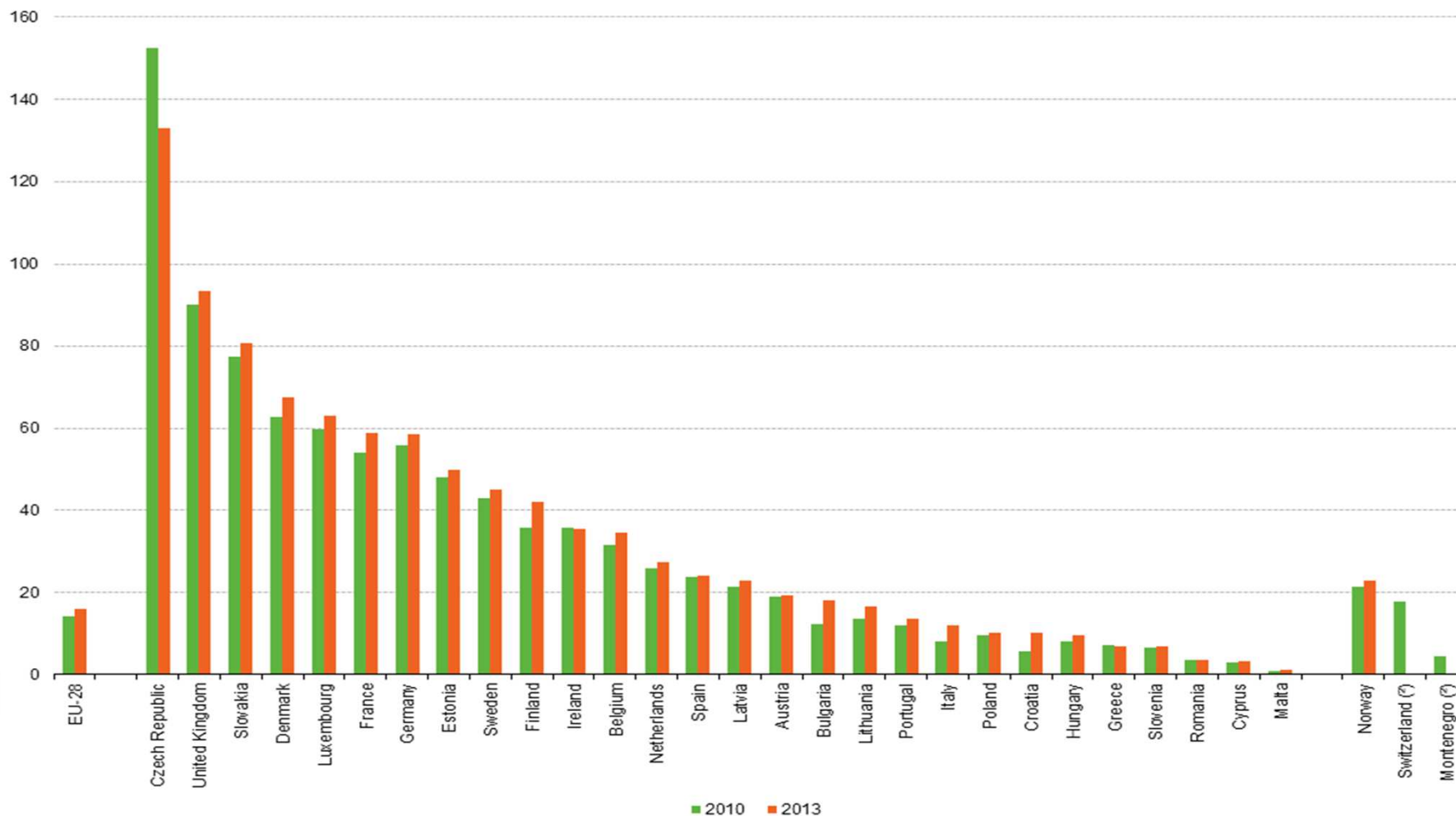


Redefined ANC

- New payment scheme
- Farming system
 - Animal production: > 0.3 LU / ha UAA (coeff. 1.35)
 - Crop production: ≤ 0.3 LU /ha UAA (coeff. 0.58)



Farm sizes



(*) Iceland not shown for reasons of scale: 2010 value was 616 hectares.

(*) 2013: not available.

Source: Eurostat (online data code: ef_kvaareg)

Degressivity of ANC payments

- Since 2015, no changes in 2018

| Category (ha UAA) | Rate (%) |
|--------------------------|-----------------|
| up to 300 | 0 |
| 300-500 | 10 |
| 500-900 | 18 |
| 900-1800 | 22 |
| 1800-2500 | 27 |
| more than 2500 | 30 |

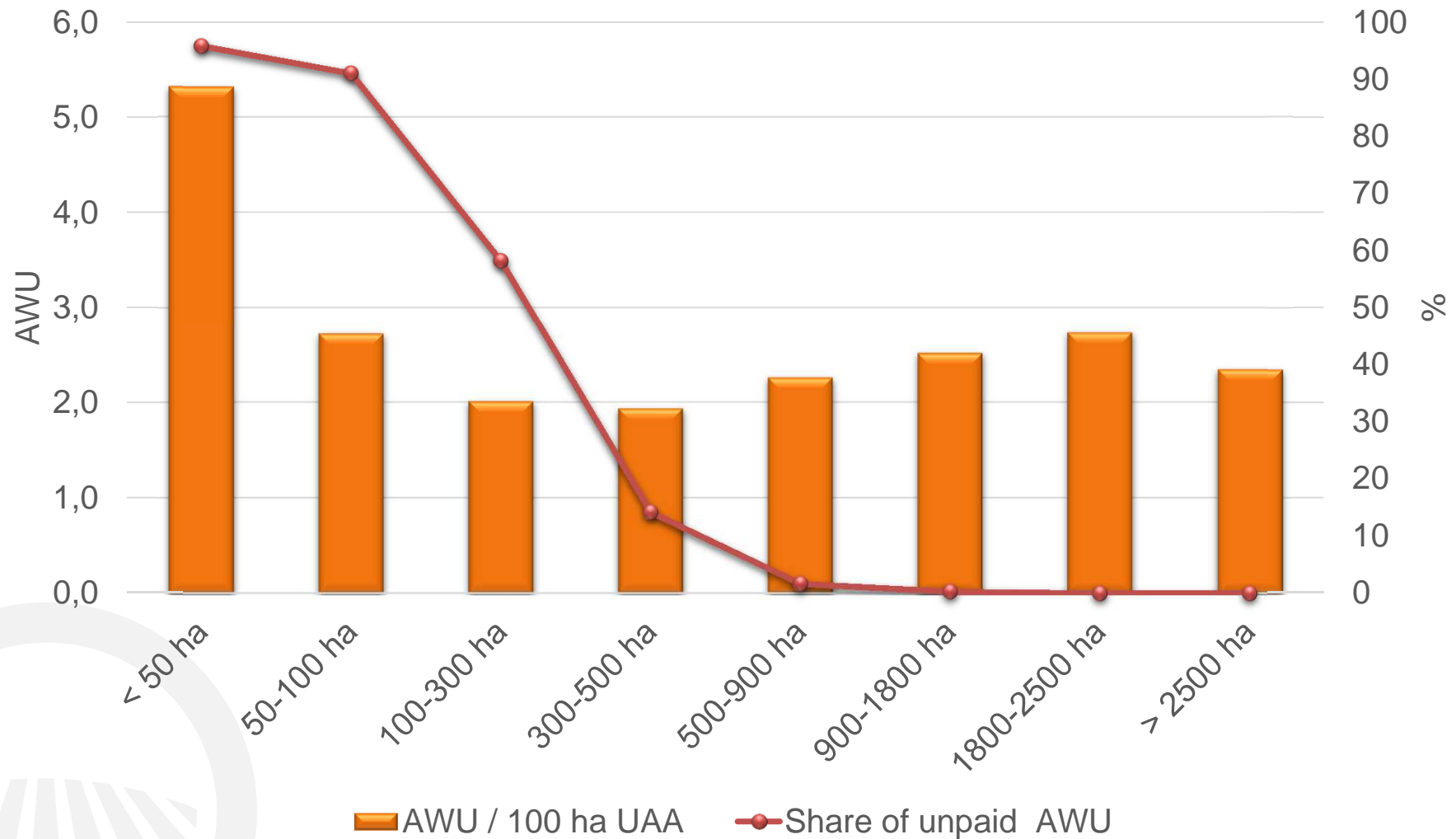


Inputs for analysis

- Data
 - FADN CZ, 2016, simulations with ANC conditions in 2018
 - LPIS
- Indicators
 - Farm net value added (FNVA)
 - Current subsidies
 - ANC payment
 - Profit

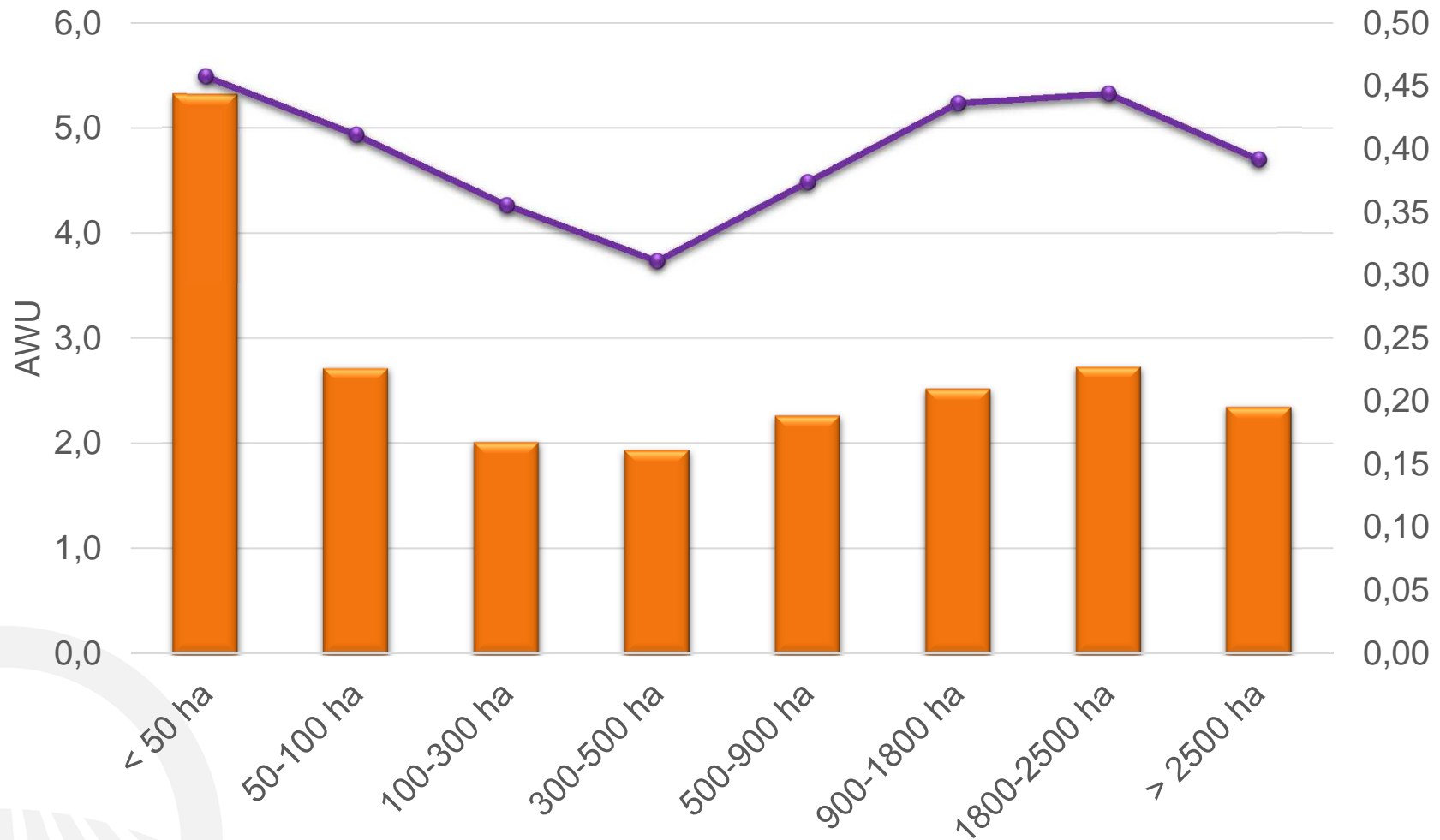
Economic characteristics of farms

Employment



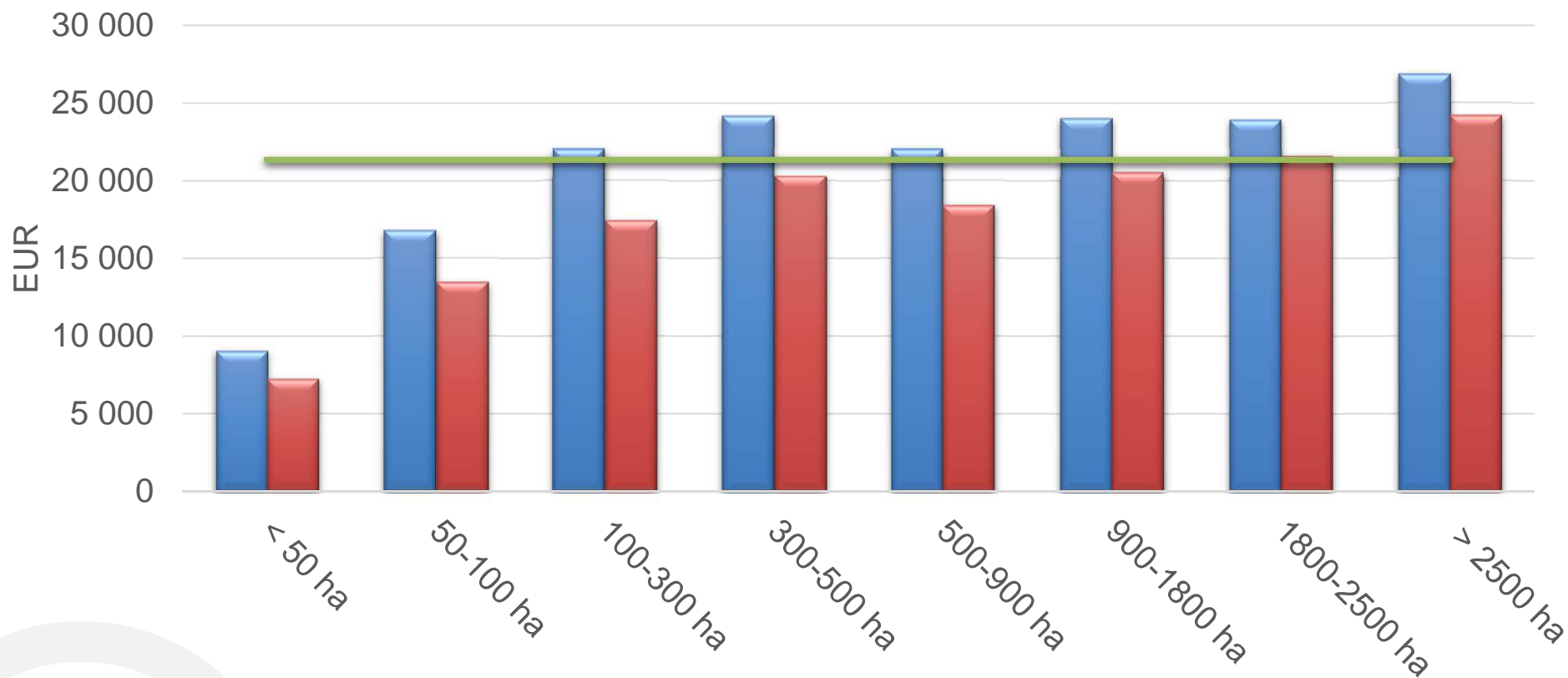
Economic characteristics of farms

Employment: relation to animal production



Economic characteristics of farms in ANC

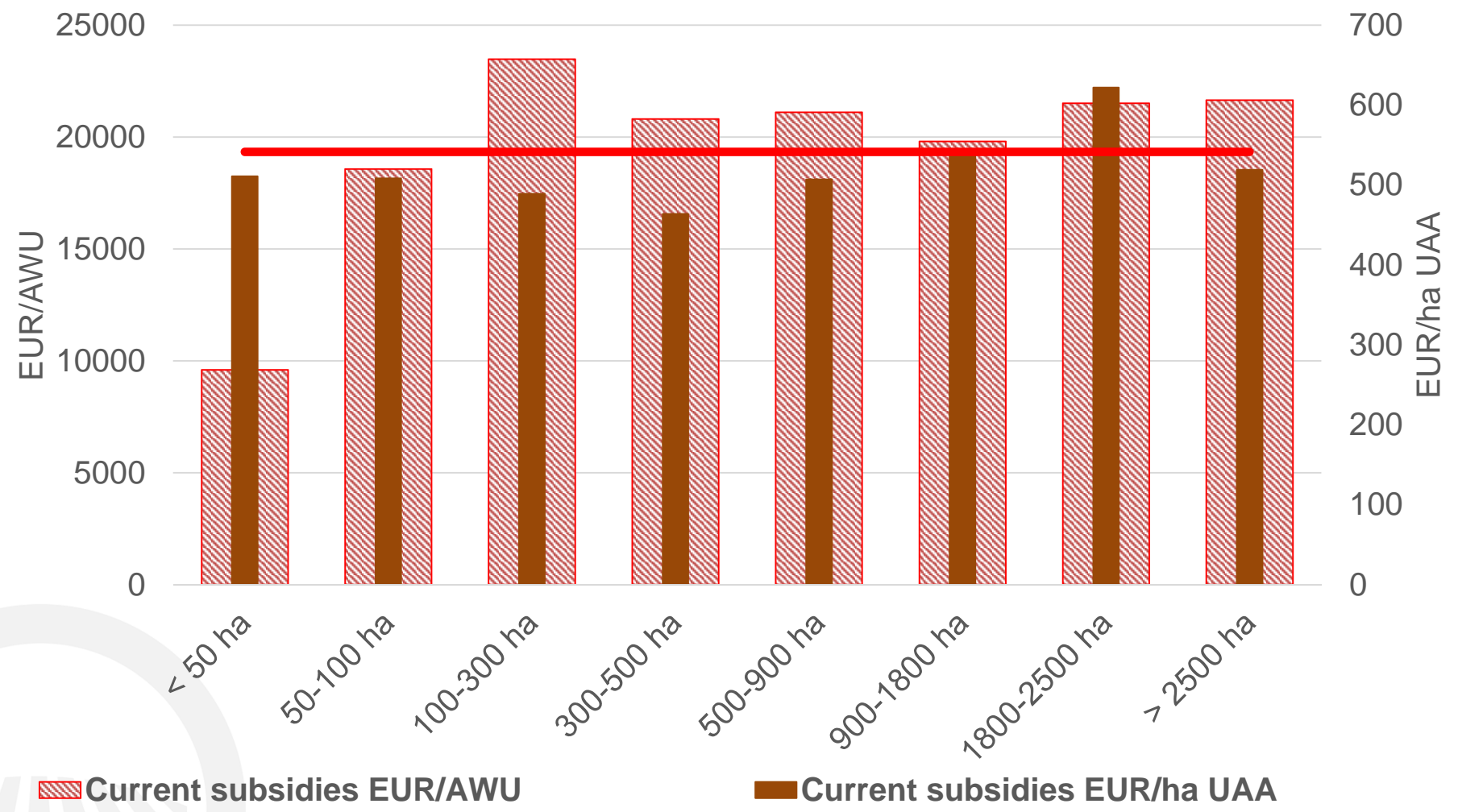
FNVA



- FNVA EUR/ AWU
- FNVA minus ANC payment EUR/ AWU
- FNVA EUR/AWU average of ANC

Economic characteristics of farms in ANC

Current subsidies

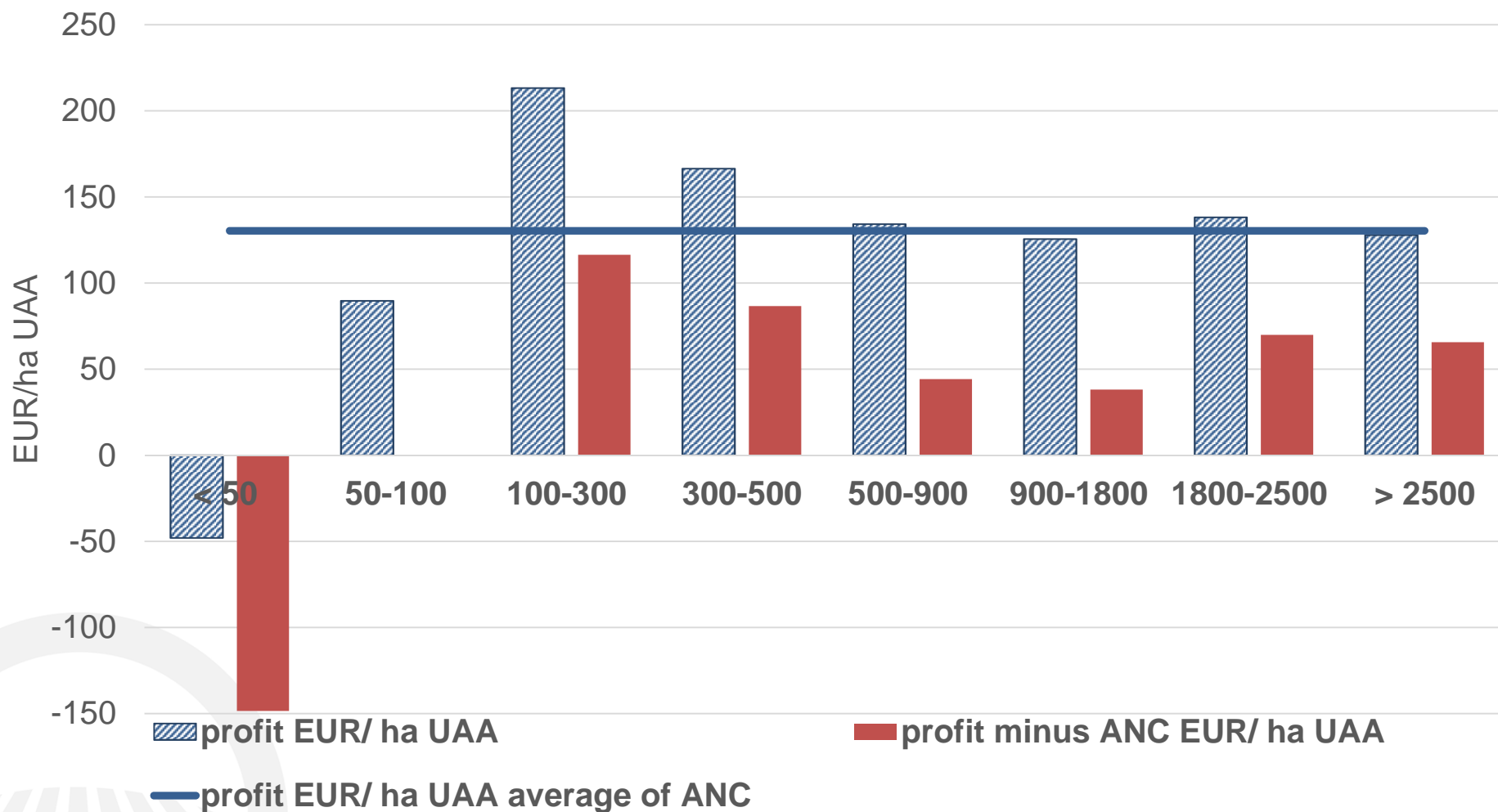


Current subsidies EUR/AWU
 Current subsidies EUR/ha UAA

Current sub. EUR/AWU average of ANC

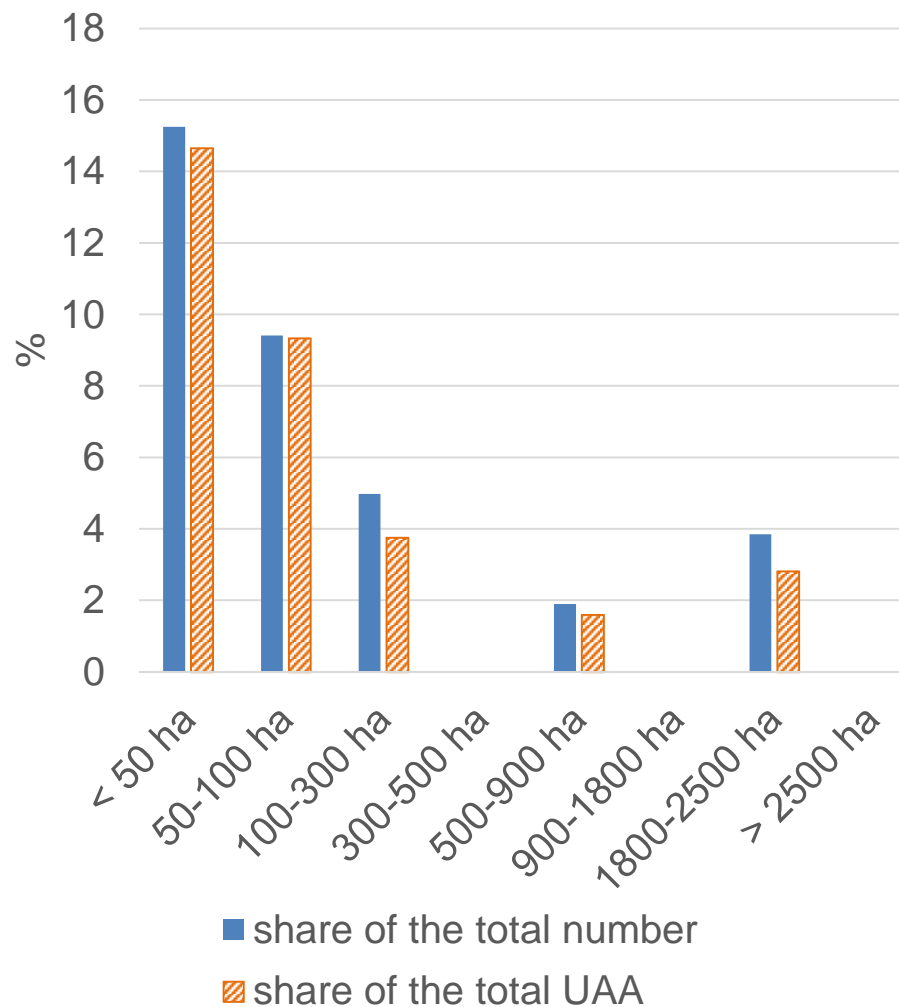
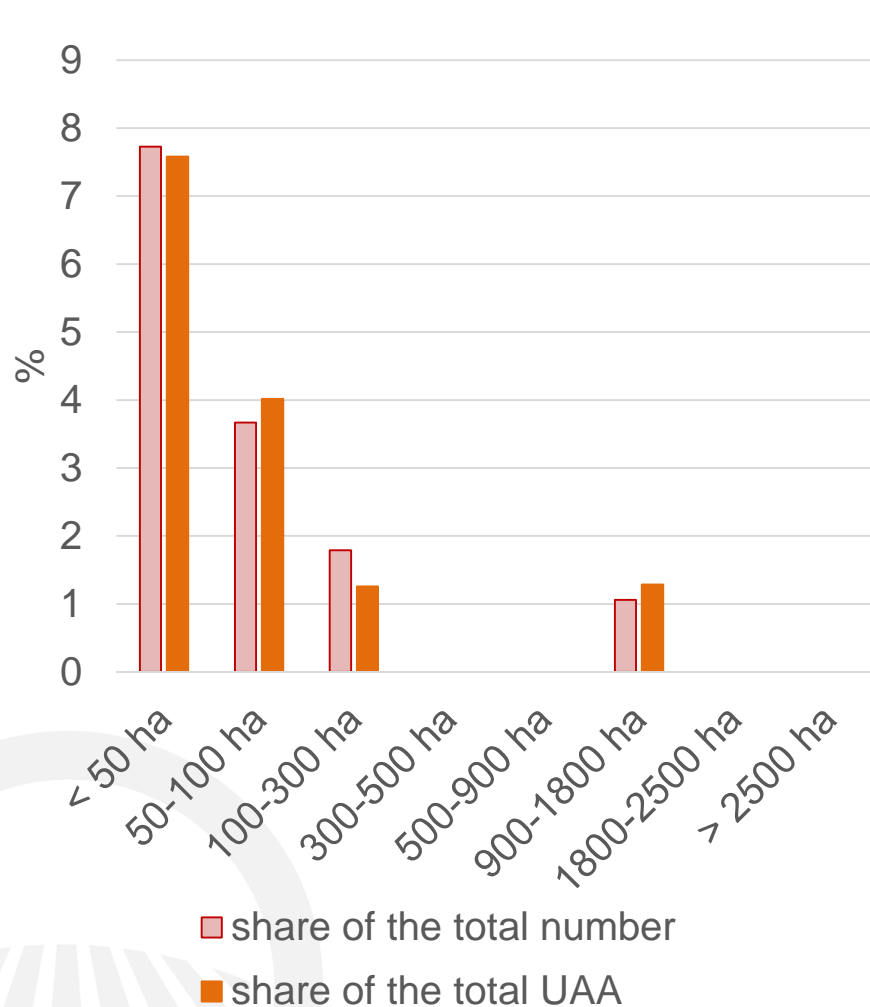
Economic characteristics of farms in ANC

Profit



Economic characteristics of farms in ANC

Proportion of threatened farms: impact of ANC payments



Conclusion

- ↑ ha UAA ↓ dependence on LFA payments
- Smaller holdings: relatively strong dependence of FNVA on current subsidies. resp. LFA payments
- Smaller holdings (up to 100 ha in ANC) significantly lower FNVA/AWU
- ↓ size group ↑ proportion of threatened farms
- Importance of role of degressivity scheme in helping smaller farms