

Survey of farmers' opinions on Luxembourg CAP Reform

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Introduction

The reform of the CAP under the Luxembourg Agreement introduced decoupling of direct payments and production. This direct payment will be paid as a Single Farm Payment (SFP) from 2005 onwards without the requirement for animals or cereal production. A survey was carried out in the autumn of 2004 with the following main objectives:

- (i) to determine farmers' awareness of CAP reform and decoupling,
- (ii) to obtain farmers' likely response to decoupling in relation to their farm enterprises.
- (iii) to ascertain farmers' views of reform on farm incomes and farm inputs purchases.

Materials and Methods

This survey was carried out as an additional survey on the National Farm Survey sample of farms. The survey commenced in September 2004 and was completed by mid-November, with 1040 questionnaires completed and analysed

Results and Discussion

In the survey, farmers were queried on their knowledge of their SFP. Approximately 80% stated that they knew their SFP. The SFP values are given in Table 1.

Table 1. Single Farm Payment by farm system (€/farm and €/ha)

	Farm System					
	Dairying	Cattle rearing	Cattle other	Sheep	Tillage	All
€/farm	6,228	6,916	10,953	9,518	19,230	9,744
€/ha	145	255	356	220	363	259

The average SFP for all farms was €9,744 per farm based on 88% owned land and 12% rented. Tillage farms as expected had the highest SFP per farm, mainly due to size of farm.

Awareness and understanding of stacking their entitlements showed that overall 40 per cent of all farmers understood the stacking concept ranging from 37 per cent on mainly sheep farms to 68 per cent on mainly tillage farms.

Short to medium term plans in relation to breeding stock numbers and tillage crops are shown in Table 2. The data show changes planned for all systems of farming but considerable variation exists between systems. Farmers in the mainly dairying system plan on expanding dairy cow numbers, whilst dairy cows on cattle farms are planned to remain static; farmers in both the mainly tillage system and mainly sheep system plan on reducing dairy cow numbers. However, the overall result for all farms is static for 2005 and a 5% increase in 2007 over the 2004 dairy cow numbers provided quota is available. Farmers stated that they would reduce suckler cow numbers by 3% and 2% in 2005 and 2007 respectively, based on their 2004 cow numbers. A

large reduction in suckler cows is planned on dairy and cattle farms with increases planned on mainly sheep and mainly tillage farms.

Table 2. Farmers' plans for breeding stock numbers in 2005 and 2007 compared with 2004

	2004/05	2004/07
	% change in numbers	
Dairy cows	0	+5
Suckler cows	-3	-2
Breeding ewes	-5	-6
Cereals	-7	-12
Root crops	0	-8
Forestry	+11	+30

Area devoted to cereal crops is planned to decline by 7% in 2005 and 12% in 2007 over the 2004 base figure with the major decline taking place on mainly tillage farms and mainly dairy farms. Farmers in the mainly cattle system plan on increasing cereal area on their farm by 2007. Finally there was a major increase in forestry area to be planted in 2005 and 2007 with farmers planning on increasing their 2007 forestry plantations area by 30% on the area under forestry in 2004, the main increase taking place on drystock farms.

Farmers' views on how the new CAP reform would impact on their farm incomes are shown in Table 3 by farm system.

Table 3. Farmers' views (%) on the impact of the Luxembourg Agreement on farm incomes by 2010

Opinion	Farm System				
	Dairying	Cattle	Sheep	Tillage	All
No change	38	41	50	21	40
Increase	13	11	12	9	12
Decrease	30	21	18	39	24
Don't know	19	27	20	31	24

Farmers were uncertain of how decoupling will impact on their incomes with 64% in the "no change" or "don't know" categories.

Data in Table 4 shows farmers' opinions on how decoupling will affect purchased farm inputs with 30 per cent expecting a decline, and the biggest decline in the tillage sector.

Table 4. Plans (%) for purchased inputs post decoupling

Opinion	Farm System				
	Dairying	Cattle	Sheep	Tillage	All
No change	63	59	60	55	60
Increase	6	3	3	0	4
Decrease	26	29	33	39	30
Don't know	5	8	4	7	6

Conclusion

Farmers were unsure of how the new policies will impact on their incomes but overall it looks likely that there will be a reduction in farm inputs.