1. INTRODUCTION

This evaluation examines the effects of the direct support schemes laid down in Council Regulation (EC) No 1782/2003 of 29 September 2003 (later Council Regulation (EC) No 73/09) on farm structural changes.

None of the key objectives expressly assigned to the CAP by the article 39 of the EU Treaty is related to farm structures. However, the changes in the support tools, introduced with Regulation (EC) No 1782/2003, may have affected farmers’ behaviour, particularly in the use of production factors: land, labour, capital, with likely subsequent effects on key structural features of European farms.

The 2003 CAP reform constituted a fundamental change in the instruments applied in the CAP, with a switch from coupled income supports to a single decoupled support. This new system of direct support, under which aid is no longer linked to production (decoupling), is known as the Single Payment Scheme (SPS). At the time of the introduction of decoupling, some aids were, however, maintained totally/partially coupled.

The present evaluation covers all direct support schemes governed by Council Regulation (EC) No 1782/2003: decoupled and coupled payments (including Complementary National Direct Payments), and all implementation models: Single Payment Scheme (historical, regional and hybrid models) and Single Area Payment Scheme. The models of implementation of the 2003 reform, as well as the types of direct support (coupled or decoupled) represent a key factor to be taken into account when analysing the relationship between direct support and structural changes.

The methodology used allow to make a clear distinction between the effects of direct payments on structural changes and the effects of other drivers such as other policies measures, in particular the measures under the Single Market Organisation (Single CMO) and the 2nd Pillar of the CAP, policy factors at national level (legal and institutional framework) and non-policy factors (i.e. market development, change in the economic environment).

The geographical scope of the analysis is EU27 and the coverage is regional (NUTS 2). The analysis was developed at two different levels: macroterritorial and farm level. Furthermore, 12 regional case studies represented a third level of analysis in the answer to some evaluation question. The main data sources used are the EU Farm Structure Survey (FSS: agricultural census and intermediate sample surveys. Source: Eurostat) and the Farm Accountancy Data Network (FADN).

The evaluation covered the period from 1 January 2005, when Council Regulation (EC) No 1782/2003 came into force, until the last year for which statistics are available. In order to clearly identify the effects of policy changes on the evolution of farm structures, the observation period has been prolonged starting thus from 1995.