

Project number: 6050

Funding source: European Commission DG

Date: August, 2011

Project dates: Dec 2009 – Oct 2010

Evaluation of direct aid in the beef and veal sector



Key external stakeholders:

European Commission, national governments, policy makers, agricultural industry representative bodies

Practical implications for stakeholders:

An ex post evaluation of the impact of the 2003 Reform of the Common Agricultural Policy on EU beef producers. The results of the study should be of interest to the European Commission, national policy makers, as well as economic actors in the EU beef processing and agriculture industries.

- Decoupled direct aids to the EU cattle sector have had a positive impact on EU producer incomes
- Decoupled direct aids and their implementation have afforded EU producers important flexibilities
- In the upcoming reform of the CAP the decoupled orientation of EU policy should not be changed and should be reinforced.

Main results:

The main results of the evaluation study undertaken were that the decoupling of direct aid should, in light of the upcoming agricultural policy reform process (CAP +2013), be maintained and reinforced because of its overall positive impact on producer incomes and the flexibility it is found to have afforded cattle farmers in the EU.

Opportunity / Benefit:

This research adds to our understanding of the impact of previous reforms of the CAP and will be important in light of the ongoing reforms of the CAP that will determine agricultural policy for the period 2014 - 2020

Collaborating Institutions:

See page 2 of the full Technology Update

Teagasc project team: Dr W Dunne
External collaborators: C Renault AND International Consultancy Paris
F Antilici and E Scoti, COGEA Consultancy Italy
M Palmer, MLSC-UK
J Niemi, MTT-Finland
K de Roest, CRPA-Italy
W Kleinhanss, vTI-Germany
P Chotteau, Institut d'Élevage - France

1. Project background:

The European Commission DG Agriculture has an ongoing ex post policy evaluation programme that seeks to examine in particular the impacts of the measures of the Common Agricultural Policy on market equilibrium, farm incomes, production structures, the environment, and rural development. Evaluation projects The evaluation projects are carried out by independent experts, with contracts established through tendering procedures by the European Commission.

The reform of the Common Agricultural Policy in 2003 significantly altered the way in which the CAP affects EU beef industry the objective of the study undertaken was to examine the impact of the changes to direct aid policy on the EU beef and veal sector.

2. Questions addressed by the project:

This ex post evaluation sought to answer the following questions:

- 1) What would be the evaluation of the impact of the 2003 CAP reform on EU beef production?
- 2) What would be the evaluation of the impact of the 2003 CAP reform on the market orientation and competitiveness of the EU beef sector?
- 3) What would be the evaluation of the effect of the reform on EU beef producer incomes?
- 4) What would be the evaluation of the effect of the reform on rural areas?

The objective of the evaluation studies commissioned and the overall AG AGRI evaluation programme is to provide information to decision makers within the EC and the Member States on the effectiveness, efficiency, relevance and overall coherence of the policy measures applicable to agriculture.

3. The experimental studies:

The Methodology utilized in the study encompasses 4 phases

1. Structuring: detailed planning of the study, identification of sources, theoretical analysis of decoupling, empirical analysis of the sector, identification of judgement criteria and indicators to answer the evaluation questions;
2. Observing: data collection;
3. Analysing: based upon the data collected, the analysis is organised around the 6 evaluation questions raised by the European Commission;
4. Judging and recommending.

The studies qualitative and quantitative analysis relies on various data and other information sources

- Statistical data: DG AGRI, Eurostat, Farm Accountancy Data Network (FADN), national/regional statistics, data collected from technical institutes (Institut de l'Élevage, Teagasc, vTI, CRPA);
- Case studies conducted in 10 MS/regions (Bavaria, Brandenburg, Scotland, England, Limousin, Veneto, Catalonia, Ireland, Poland, Finland), including interviews with the main stakeholders: National and Regional Authorities, professional organisations, economic operators (slaughterhouses, trading companies);
- A mail survey targeting livestock farmers: about 400 valid questionnaires received across the 8 MS.

4. Main results:

The main results of the evaluation study undertaken were that, based on the 8 MS studied (Germany, Finland, France, Ireland, Italy, Poland, Spain and the UK), that decoupling of direct aid should in light of the upcoming agricultural policy reform process (CAP +2013) be maintained and reinforced because of its overall positive impact on producer incomes and the flexibility it is found to have afforded cattle farmers in the EU. The study found however that the role of the suckler cow premium as a coupled aid in some MS was effective at maintaining the size of suckler cow herds and that given the importance of specialized beef

production in some areas and Member States that there was justification for the maintenance of a coupled direct aid to livestock production into the future. The study recommended that the suckler cow premium be replaced with a “breeding activity premium” with the objective of the new premium to maintain employment linked to grassland exploitation in sensitive areas and to enhance regional cohesion within the EU. The receipt of the premium would not be exclusively conditional on the maintenance of suckler cows, farmers who satisfied minimum stocking density requirements of ruminant animals per hectare would qualify. Such a scheme it is argued would allow producers to react to the external market environment (and this not interfere with the evolution of a competitive EU beef sector) but also support livestock production in regions and where it is particularly vulnerable

5. Opportunity/Benefit:

This research adds to our understanding of the impact of previous reforms of the CAP and will be important in light of the ongoing reforms of the CAP that will determine agricultural policy for the period 2014-2020.

6. Dissemination:

Main publications:

The main associated with this project is the final evaluation report delivered by the project consortium to the European Commission DG Agri Evaluation Unit. This report (in French) is available at http://ec.europa.eu/agriculture/eval/reports/directaidbeef/index_fr.htm .

An English summary of the final project report is available at http://ec.europa.eu/agriculture/eval/reports/directaidbeef/exec_sum_en.pdf

7. Compiled by: Dr Kevin Hanrahan,
