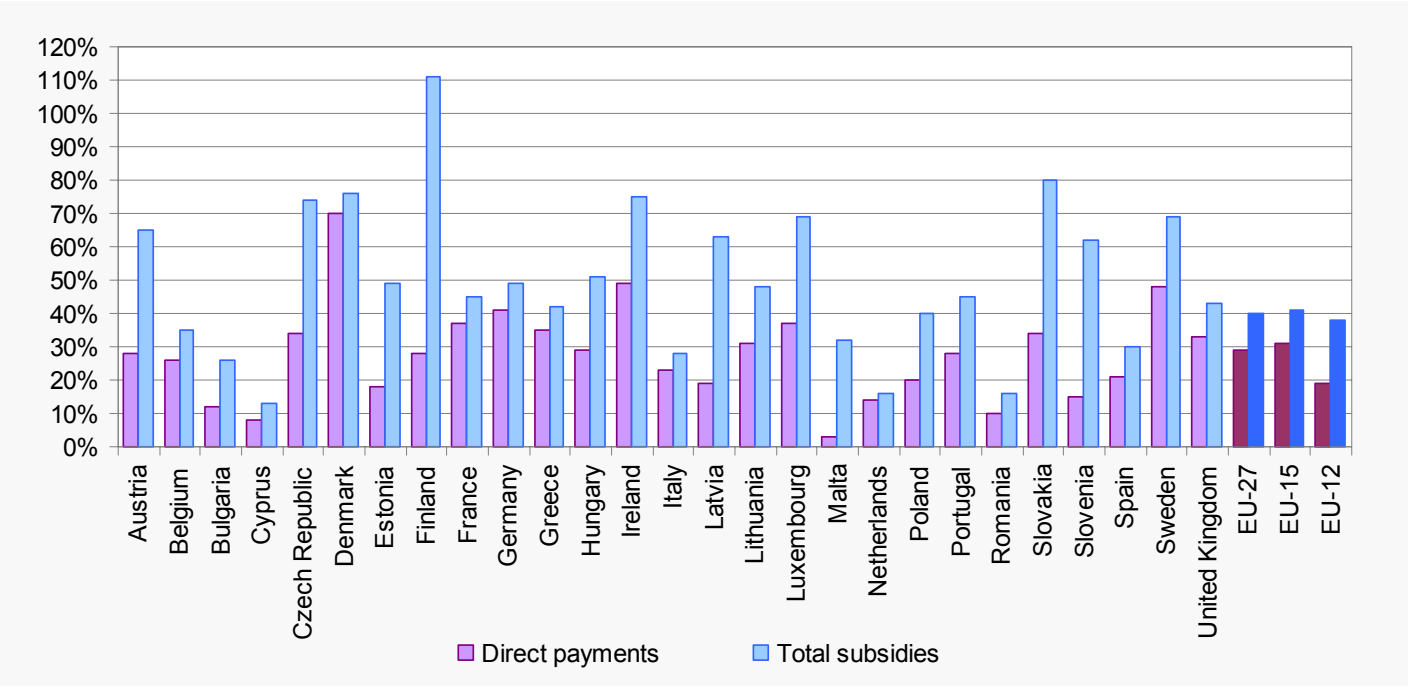
CAP post-2013: key graphs and figures

Graph 4

December 2010

European Commission
Agriculture and
Rural Development

Share of direct payments and total subsidies in agricultural factor income (2007-2009 average)



The **agricultural factor income** represents the income generated by the farming activities which is used to remunerate (1) borrowed/rented production factors (capital investment, wages for salaries and rented land), and (2) its own production factors (work and/or enterprise, own capital and owned land). This concept of income is best suited for evaluating the impact of changes in the level of public support (i.e. direct payments) on the capacity of farmers to reimburse capital, pay for wages and rented land as well as to reward its own production factors. This income indicator is also the most comparable between Member States, because the share of own and external production factors differs in some cases significantly between Member States.

The graph shows the high level of dependence of agricultural producers in the EU on the granting of public support (either in the form of direct payments or in the form of other subsidies, such as some rural development measures, national subsidies). The **share of direct payments** in the agricultural factor income stood in 2007-2009 at **29% on average in the EU**. However, it ranged from less than 10% in Cyprus, Malta and Romania to more than 50% in Denmark. Furthermore, when all the subsidies are taken into account, the **share of total public support** in agricultural income reached **40% on average in the EU**.

This **wide variation** in the share of public support in agricultural income reflects the current system of distribution of support across countries (mainly based in EU-15 on the historical levels of production, i.e. agricultural area and livestock, and in the new Member States on eligible agricultural land, i.e. farm structure), and across agricultural sectors (i.e. the specialisation of the Member States between the various agricultural sectors), as well as the competitive structure of the agricultural sector in the various EU Member States.

Sources: European Commission, DG Agriculture and Rural Development, based on EAGGF/EAGF Financial reports (direct payments) and Eurostat data (agricultural factor income and subsidies).

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