

Round table discussion
**“How CAP helps the national (and European)
agriculture become competitive?”**

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Agricultural sector in Estonia

- 2% of GDP
- 19 thousand people employed in primary sector (3% of employment)
- Wages $\frac{3}{4}$ of Estonian average
- 19 700 agricultural holdings
- 39,4% involved in growing cereals, 26,6% producing milk, 19% mixed farming
- Average farm size 47,6 ha – more than half of agricultural holdings (54%) have less than 10 ha of land and they use 5% of agricultural land, at the same time 9% of holdings have more than 100 ha and they use 73% of agricultural land

Self-sufficiency level in production of main agricultural products in Estonia

- Milk – 162,5%
- Pig meat – 110%
- Beef – 104%
- Sheep and goat meat – 86%
- Poultry – 54%
- Cereals – 120%
- Vegetables – 58,5%
- Fruit and berries – 14,1%
- Potatoes – 86,5%

Competitive agriculture?

The question is what is competitive agriculture?

How to we understand and/or measure it?

Is it competitive in comparison with other sectors in Estonia or competitive with agriculture in other member states. Or is it both?

Agriculture is also

- Land improvement
- Food sector
- Forestry
- Diversification agriculture into non-agricultural activities

CAP and especially II pillar will have to deal also with these topics. The question is to what extent.

Financing of rural development policy to ensure competitiveness

- The ratio of CAP pillar I (direct support) and II (rural development measures) in the EU as a whole should change for the benefit of pillar II. Since a big challenge for agricultural production is ensuring food security through a competitive agricultural sector and maintaining biological diversity, it should be focused more than so far on structural development, new challenges, innovation and usage of new technologies and less on income support.
- We find that the rural development resources allocated to Estonia should remain on the same level or increase during the next budget period. Direct support should not be harmonized on the expense of rural development resources, since such a seeming redistribution of resources imposes a threat to the funding of investments and structural changes, which are necessary for development.

Instruments

In order to make better use of funds and in order to find a truly innovative projects, and thereby increase the competitiveness of agriculture, we need to consider the following options:

- Co-operation
- Short supply chain
- Widening research and development
- Widening of Leader-approach should enable to continue with existing LAG-s
- Financial instruments
- Simplified costs (standard costs, lump sums, flat rate)

Thank You for Your attention!