

IMPACT OF DIFFERENT SCENARIOS RELATED TO THE NEW COMMON AGRICULTURAL POLICY ON FARM INCOME IN WALLONIA

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1. Introduction

The Common Agricultural Policy (CAP) has been reformed several times since the treaty of Rome in 1958 [Ledent, Burny 2002]. For the period 2014-2020 at the European level, a new CAP had to be agreed upon by the 27 Member States and the EU parliament. Discussions were launched in 2010 and several proposals were made.

In Belgium, as agricultural policy is regionalized, the Walloon Minister for Agriculture decided to support academic research in order to assess the possible impact of different scenarios on farm income, and so to help the regional authorities to take decisions when the EU legislation would be adopted, giving a large set of possibilities to the Member States/regions.

So, different scenarios were defined with the partners of the administration, including farmers' unions, and their impacts on farm income were calculated.

2. Material and methods

The data used to calculate the impact of different scenarios come from the Integrated Management and Control System [Service public de Wallonie 2013] implemented by the regional administration of agriculture and from the Farm Accounting Data Network.

The scenarios are based on the different options proposed by different actors - the Commission [EU Commission 2011], the EU Parliament [EU Parliament 2013] and Member States.

The calculations are made on several hypotheses. To estimate the available amount for direct payments in Wallonia in 2020, it was supposed a) that the share of Wallonia within the Belgian envelope remains the same, so 54%, and b) that the amount available in 2013 is reduced by 11.2%, according to the proposal of the EU Commission. So, the amount available for direct payments in Wallonia is supposed to reach €270 million.

In order to estimate the eligible area, the area declared by farmers who have direct payments rights in 2011 was added to the area of farmers who

produce only fruits and vegetables and/or had vineyards, with no direct payment right in 2011.

The proposition of the EU Parliament concerning direct payments ceilings is implemented: a reduction of 20% between €150,000 and €200,000, 40% between €200,000 and €250,000, 70% between €250,000 and €300,000 and 100% over €300,000 .

The different scenarios are compared to a Scenario 0, status quo 2013.

In the reference scenario, the amount of the direct payments is calculated for each farm in 2013, before the implementation of the reform. The single payment is granted on an historical basis and the suckling cows premiums remain coupled.

The scenarios integrate the following alternatives [Terrones Gavira, Burny, Lebailly 2013]:

- with the maintenance of the coupled premiums for suckling cows or their incorporation into the decoupled payment;
- with an additional payment for the 30 first hectares or for the 50 first hectares;
- with an additional payment being equal to 25% of the basic payment or to 50% of the basic payment.

3. Results

The results are presented in table 1.

Table 1. Impact of different scenarios on the amount of direct payments granted to Walloon farmers in 2020 compared to the references scenario (2013)

Scenario	1	2	3	4	5	6	7	8	9	10
Suckling cow premium	with premium (12 % of direct payments)					without premium				
Number of ha with additional payment	0	30		50		0	30		50	
Amount of the additional payment	0	25% *DP	50% *DP	25%* DP	50%* *DP	0	25%* DP	50%* DP	25%* DP	50%* DP
LOSSES										
50 % or more	4%	3%	3%	3%	3%	4%	5%	4%	5%	4%
From 30 to 50 %	16%	15%	14%	15%	14%	16%	14%	13%	14%	14%
From 20 to 30 %	16%	15%	14%	15%	15%	14%	14%	13%	14%	13%
From 15 to 20 %	8%	8%	7%	8%	7%	7%	7%	7%	7%	7%
From 10 to 15 %	7%	7%	7%	7%	7%	7%	6%	6%	6%	6%
From 5 to 10 %	7%	6%	6%	6%	6%	6%	6%	6%	6%	6%
From 0 % to 5 %	5%	5%	6%	6%	6%	5%	5%	5%	5%	6%
TOTAL	62%	60%	58%	60%	59%	60%	57%	54%	58%	56%
STATU QUO	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Table 1 – cont.

GAINS										
From 0 to 10 %	8%	9%	9%	8%	9%	9%	9%	9%	9%	9%
From 10 to 20 %	6%	6%	6%	6%	6%	6%	6%	7%	6%	7%
From 20 to 30 %	5%	5%	5%	5%	5%	4%	4%	5%	4%	5%
From 30 to 50 %	5%	6%	6%	6%	6%	6%	6%	6%	6%	6%
50 % and more	13%	15%	16%	14%	15%	16%	17%	19%	17%	18%
TOTAL	38%	40%	42%	40%	41%	40%	43%	46%	42%	44%

It appears that compared to the "status quo" scenario, all scenarios have a significant impact on the direct payments received by Walloon farmers. In general, around 60% of Walloon farmers will get lower direct payments, while around 40% will get higher direct support.

For the majority of the farmers, gains or losses will be limited. However, some farmers, from 3% to 5% according to the scenarios, could lose more than 50% of their direct payments, while others, from 13 to 19%, will gain more than 50%.

4. Conclusions

The new Common Agricultural Policy will have a significant impact, positive or negative, on the direct payments granted to Walloon farmers, and so on their income, whatever choice is made by the regional authorities, according to the "menu" proposed to the Member States. So, the final decision will be difficult to take, as some farmers could register an important decline of their profitability. It seems that there is a consensus to try to have as small changes as possible, but some negative impacts are unavoidable, mainly for farmers who were most favored in the previous period (2007-2013).

5. References

- [1] EU commission 2011. *Proposition de règlement du Parlement européen et du Conseil établissant les règles relatives aux paiements directs en faveur des agriculteurs au titre des régimes de soutien relevant de la politique agricole commune*, COM (2011) 625 final/2
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