

GCSE

FACT FILE

Agriculture and Land Use

Animal Nutrition

Farm Economics

For first teaching from September 2013

For first award in Summer 2015



agri
culture
and
land use



Learning Outcomes

Assess the advantages and disadvantages of the EU financial support to farm businesses.

Key Terms

- EU – European Union
- Common Agricultural Policy (CAP) and CAP reform
- subsidies, levies and intervention
- single farm payment
- rural economy

EU States



Information

EU financial support to farm businesses across the EU began in 1962 as part of the Common Agricultural Policy (CAP). The CAP was established in the early days of the European Community and its purpose was to increase food production following post-war shortages in Europe and to increase farm incomes. Farmers were supported directly and indirectly through a complex system of export subsidies (payments), import levies (taxes) and buying up surplus production (intervention). This led to long term over production of certain products such as milk and grain across the EU and an unsustainably high cost of the CAP. In 1970 the cost of the CAP was 87% of the EU budget. In 2010 farm subsidies and rural payments used approximately half of the total EU budget. Much needed reform of the CAP began in the 1990s to break the link between farm subsidies and farm production, as well as to diversify the rural economy and to address the issues of food safety, animal welfare and environmental protection. A single farm payment per farm business was introduced in 2005 to replace a number of previous support mechanisms. At present the EU provides, on average, half of farmers' income and the CAP still takes up over 40% of the whole EU Budget.



Ref: <http://www.tutor2u.net/blog/index.php/economics/C447>

Advantages

- EU farm businesses currently receive an annual 'single farm payment' to provide a stable revenue for farmers
- EU finance also provides support for animal welfare and environmental protection
- EU support helps to maintain the rural economy and keep people on the land e.g. small holders
 - Single farm payment rules (farmers are fined if they do not adhere to rules) help to promote biodiversity, environmentally friendly farming practices
 - EU support helps farm businesses to diversify and to upgrade aspects of their business so as they can compete on a global scale

Disadvantages

- A large proportion of the EU farm support budget goes to a correspondingly smaller proportion of all the EU farm businesses
- EU has decided that milk quotas, which were introduced to protect dairy farmers' income, will be removed in 2015
- CAP reform will reduce support to farmers in western EU states relative to those in Eastern Europe

System is perceived by some farmers as unfair as non-active farmers still receive payments, while active farmers are not always suitably rewarded



Learning Activities

Divide the class into groups of 3–4 students. Assign each group a farm business type e.g. arable; dairy; beef and sheep; poultry. Assess the advantages and disadvantages of EU financial support for these particular farm types. The general advantages and disadvantages will be more or less relevant to certain farm types.(hint – historically poultry farm businesses did not receive direct farm subsidy payments from EU unlike livestock farms)



Web Resources/Links

<http://www.civitas.org.uk/eufacts/FSPOL/AG3.htm>

<http://www.bbc.co.uk/news/world-europe-11216061>

<http://www.defra.gov.uk/food-farm/farm-manage/cap-reform/>

