

THE MINISTRY OF
AGRICULTURE OF
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LITHUANIA

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Redistributive payments

LITHUANIA



Redistributive payments in Lithuania

- Started in 2014
- Budget 2014: 10% of DP envelope
- 2015 & onwards: 15% of DP envelope
- Threshold: 30 ha

Objectives and potential issues

Objectives

- **reduce** an income gap among farms of different sizes
- **maintain** the viability of smaller farms

Potential issues

- **artificial** conditions for splitting
- **inefficient** allocation of DP envelope

The results of redistribution

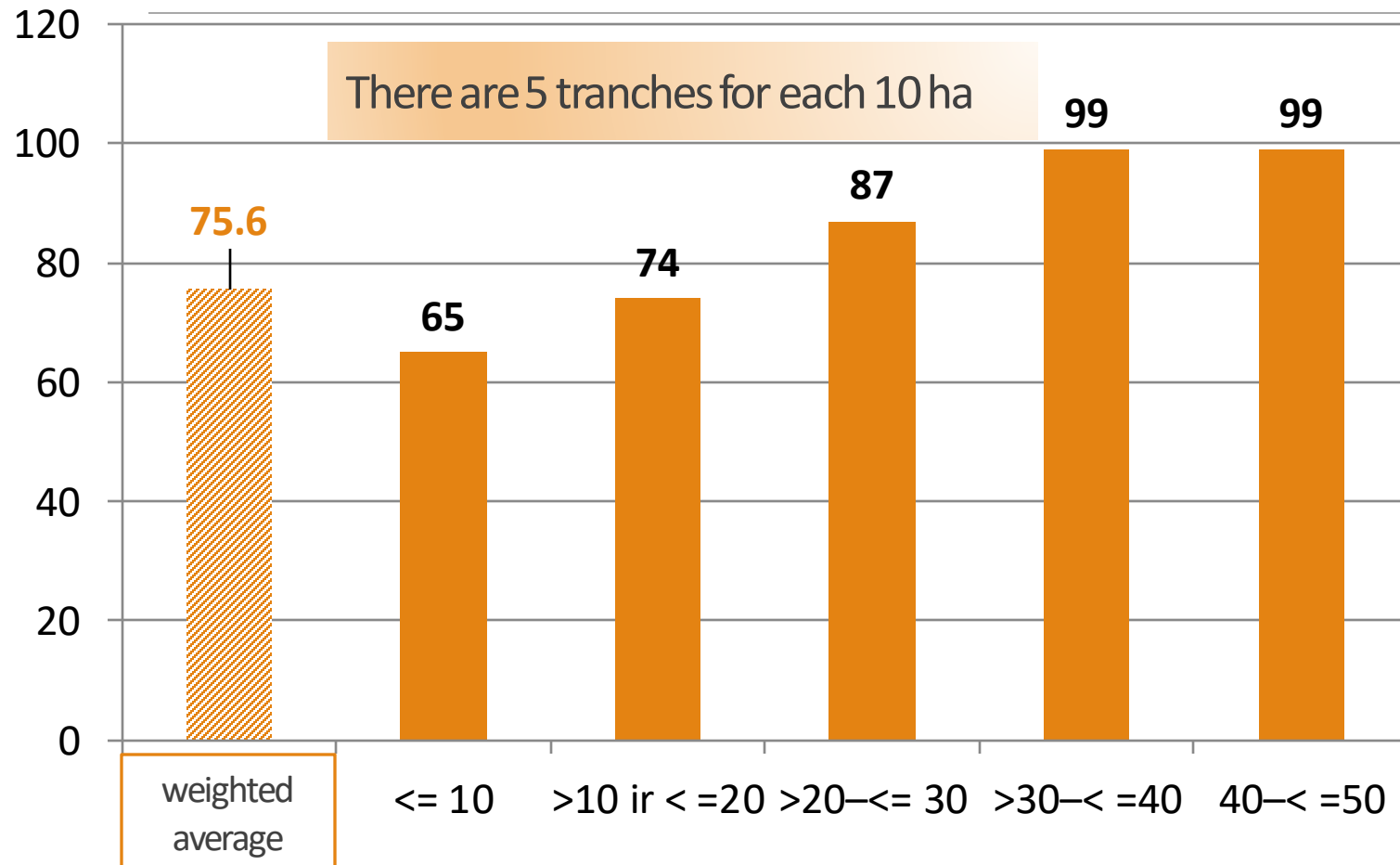
	Direct payments, EUR/ha				Change compared to LT average			
	2016	2017	2018	2019	2016	2017	2018	2019
LT average	153	163	163	168	0%	0%	0%	0%
Up to 30 ha	183	195	197	203	19%	20%	20%	21%
30,1 -100 ha	166	178	180	187	8%	9%	10%	11%
100,1 -200 ha	141	151	151	155	-8%	-7%	-8%	-8%
200,1 -500 ha	130	137	137	140	-15%	-16%	-16%	-17%
500,1-1000 ha	124	133	131	134	-19%	-19%	-20%	-20%
> 1000,1 ha	129	139	140	145	-16%	-15%	-14%	-14%

- **20%** higher payments per ha for smaller farms than LT average and about **51.5%** higher than for farms managing 500-1000 ha
- **No artificial** splitting of holdings has been identified

What next? → 2023-2027

- LT SWOT analysis shows that:
 - the need for redistributive payments remains
 - off-farm income account for an important share of income in farms up to 20-30 ha
 - farms up to 50 ha face financial difficulties the most
- Considerations on the application of the following criteria for payments:
 - total output per 1 EUR of costs
 - farm net income per ha (or AWU)
 - number of full-time employees on the farm
 - average wages in the agricultural sector

Criteria simulation (one of the scenarios), EUR/ha



Payments as of 2023

Under this scenario, it is recommended that approx. 20 % of the DP envelope to be allocated to redistributive payments.



Thank you
