



LITHUANIA

CAP IN YOUR COUNTRY

The **Common Agricultural Policy (CAP)** is Europe's answer to the need for a decent standard of living for 22 million farmers and agricultural workers and a stable, varied and safe food supply for its 500 million citizens. As a common policy for all 28 EU countries, the CAP strengthens the competitiveness and sustainability of EU agriculture by providing Direct Payments aimed at stabilising farm revenues and finances projects responding to country-specific needs through national (or regional) Rural Development Programmes, which also cover the wider rural economy.

The CAP also provides a range of market measures, including tools to address market difficulties, and other additional elements such as quality logos or promotion for EU farm products, which complete CAP action to support farmers. The CAP budget fixed for the period from 2014-2020 provides a total of EUR 408.31 billion in EU funds with EUR 308.73 billion intended for Direct Payments and market measures (the so-called First Pillar) and EUR 99.58 billion for Rural Development (the so-called Second Pillar).



LITHUANIA

- covers an area of **65 000 km²**, of which **farmland comprises 60%** and forest 32%.
- has a total population is nearly **3 million**, of which 42% lives in rural areas.
- has a polarised farm structure (of the country's 200 000 farms, more than 40% are less than 5 ha with relatively low competitiveness), but with a significant ongoing structural change
- has seen a **25% increase** in the average farm size since Lithuania joined the EU in 2004.

INVESTING

in Lithuania's Agriculture 2014-2020



In the period to 2020, the CAP will invest around **EUR 4.7 billion**¹ in Lithuania's farming sector and rural areas. Key political priorities have been defined at European level such as: jobs and growth, sustainability, modernisation, innovation and quality. At the same time, Lithuania has flexibility to adapt both direct payments and rural development programmes to its specific needs.

Fairer and greener direct payments

The new Direct Payments are to be distributed in a fairer way between Member States, and between farmers within the same Member State, increasing the overall amounts available for countries, such as the Baltic States, which had lower allocations in the 2007-2013 period and putting an end to allocations on the basis of "historical references" prevalent in the EU-15. With a total budget for Direct Payments of more than **EUR 3.1 billion**, Lithuania has seen a substantial rise in its budget for Direct Payments, despite a general reduction in the budget of 3.2% at EU level.

A key change in the new CAP is the application of new 'Greening' rules, in order to highlight the benefits farmers provide to society as a whole on issues, such as climate change, biodiversity loss and soil quality. Under this system,

30% of the Direct Payment envelope, paid per hectare, is linked to three environmentally-friendly farming practices: crop diversification, maintaining permanent grassland and conserving 5% of areas of ecological interest or measures considered to have at least equivalent environmental benefit.

The [Single Area Payment Scheme \(SAPS\)](#) will be prolonged until end of 2020 as the system to distribute the resources among Lithuanian farmers: this system links the amount of support to the area that each farmer declares with simpler administration. The Lithuanian authorities have decided to earmark 15% of the Direct Payments envelope for voluntary coupled support (targeting dairy breed cows for milk, beef cattle, dairy breed bulls for meat, sheep, goats, field vegetables, greenhouse vegetables, fruits and berries and protein crops). The Lithuanian authorities are also making use of the possibility to increase the amounts of Direct Payments for farmers' first 30 hectares (15% of Direct Payments envelope) – the so-called re-distributive payment - with the goal of seeing a modest shift of funding away from larger holdings towards small and medium-sized farms, thereby achieving a fairer distribution of the support.

Other changes introduced in the 2013 CAP reform include stricter rules on active farmers eligible for Direct Payments and a new 25% aid supplement for **young farmers** for the first 5 years, in addition to already existing installation grants.



¹ Total allocation of Direct Payments and Rural Development for the period 2014-2020 (in current prices) for Lithuania.

Farmers at the heart of the food supply chain

To improve the balance of the food supply chain in Lithuania, EU instruments (such as [Producer Organisations](#)) help farmers to get better organised and to market their products better.

Moreover, the EU organic logo helps consumers choose food produced in a sustainable way.



Supporting key priorities for Lithuania's rural development

With a total budget of around **EUR 1.6 billion** for measures benefiting its rural areas in the 2014-2020 period, the Lithuanian authorities have defined tailor-made priorities in its "rural development programme" (RDP), based on the options available within the EU framework.

The [2014–2020 Rural Development Programme for Lithuania](#) focuses on 5 main objectives:

- 🌱 Modernisation and improvement of the economic performance of small and medium-sized farms (nearly 8 000 farms are expected to be supported)
- 🌱 Preservation of biodiversity (11% of farmland)
- 🌱 Better management of soil (8% of farmland)
- 🌱 Promotion of organic farming
- 🌱 Creation of new jobs (nearly 2 000) and the development of rural areas and businesses (including training for over 130 000 farmers, land managers, food industry actors, forest holders and the staff of rural SMEs.)

Most funds go to productive and non-productive investments, farming in areas with natural constraints, farm and business development, organic farming and environment and climate measures.



KEY ACHIEVEMENTS



Between 2007 and 2013 the CAP invested approximately **EUR 3.6 billion²** in Lithuania's farming sector and rural areas with the objective of stabilizing farm incomes, modernising and increasing the sustainability of Lithuanian farms and securing the supply of safe, affordable and quality food for its citizens.

Lithuanian farmers benefit from the CAP

In recent years, Direct Payments have been a key safety net. For example, in 2014 Lithuanian farmers received EUR 376 million in direct payments, benefitting some 148 500 farmers & farm businesses, 70% of which received a payment below EUR 1 250. Moreover, in 2014, the EU spent around EUR 10 million on market measures in Lithuania, targeting mainly the fruit and vegetables sector.

Fostering growth and jobs in Lithuania's rural areas

During the period 2007-2013, the CAP invested more than EUR 1.7 billion in a whole range of different activities supporting agricultural production and benefitting Lithuania's rural areas by allowing to keep diversity in place and to transform it into a feature of economic strength, cultural richness and social cohesion. In concrete terms, rural development funds have supported Lithuania's agriculture by:

- the installation of more than **2 200 young farmers**, with aid of more than EUR 86 million;
- assisting more than **3 100 semi-subsistence farms** in their restructuring into viable and market-oriented holdings;
- modernizing more than **5 800 agricultural holdings** generating a total investment (public and private) of EUR 871 million;
- helping agricultural holdings and enterprises in tough economic times with **financial investment**, which resulted in 474 loans issued for a total amount of EUR 52 million;
- promoting **sustainable farming practices** on more than **20 000 holdings** supported for undertaking voluntary agri-environment commitments on a total area of **306 000 ha** (incl. a substantial increase in organic farming area)
- increasing the forest area in Lithuania (almost **22 000 ha of afforestation** supported);
- renewing local infrastructure and the quality of life in more than **3 500 villages**;
- boosting local development with more than **3 000 local projects** supported through LEADER.



Example of a Rural Development project supported by the CAP

Modernisation of a High-quality Milk Processing Dairy Plant

The dairy plant of UAB Varėnos pienelis saw considerable investment aimed at modernising the company's production facilities – not only to be fully in line with EU veterinary, sanitary, food safety and environmental standards, but also to be more competitive and facilitate the production of higher value products. The company developed a modern milk processing structure and optimised costs, while reducing energy and natural resources consumption. The investment also included two vehicles for milk transportation and packaging machinery. (Total cost: EUR 1 510 260) [More information](#)

2 Total allocation of Direct Payments, Rural Development and market measures for the period 2007-2013 (in current prices) for Lithuania

Adding value with Quality schemes

Through the [Quality Policy of the CAP](#), the EU provides a number of measures to help producers build on the high quality reputation of European products to sustain competitiveness and profitability. A key tool in this is the register of more than 1 300 protected food names which are classified as a **Protected Designation of Origin (PDO)**, a **Protected Geographical Indication (PGI)** or a **Traditional Speciality Guaranteed (TSG)**. The production of these registered quality products contributes to diversity, development and growth in the rural areas where they are produced and protects local knowledge, skills and jobs.



As of spring 2016, [Lithuania has registered 7 products](#), Liliputas, Daujėnų naminė duona, Žemaitiškas kastinys, Stakliškės, Lietuviškas varškės sūris, Seinų / Lazdijų krašto medus / Miód z Sejneńszczyzny / Łoźd (...) and Skilandis.

Responding to new market difficulties

The impact of the Russian ban on EU agricultural products has been tougher in Lithuania than in many other Member States. The EU responded with [a specific envelope of EUR 14.1 million](#) for the fruit & vegetables and the dairy sector offered to Lithuanian farmers at the end of 2014.

Following the prolongation of the Russian ban on the EU agricultural imports and the specific market conditions of past summer, the European Commission adopted in October 2015 a [support package worth EUR 500 million](#) to back those farmers affected most by the current difficulties. A total budget of EUR 420 million was made available for national envelopes to support especially **dairy and live-stock sectors** while Member States had the flexibility to decide how to target this support. The remainder of the budget is intended to promote the expansion of export markets.

Under this new package, Lithuania has received **another EUR 12.6 million** which will be allocated mainly to the **milk** and to a lesser extent to **pig meat** farmers. Moreover, the Lithuanian authorities have decided to double this amount from national funds so that the total support package now amounts to **EUR 25.2 million**.

In spite of the Russian ban, global **EU agri-food exports** to third countries have performed well, increasing by EUR 6.8 billion in the first 12 months since the ban, relative to the EUR 5.2 billion drop in trade with Russia compared to the same period of the previous year. Major gains have been achieved in exports to the USA, China, Switzerland and other key Asian markets such as Hong Kong and South Korea.

What do the Lithuanians think of the CAP?

According to the most recent Eurobarometer survey, published in January 2016, **83% of the Lithuanians think that the financial support given by the EU through the CAP is either enough or too low** (only 6% considers it “too high”). The main arguments proffered for why the EU allocates important resources to the CAP are to ‘ensure that agricultural products are of good quality, healthy and safe (67%)’, ‘ensure reasonable food prices for consumers’ (54%) and ‘developing rural areas while preserving the countryside’ (48%). Moreover, **91% is totally in favour of the greening measures taken**.

Consult the Eurobarometer survey 440 [“Europeans, Agriculture and the CAP”](#).

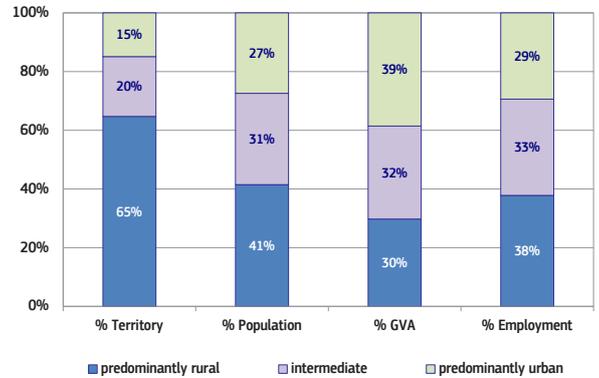


LITHUANIAN AGRICULTURE AT A GLANCE

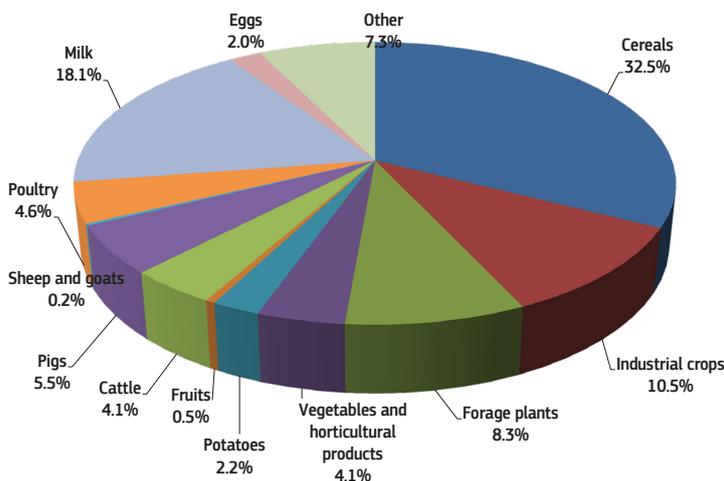
Lithuanian agriculture is characterised by:

- ongoing change in farm structure with a 25% increase in the average farm size since 2005 and average 4.5% annual growth in the value of production/holding
- A low competitiveness of small and medium-sized farms
- An ageing farming community: 35% of farmers are 65-years-old or more (EU-average of 30%)

Importance of rural areas

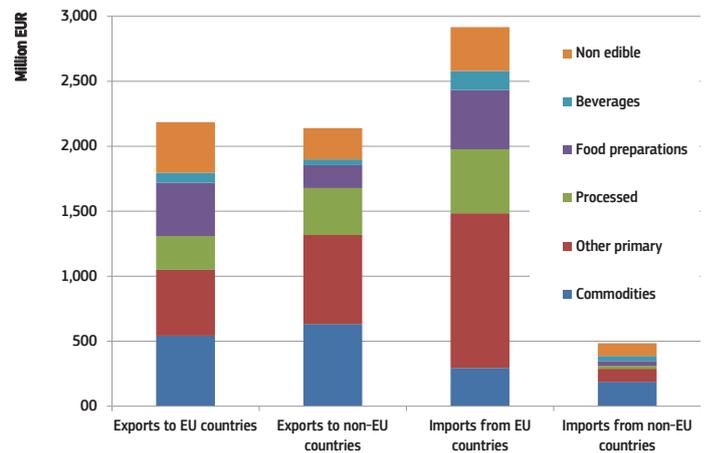


A very diversified production

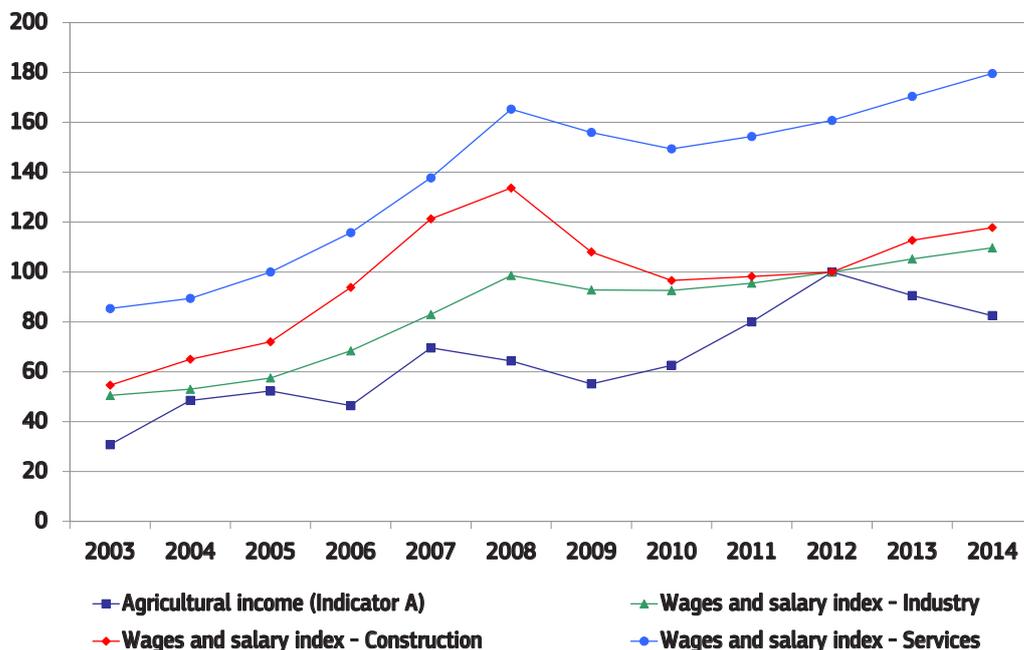


Output components (2013-2015 average); values at constant producer prices

Agricultural trade with EU Member States is highly important for Lithuania (2014 data)



Farmer's income continues to be more volatile than wages and salaries in other sectors



Data sources: Eurostat, Comext.