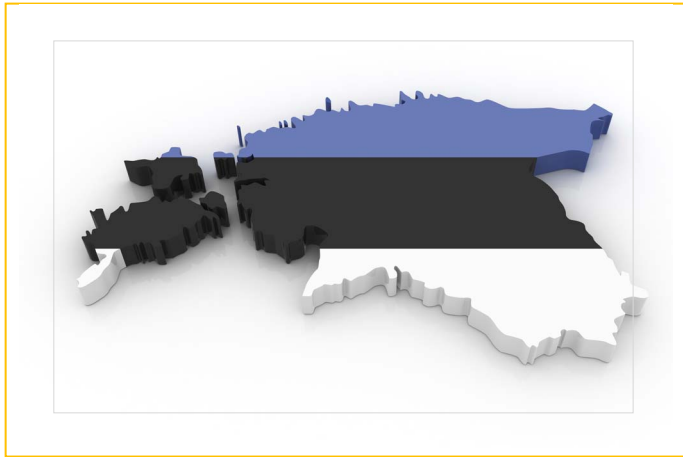


ESTONIA AND THE CAP

10 YEARS OF SUCCESS



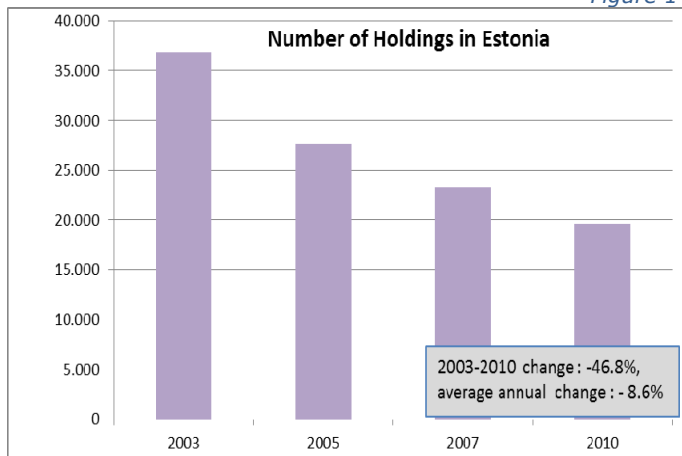
Ten years ago, on 1 May 2004, the EU enlarged from 15 to 25 Member States (and with two subsequent enlargements to 28). The balance of these ten years of EU membership is clearly positive for agriculture and the agri-food sector in Estonia.

1. Structural Adjustment

Fewer farms

The number of farms has almost halved in Estonia since 2003.

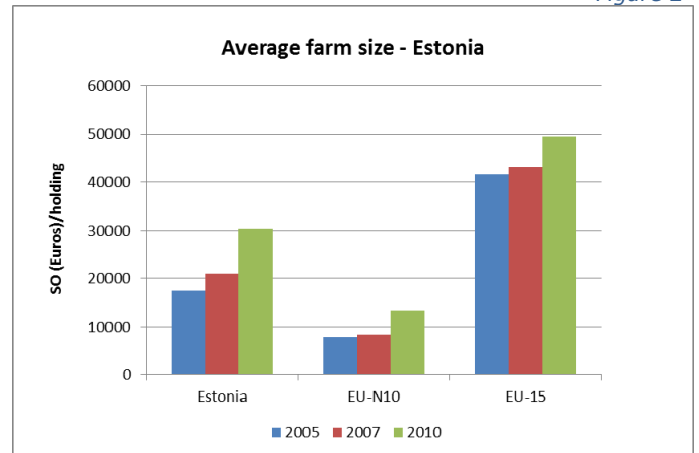
Figure 1



Bigger farms

Farms in Estonia have grown (in economic size¹) by 74% since 2005. The value of production/holding has grown by 11.8% per year (EU-15: 3.5% and EU-N10:11.2%).

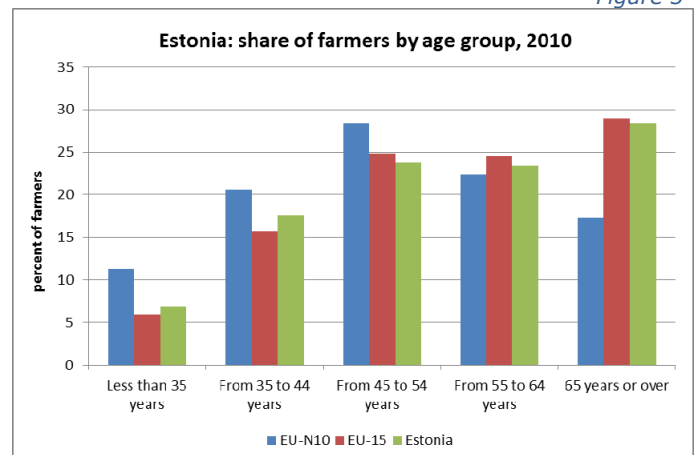
Figure 2



Age structure

In general, farmers in Estonia are older than the average for the EU-N10, with a similar age profile to the EU-15.

Figure 3

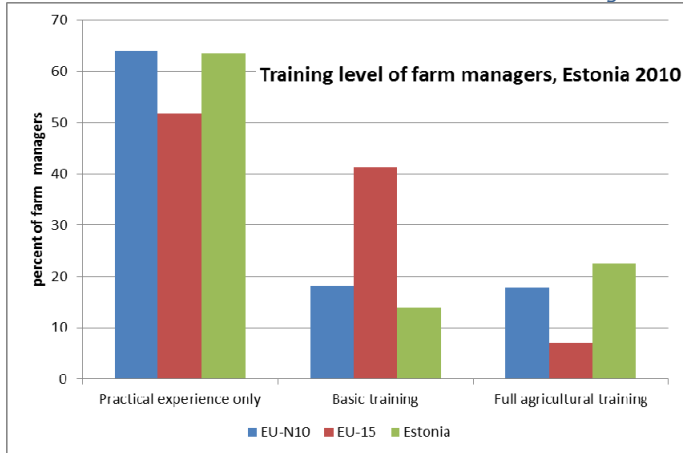


¹ Economic size is measured by the value of Standard Output (SO).

Training of farm managers

A higher percentage of farm managers in Estonia (23%) have full agricultural training than in the EU-N10 (18%) and the EU-15 (7%).

Figure 4

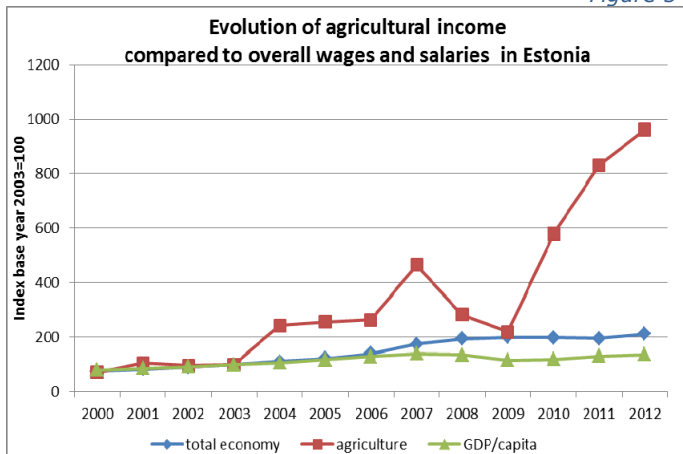


2. Income

Agricultural income rising fast

From 2003 to 2012 Estonian agricultural income² grew nearly tenfold (+28.60% on average per year), compared with a doubling (+111%) of wages and salaries in the overall economy (8.7% per year) and growth of just 37% in GDP per capita (3.5% per year).

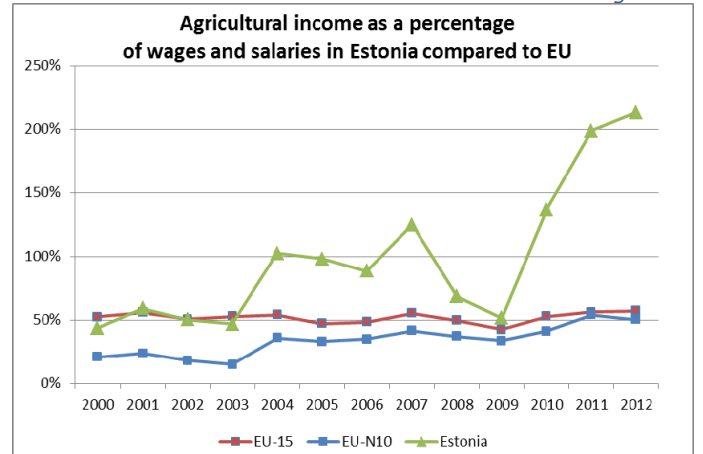
Figure 5



Double average wages

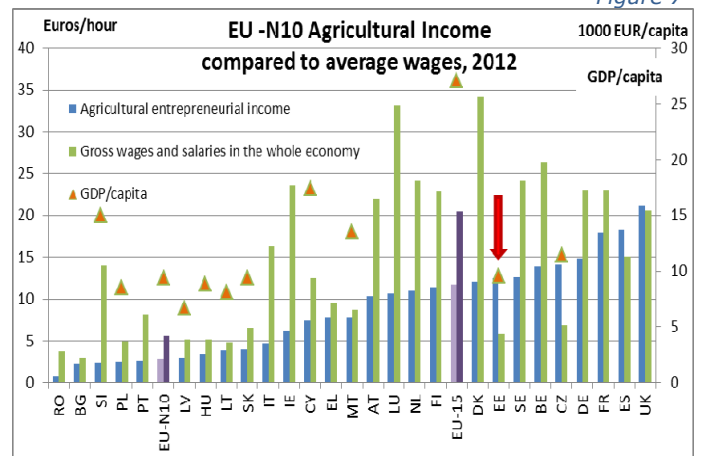
The level of agricultural income in Estonia is more than double the average wages and salaries in the whole economy, in contrast to the EU-N10 and the EU-15. By 2012 agricultural income reached 213% of average earnings.

Figure 6



Compared to the EU-15, in 2012 agricultural income in Estonia (hourly earnings of €12.5) was 7% higher than the level in the EU-15 (€11.70), while the average hourly wage rate for the whole economy was less than 30% of the EU-15 level (€5.80 compared to €20.40). This should be seen in the context of Estonia's relative GDP/capita, which is around one-third of that of the EU-15.

Figure 7



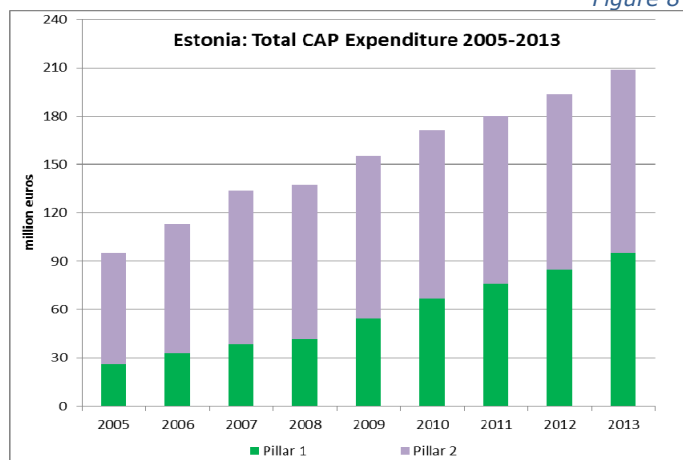
² Agricultural income is measured by entrepreneurial income per full-time non-salaried "Agricultural Work Unit", using an index with base year 2003=100.

3. CAP Expenditure

Investing in rural communities and supporting farm incomes

Over the period 2005 -2013, total CAP spending in Estonia was 1.4 billion euros. Estonian farmers received nearly 500 million euro in direct aids and market measures to support farm income (Pillar 1) and almost 900 million euro was spent modernising agriculture, making it more sustainable and developing rural areas (Pillar II).

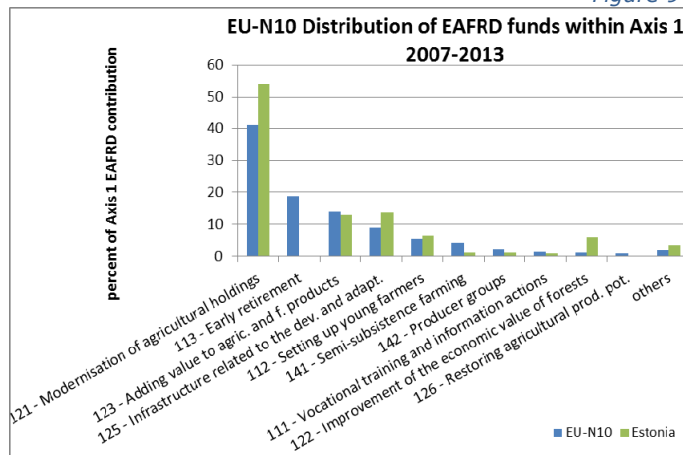
Figure 8



Investing in competitiveness

The largest share of funds under Axis 1 went to investment aid for modernisation of agricultural holdings in Estonia (54%), followed by development of infrastructure (14%) and schemes which add value to production (13%).

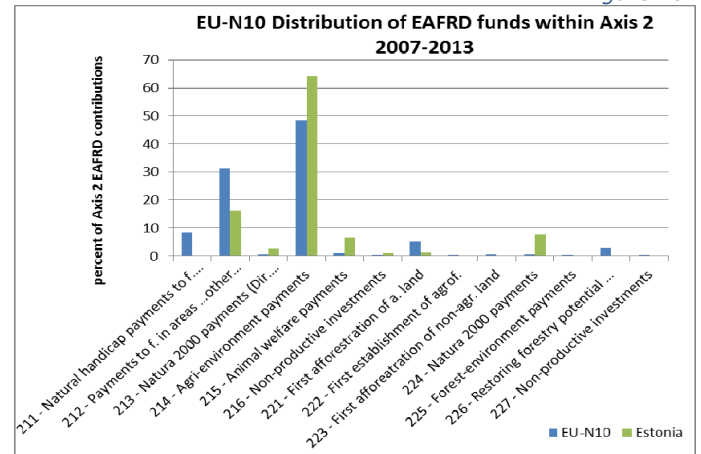
Figure 9



A more sustainable agriculture sector

Within Axis 2 almost two-thirds (64%) of Rural Development money was spent on agri-environment measures and over 16% on areas with natural handicaps.

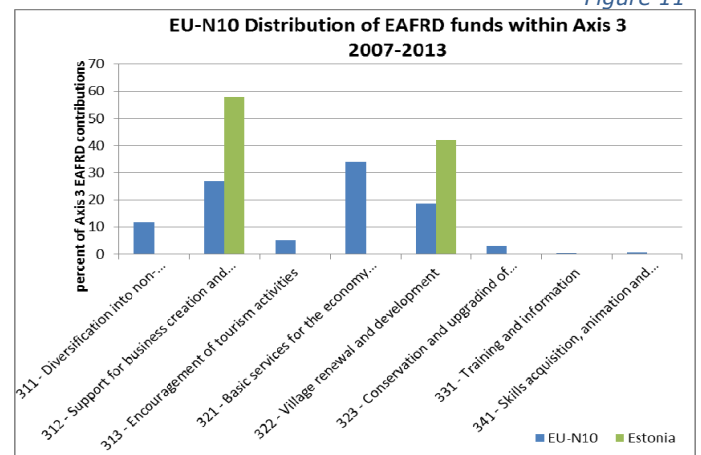
Figure 10



Quality of life and diversification of rural areas

Estonia's focus within Axis 3 is on support for business creation and development, which accounts for 58% of spending, followed by village renewal and development (42% of expenditure).

Figure 11

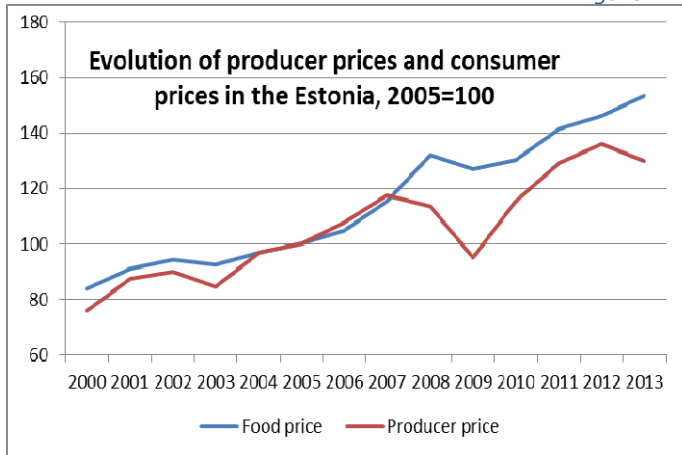


4. Prices and share of food in household expenditure

Food prices rise faster than producer prices

Agricultural commodity prices increased by 34% in nominal terms in Estonia from 2004 to 2013, while consumer food prices grew by 59% over the same period.

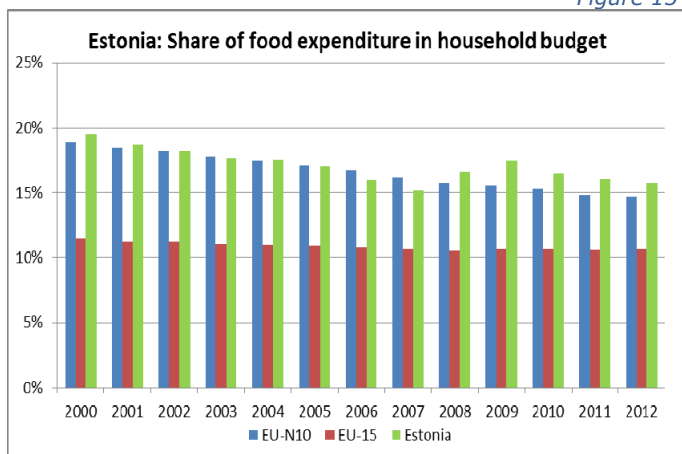
Figure 12



Food accounts for a declining share of household expenditure

The trend that food accounted for a declining share of household expenditure in Estonia was reversed in 2008 and 2009 when the share became greater than that of the EU-N10. Since 2009 it is again on the decline.

Figure 13

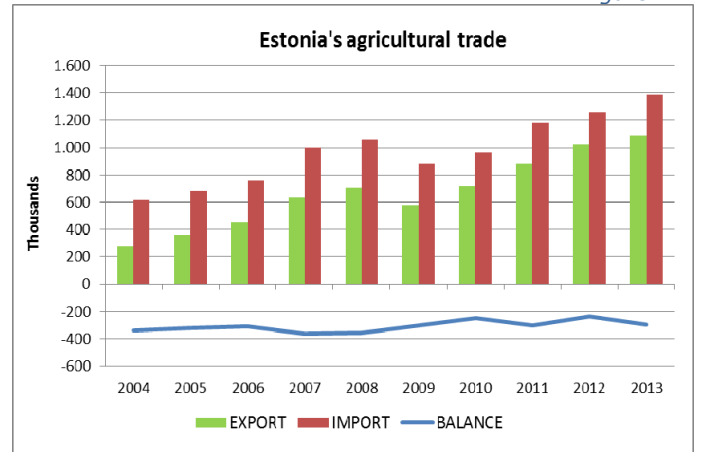


5. Trade

Exports growing faster than imports

Estonian agricultural exports have grown almost fivefold over the past ten years, improving the trade deficit in agricultural products.

Figure 14



See the individual EU-N10 enlargement fiches and more on *Briefs*:

http://ec.europa.eu/agriculture/policy-perspectives/policy-briefs/index_en.htm

Policy Perspectives homepage:

http://ec.europa.eu/agriculture/policy-perspectives/index_en.htm



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