

LITHUANIA AND THE CAP

10 YEARS OF SUCCESS



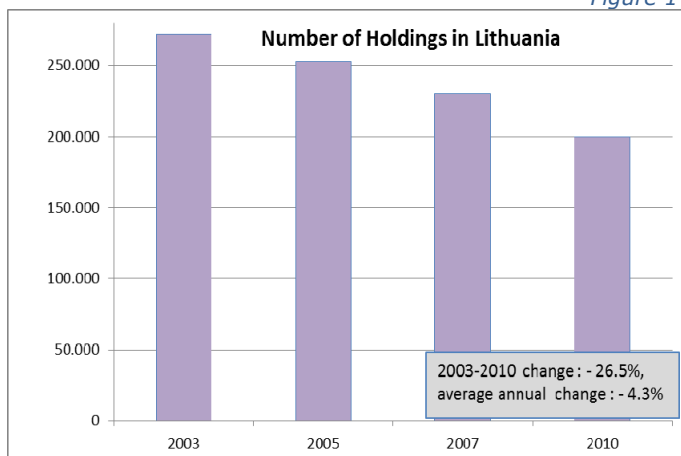
Ten years ago, on 1 May 2004, the EU enlarged from 15 to 25 Member States (and with two subsequent enlargements to 28). The balance of these ten years of EU membership is clearly positive for agriculture and the agri-food sector in Lithuania.

1. Structural Adjustment

Fewer farms

The number of farms has dropped by more than one-quarter in Lithuania since 2003.

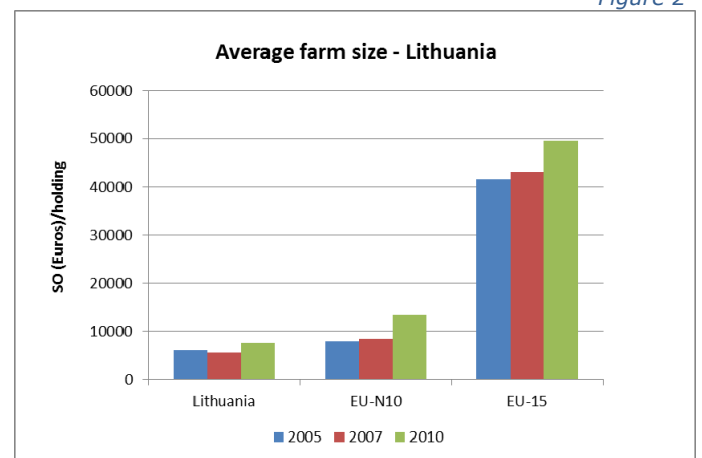
Figure 1



Bigger farms

Farms in Lithuania have grown (in economic size¹) by 25% since 2005, with the value of production/holding showing 4.5% growth/year, (EU-15: 3.5% and EU-N10:11.2%).

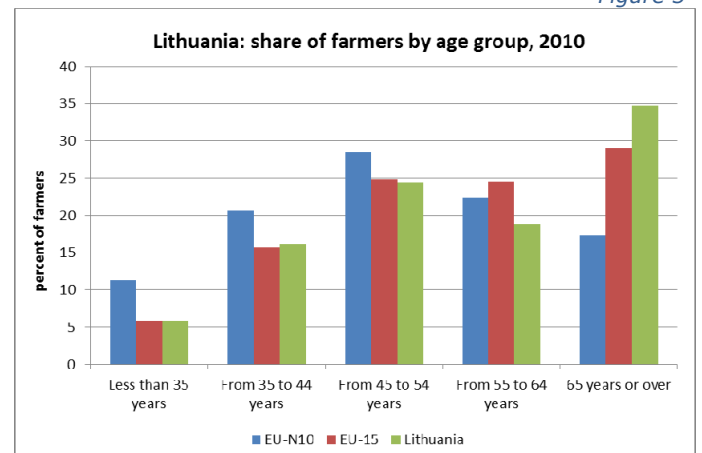
Figure 2



Age structure

Farmers in Lithuania tend to be older than the average for the EU-N10, with more than one-third of farmers aged over 65 years, and a similar age profile to that of the EU-15.

Figure 3

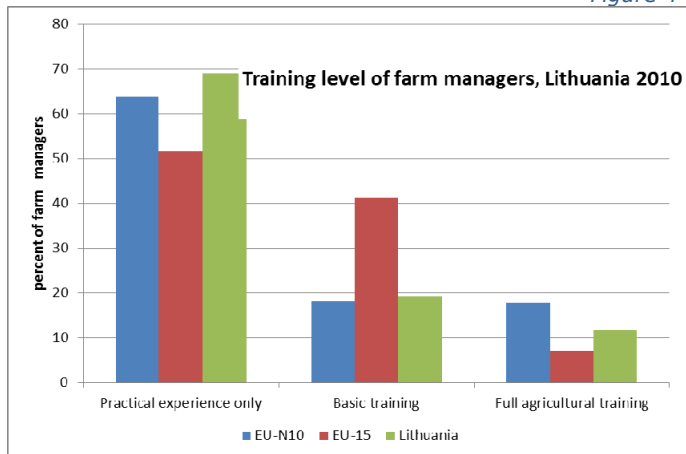


¹ Economic size is measured by the value of Standard Output (SO).

Training of farm managers

A greater percentage of farmers (12.5%) in Lithuania have full agricultural training than in the EU-15 (7%) but less than in the EU-N10 (18%).

Figure 4

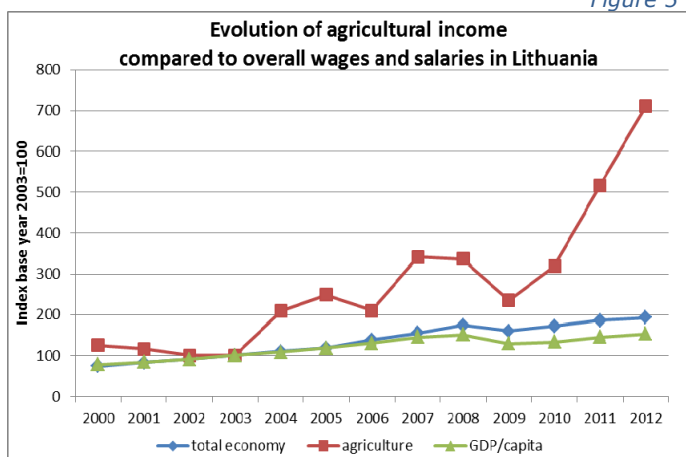


2. Income

Agricultural income rising fast

From 2003 to 2012 Lithuanian agricultural income² grew more than sevenfold (+24.40% on average per year), compared to overall wages and salaries in the whole economy which almost doubled (+93%), (7.6 % per year) and 53% growth in GDP per capita (4.9%).

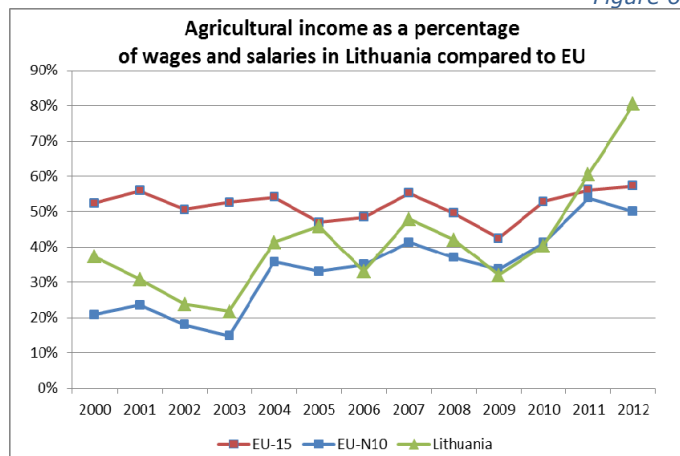
Figure 5



Though still below average wages

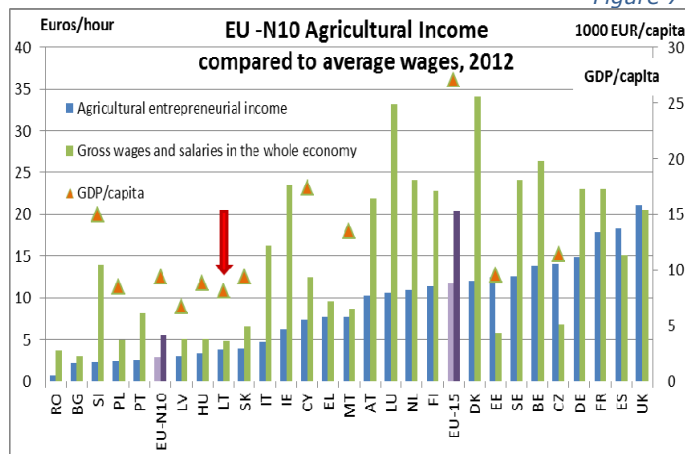
In 2012 the level of agricultural income in Lithuania was 80% of average wages and salaries in the whole economy, higher than the average for the EU-N10 and the EU-15.

Figure 6



Compared to the EU-15, in 2012 agricultural income in Lithuania (hourly earnings of €4.0) was a third of the level in the EU-15 (€11.70). The average hourly wage rate for the whole economy was around a quarter of the EU-15 level (€4.80 compared to €20.40). This should be seen in the context of Lithuania's relative GDP/capita, which is 31% of that of the EU-15.

Figure 7



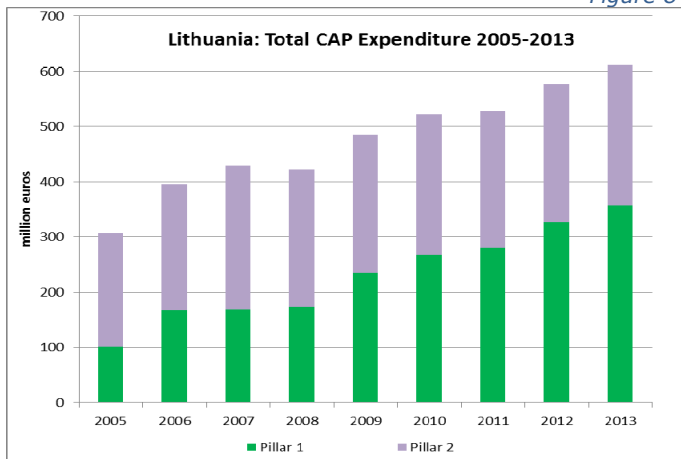
² Agricultural income is measured by entrepreneurial income per full-time non-salaried "Agricultural Work Unit", using an index with base year 2003=100.

3. CAP Expenditure

Investing in rural communities and supporting farm incomes

Over the period 2005-2013, total CAP spending in the Lithuania was 4.3 billion euros. Lithuanian farmers received 2.1 billion euro in direct aids and market measures to support farm income (Pillar 1) and over 2.2 billion euro was spent modernising agriculture, making it more sustainable and developing rural areas (Rural development or Pillar II).

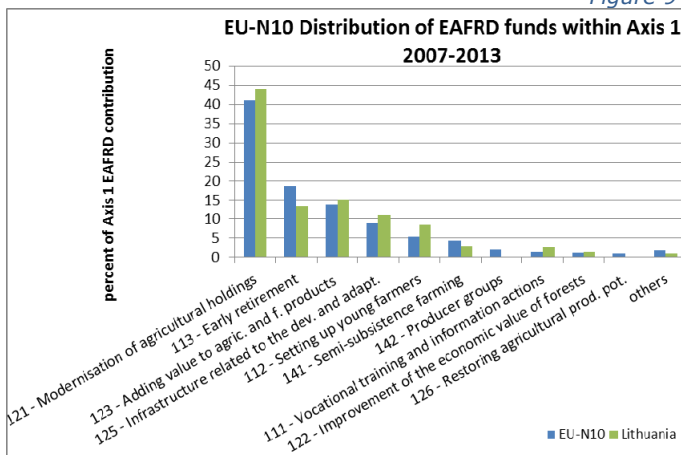
Figure 8



Investing in competitiveness

The largest share of funds under Axis 1 (44%) went to investment aid for modernisation of agricultural holdings in Lithuania, followed by schemes which add value to production (15%) and early retirement (14%).

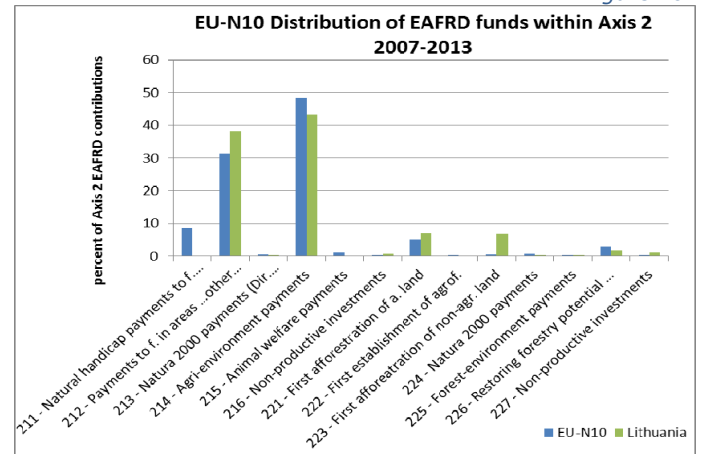
Figure 9



A more sustainable agriculture sector

Within Axis 2 some 44% of Rural Development money was spent on agri-environment measures and over 30% on areas with natural handicaps.

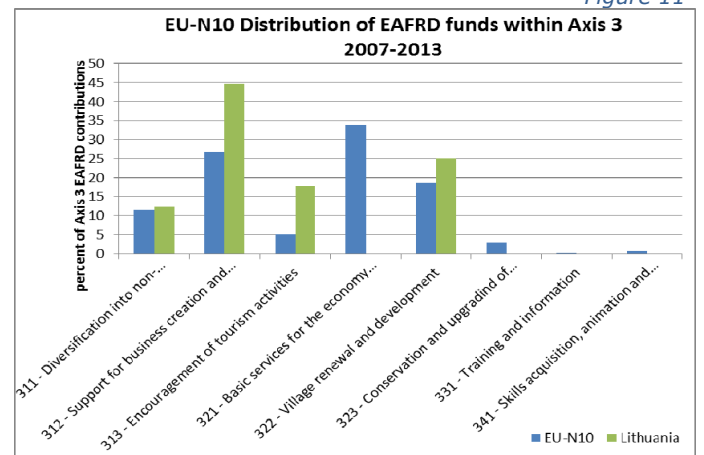
Figure 10



Quality of life and diversification of rural areas

Lithuania's focus within Axis 3 is on support for business creation and development, which accounts for 45% of spending, followed by village renewal and development (25%) and encouragement of tourism (18%) of expenditure.

Figure 11

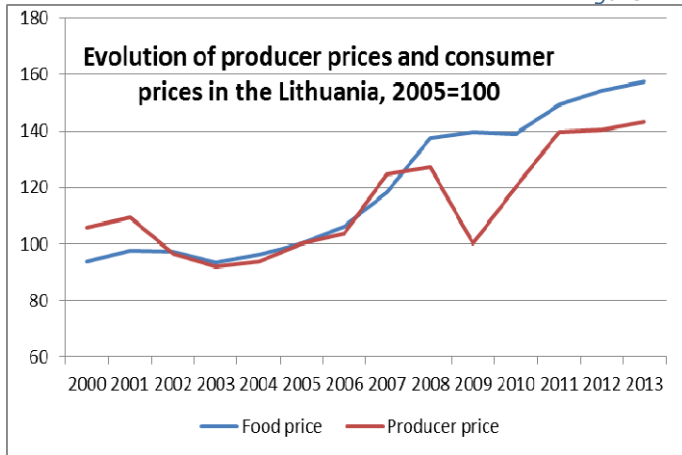


4. Prices and share of food in household expenditure

Food prices rise faster than producer prices

Agricultural commodity prices increased by 7% in nominal terms in the Lithuania, from 2004 to 2013, while consumer food prices grew by 31% over the same period.

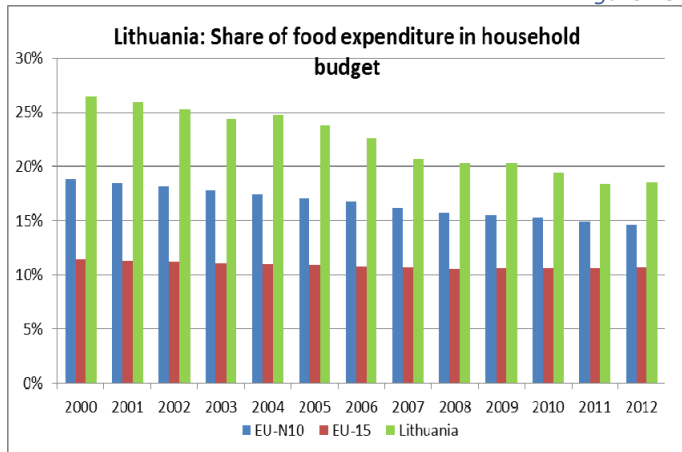
Figure 12



Food accounts for a declining share of household expenditure

Food accounts for a declining share of household expenditure in the Lithuania, though at 18.5% it is still higher than average EU levels.

Figure 13

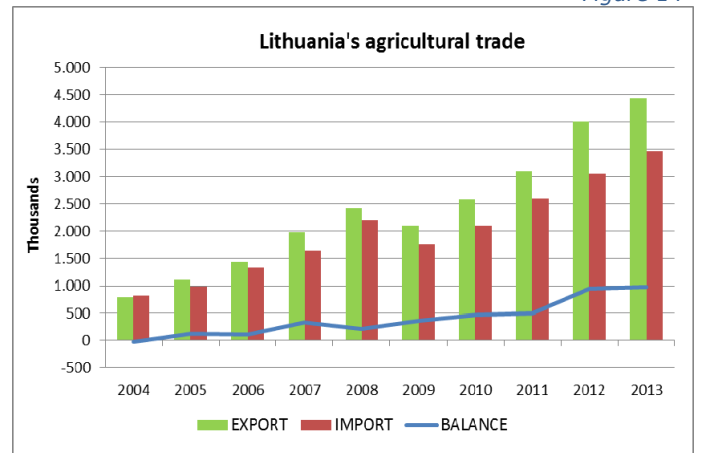


5. Trade

Exports growing faster than imports

Lithuanian agricultural exports have grown more than six fold over the past ten years. The trade balance improved so much (€1 billion trade surplus) that Lithuania switched from being a net importer to a net exporter of 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



Contact: DG Agriculture and Rural Development, Unit for Agricultural Policy Analysis and Perspectives.
 Tel: +32-2-29 64165 E-mail: Agri-E1@ec.europa.eu © European Union, 2014.
 This Brief does not necessarily represent the official views of the European Commission.
 Reproduction authorised provided the source is acknowledged.