

Common Agricultural Policy: Key graphs & figures

Graph 4

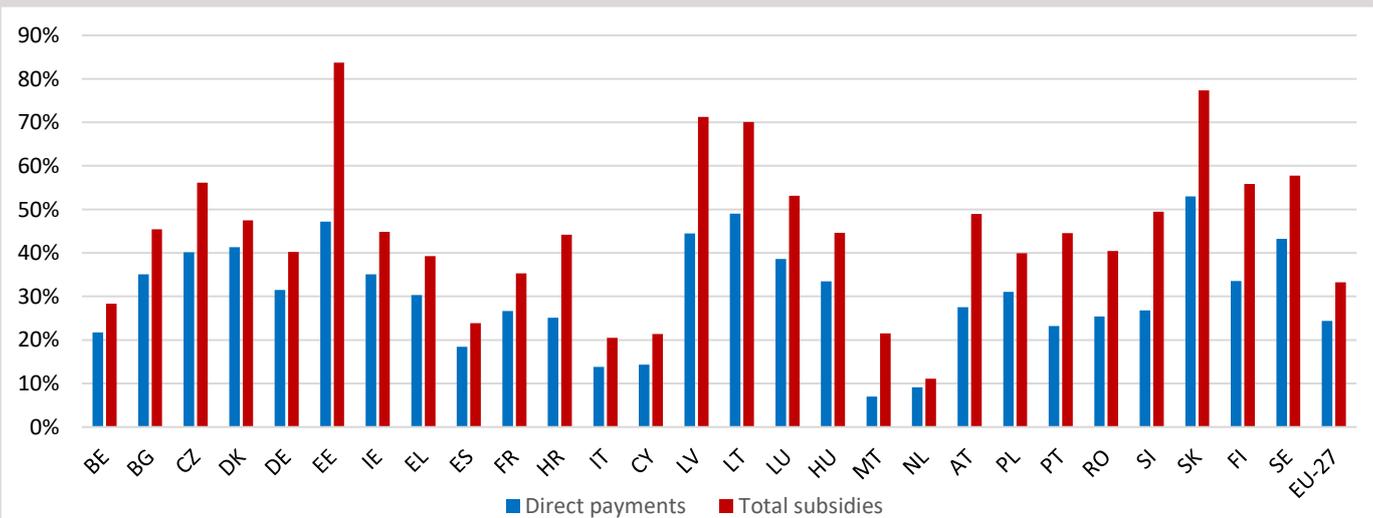
October 2022

Share of direct payments and total subsidies in agricultural factor income (2016-20 average)

Agricultural factor income represents income generated by farming which is used to remunerate (1) borrowed/rented factors of production (capital, wages and land rents), and (2) own production factors (own labour, capital and land). This concept of income is appropriate 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 wages and rents as well as to reward their own production factors. This income indicator allows comparison between Member States, because the share of own and external production factors often differs significantly between Member States.

- Many EU producers are highly dependent on public support (e.g. direct payments, rural development funds). The **EU average share of direct payments** in agricultural factor income in 2016-2020 stood at **24%**. However, this masked considerable differences between Member States, ranging from 20% or less in Cyprus, Malta, Spain, Italy and the Netherlands to more than 40% in the Czech Republic, Estonia, Denmark, Latvia, Lithuania, Slovakia and Sweden. Taking all subsidies into account, **total public support** in agricultural income reached **33% of agricultural income on average in the EU**.
- This **wide variation** in the share of public support in agricultural income reflects the current distribution of support across Member States (mainly based on differences in farm structure across the Member States). This also reflects the specialisation of Member States in different sectors and differences in the competitiveness of agriculture throughout the EU.

Share of direct payments and total subsidies in agricultural factor income (2016-2020 average)



Sources: CAP expenditure: European Commission, DG Agriculture and Rural Development (Financial Report). GDP: Eurostat.