

# The possible implementation of the income stabilization tool in Wallonia (South of Belgium)

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# Context and hypotheses

- Legal framework: EU regulation 1305/2013 (rural development) and 2017/2393 (“omnibus”)
- Tested period: 2010-2016
- Source of data: The Walloon Farm Accounting Data Network (>400 farms)

# Context and hypotheses

- Implementation threshold: 20% and 30% of losses compared to the previous three-year period
- Two levels of calculation
  - All the farms of the FADN as a whole or the most representative groups of specialised farms
  - Individual farms

# Possible implementation of the IST: all farms

Year	Sample size	Mean income per farm (€)	Mean income for the previous triennial period (€)	Implementation threshold 30% (€)	Implementation threshold 20% (€)
2010	454	119,135			
2011	445	118,042			
2012	438	115,481			
2013	436	119,023	117,553	82,287	94,042
2014	431	118,655	117,515	82,261	94,012
2015	423	107,903	117,720	82,404	94,176
2016	413	99,886	115,194	80,636	92,155

# Possible implementation of the IST: farms specialised in bovine meat production

Year	Sample size	Mean income per farm (€)	Mean income for the previous triennial period (€)	Implementation threshold 30% (€)	Implementation threshold 20% (€)
2010	103	72,208			
2011	102	65,148			
2012	105	65,824			
2013	117	68,149	67,751	47,426	54,201
2014	113	67,377	66,374	46,462	53,099
2015	110	68,017	67,117	46,982	53,693
2016	106	64,100	67,848	47,493	54,278

# Possible implementation of the IST: farms specialised in general crops

Year	Sample size	Mean income per farm (€)	Mean income for the previous triennial period (€)	Implementation threshold 30% (€)	Implementation threshold 20% (€)
2010	49	140,101			
2011	52	137,057			
2012	51	151,569			
2013	50	136,090	142,909	100,036	114,327
2014	48	120,564	141,572	99,100	113,258
2015	55	107,575	136,074	95,252	108,859
2016	54	104,963	121,410	84,987	97,128

## Possible implementation of the IST: farms specialised in dairy production

Year	Sample size	Mean income per farm (€)	Mean income for the previous triennial period (€)	Implementation threshold 30% (€)	Implementation threshold 20% (€)
2010	92	101,995			
2011	90	107,939			
2012	93	88,307			
2013	90	109,385	99,414	69,590	79,531
2014	99	120,691	101,877	71,314	81,502
2015	94	98,082	106,128	74,289	84,902
2016	89	86,121	109,386	76,570	87,509

## Possible implementation of the IST: farms specialised in general crops and ruminants

Year	Sample size	Mean income per farm (€)	Mean income for the previous triennial period (€)	Implementation threshold 30% (€)	Implementation threshold 20% (€)
2010	69	137,131			
2011	67	128,875			
2012	59	141,466			
2013	57	146,233	135,824	95,077	108,659
2014	61	116,021	138,858	97,201	111,086
2015	55	107,754	134,573	94,201	107,659
2016	55	97,477	123,336	86,335	98,669



# Conditions for the implementation of the IST for a given farm

- The mean income for the group is below the threshold
- The income of the farm is below its own threshold
- Compensation: 70% of the loss
- Public support: 70% of the compensation

# Income loss, compensation by the IST and Public subsidies to the IST: examples in the dairy sector

Income 2013 (€)	Income 2014 (€)	Income 2015 (€)	Income 2016 (€)	Mean income 2013-2015 (€)	Thres hold 20%	Income loss (€)	IST compensation	Public support to IST
98,971	72,956	74,222	50,622	82,050	65,640	31,428	21,999	15,399
34,043	18,373	9,594	-1,417	20,670	16,536	22,087	15,460	10,822
51,385	36,339	26,018	16,833	37,914	30,331	21,081	14,756	10,329

## Minimum and maximum compensation by the IST and public support to the IST, for individual farms belonging to the concerned groups

Specialised groups	Minimum	Maximum
Compensation granted by the IST		
Dairy farms	10,216	58,127
General crops	6,980	79,288
General crops and ruminants	14,244	62,752
Public support to the IST		
Dairy farms	7,151	40,689
General crops	4,886	55,502
General crops and ruminants	9,971	43,926

## Extrapolation to the region of Wallonia

Specialised groups	Nb of farms in Wallonia	% of beneficiaries in the sample	Nb of beneficiaries in Wallonia	Mean compensation by the IST	Total amount of the IST	Total public support
Dairy farms	1,817	59%	1,067	27,278	29,093,887	20,365,721
General crops	3,995	44%	1,766	35,294	62,321,706	43,625,194
General crops and ruminants	1,443	51%	740	30,596	22,648,764	15,854,135

## Other points

- Minimal share of the EU to the public support: 25 %
- Contribution of each beneficiary to the mutual fund for the period 2013-2016: 2,395 €

# Conclusions

- No implementation at the threshold of 30%
- Only few implementations at the threshold of 20%
- Implementation mainly in 2016, a bad climatic and economic year
- Reasonable cost compared to direct payments but important compared to rural development budget
- Problems:
  - How to **convince farmers to contribute** to the IST?
  - Budget planification