

CYPRUS AND THE CAP

10 YEARS OF SUCCESS



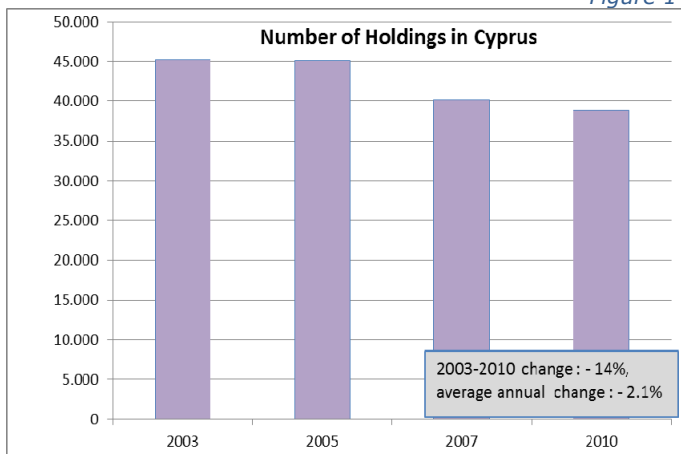
Ten years ago, on 1 May 2004, the EU enlarged from 15 to 25 Member States (and with two subsequent enlargements to 28). The balance of these ten years of EU membership is clearly positive for agriculture and the rural economy in the Cyprus.

1. Structural Adjustment

Fewer farms

The number of farms has declined by 14% in Cyprus since 2003.

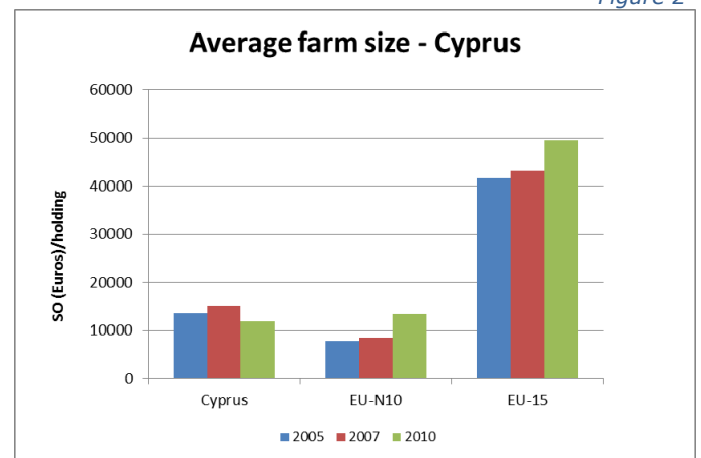
Figure 1



Smaller farms

Farms in Cyprus are smaller in economic size¹ than the EU average. The value of production/holding has declined since 2007 and shows a -2.7% contraction/year, (EU-15: 3.5% and EU-N10:11.2%).

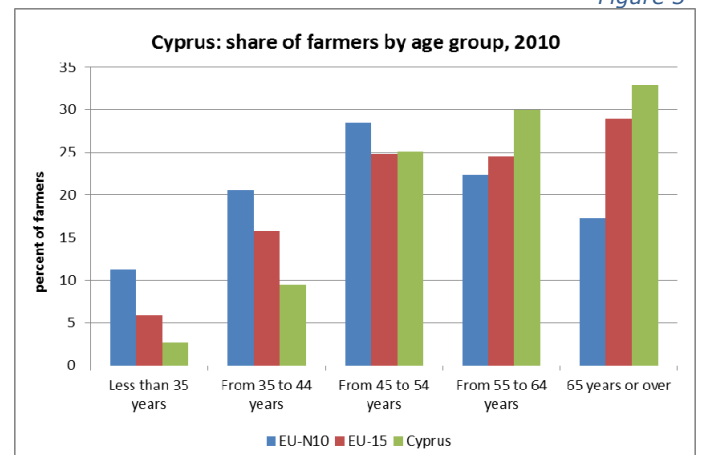
Figure 2



Age structure

In general, farm managers in Cyprus tend to be older than in the EU-15, with 63% over the age of 55 years.

Figure 3

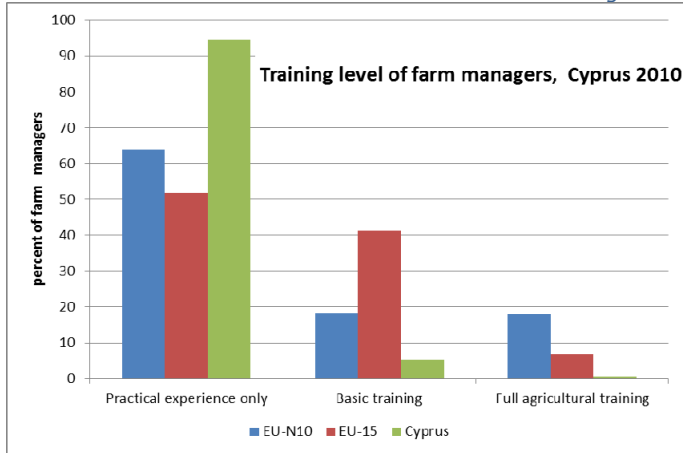


¹ Economic size is measured by the value of Standard Output (SO).

Training of farm managers

Nearly all farmers in Cyprus rely only on practical experience and have no formal agricultural training compared to EU-N10 (18%) and EU-15 (7%) with full training.

Figure 4

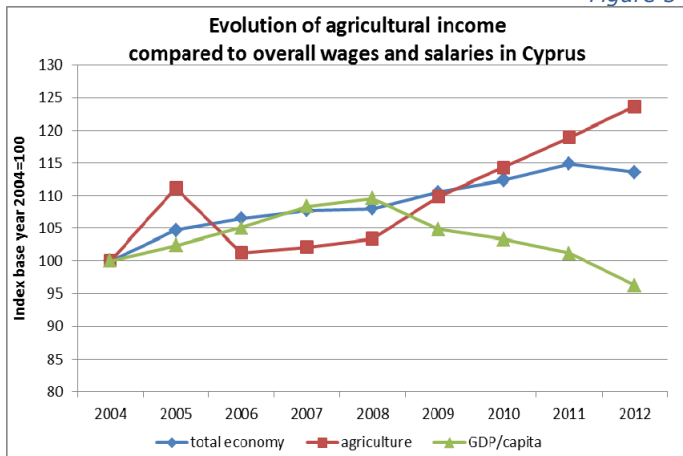


2. Income

Agricultural income rising

From 2004 to 2012 Cypriot agricultural income² grew by almost one-quarter (average +3.1 % per year), compared to overall wages and salaries in the economy which increased by 13% (1.1% per year) over the same period. Meanwhile GDP per capita has been falling steadily since 2008. By 2012 it was 4% below the level of 2005.

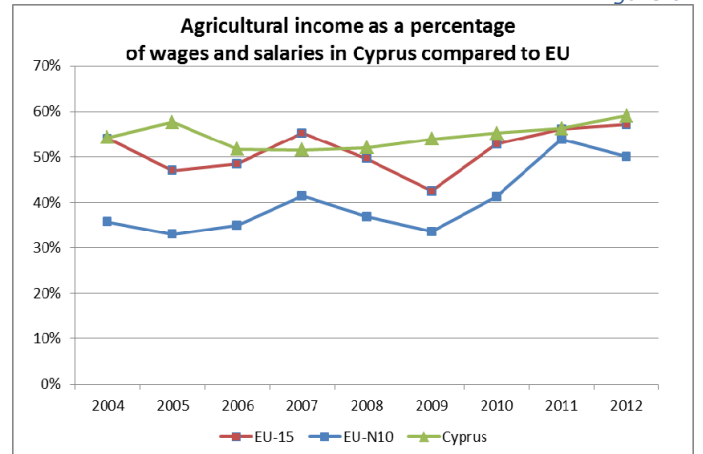
Figure 5



Though lower than average wages

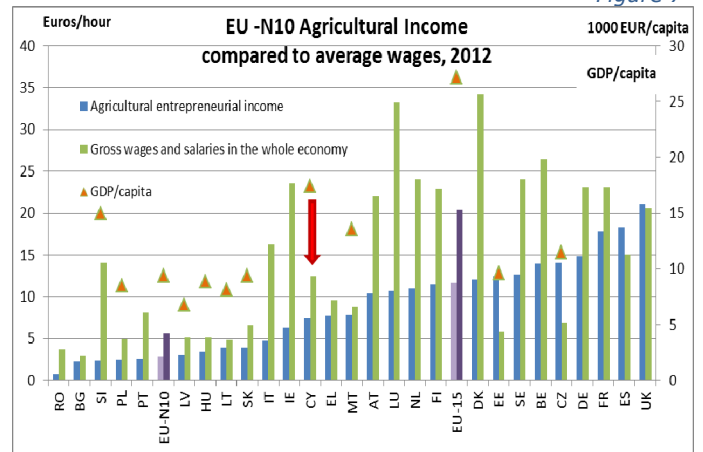
The level of agricultural incomes in Cyprus fluctuated between 50% and 60% of average wages in the whole economy, similar to the EU-15 average and above that of the EU-N10.

Figure 6



Compared to the EU-15, in 2012 agricultural income in Cyprus (hourly earnings of €7.4) was 63% of the level in the EU-15 (€11.70), while the average rate for the whole economy was around 60% of the EU-15 level (€12.5 compared to €20.40). This should be seen in the context of Cyprus's relative GDP/capita, which is 64% of the EU-15 level.

Figure 7



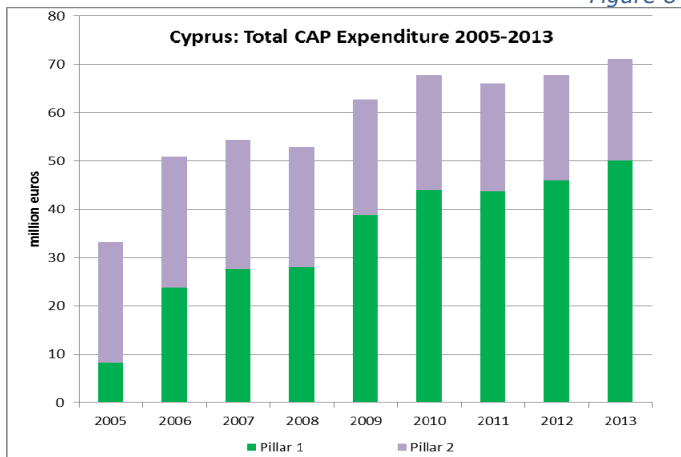
² Agricultural income is measured by entrepreneurial income per full-time non-salaried "Agricultural Work Unit", using an index with base year 2004=100.

3. CAP Expenditure

Funding for rural communities and supporting farm incomes

Over the period 2005-2013, total CAP spending in Cyprus was over 500 million euros. Farmers received over 300 million euro in direct aids and market measures to support farm income (Pillar 1) and over 200 million euro was spent modernising agriculture, making it more sustainable and developing rural areas (Rural development or Pillar II).

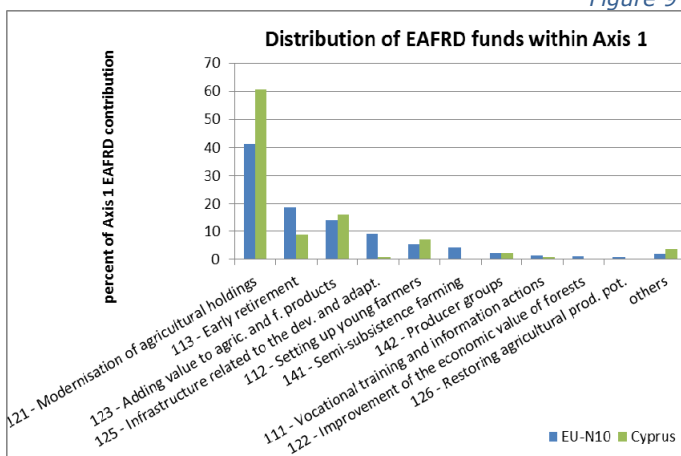
Figure 8



Investing in competitiveness

The largest share of funds (60%) under Axis 1 went to investment aid for modernisation of agricultural holdings in Cyprus, followed by schemes which add value to production.

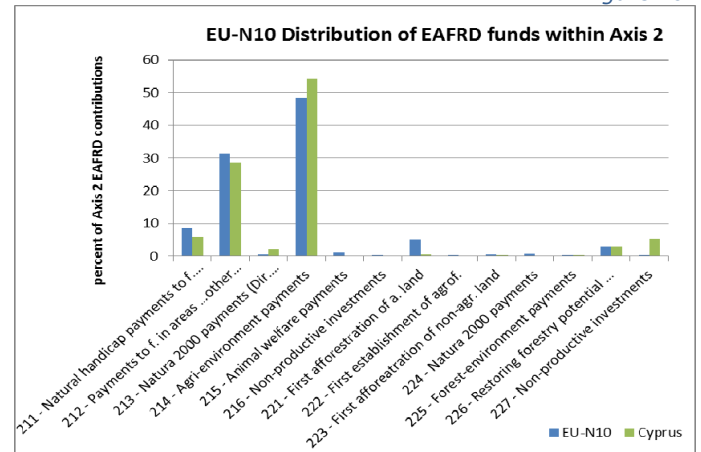
Figure 9



A more sustainable agriculture sector

Within Axis 2 more than half (54%) of Rural Development money was spent on agri-environment measures and almost 30% on areas with natural handicaps.

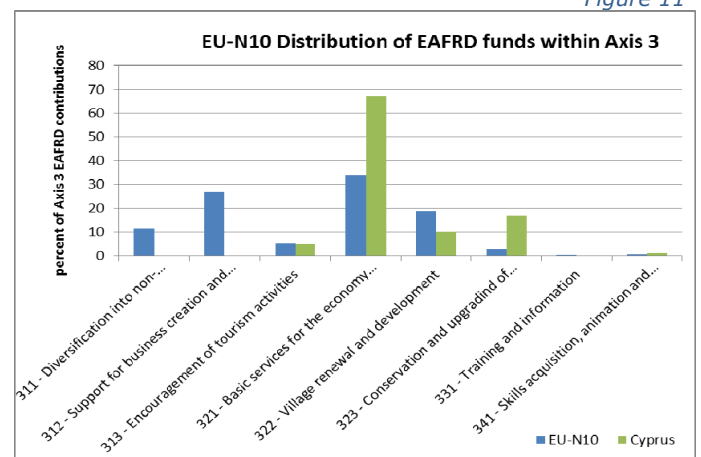
Figure 10



Quality of life and diversification of rural areas

Cyprus's focus within Axis 3 is on provision of basic services in rural areas, which accounts for more than two-thirds (67%) of spending, followed by conservation of the rural heritage (17%) and village renewal and development (10% of expenditure).

Figure 11

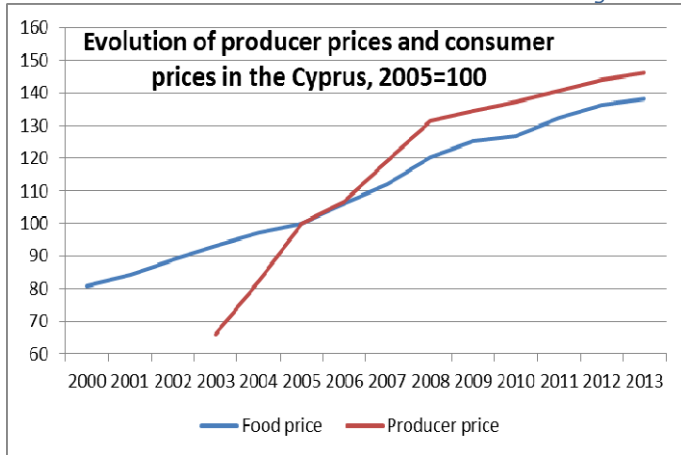


4. Prices and share of food in household expenditure

Producer prices rise faster than food prices

Food prices for Cypriot consumers grew more slowly than producer prices. Agricultural commodity prices in nominal terms increased by 146% in Cyprus from 2005 to 2013, while consumer food prices grew by 138 %.

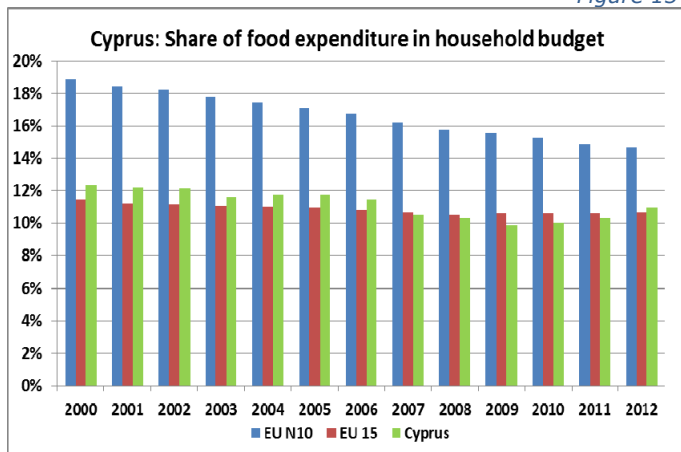
Figure 12



Food accounts for a declining share of household expenditure

Food accounts for a declining share of household expenditure in Cyprus and is around the level of the EU-15.

Figure 13

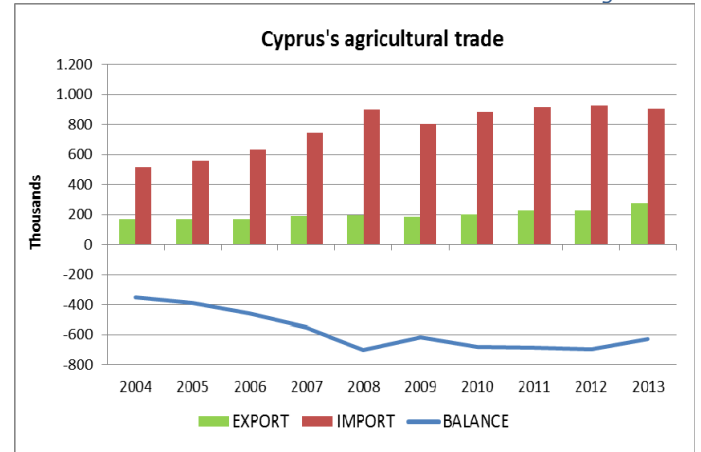


5. Trade

Imports growing faster than exports

Cyprus's agricultural exports have grown more slowly than imports over the past ten years (+165% compared to +176%), increasing the agricultural trade deficit by €280 million.

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:

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