Main MS comments on the result indicators for Pillar I and the Commission reaction

No	Indicator	MS Comments	Commission reaction
1	**Share of direct support in agricultural income**	This indicator could be hardly compared between MS because of different farm structures among EU MS farmers (LT).	For the result indicators, only a limited number of indicators are proposed. However, more detailed analysis is possible based on the FADN system.
		It would seem indispensable for this indicator to be required not only at a national level, but also across individual groups of farm sizes. It is particularly important in the context of such data being required in the case of result indicator No 2 (PL).	For the result indicators, only a limited number of indicators are proposed. However, more detailed analysis is possible based on the FADN system.
		In the entrepreneurial income indicator the denominator figure is the contractor income (family farm income). At the same time we can't compare the family farm income with other MS by using the indicator because the paid earnings will take away when count the income. In Hungary, it is nearly half of the value of production of enterprises, who use only paid labour because of the differences of farm structure and the corporate and tax legislation . This indicator will show less contractor income at the same level of gross income. It follows that the rate will be permanently high. The indicator carries important information but how can we compare the productions of the MS? The agricultural income in Hungary shows significant fluctuation because of the fluctuation of input and output prices and yields (HU).	The share of direct support in entrepreneurial income should not be interpreted in isolation from the share of direct support in factor income. The indicator aims at giving information on the level of direct support (coupled and de-coupled payments) in both factor income and in entrepreneurial income. Alternatively, the share of direct support in the total cash flow (including direct payments and other subsidies) could be calculated.
2	**Variability of farm income**	Too small amount of farmers in FADN could revert real situation in MS (LT).	The methodological choice of the constant sample, which a fortiori reduces the number of farms included in the analysis, is implied by the indicator's scope, namely to measure how farms'

			income varies over time (due to market price changes, CAP intervention and other factors). In fact, the objective is to measure variability of income (and not its growth rate as understood at macro level). Therefore, we have to follow the same individuals over time. This is precisely what a constant sample allows us to do, though this might come at a cost of a lower sample representativeness (as correctly pointed out by LT). Put differently, this possibly lower representativeness is an inevitable price to pay for having a measure (of variability of farm income) which allows for comparisons across different types of farms (sector, size) not only between Member States but also within Member States.
		Principally the referencing to the Agricultural Working Unit (AWU) is more meaningful as it accounts better for differences in farm size and labour allocation between regions, types of farming and farms of different size. Additionally, it is an indicator of productivity in contrast to GVA per farm. In particular, it is important to note that the replacement of labour by capital is one of the key drivers of economic development and therefore the development of GVA per farm over time would yield a flawed picture (DE).	The section "Comments/caveats" briefly discusses pros and cons of using GVA per farm and GVA/AWU as measures of farm income variability. Though GVA/AWU is our preferred indicator for measuring variability of farm income (as it takes into account structural decline in labour force in agriculture and gives a measure of partial labour productivity, as pointed out by DE), we consider nevertheless these two indicators as complementary. Note that changes in GVA per farm will actually help to interpret variations in GVA/AWU.
3	**Share of value added for primary producers in the food chain**	The benchmark for this indicator is unclear. Is a higher or lower value desired? (DE)	A higher value would be desired.
		The data about producers are available but about the other members of the food chain they are delayed. The rate of the value added in the food chain often changes, so it means a problem too (HU)	This is correct; figures from closest recent years are therefore used for this comparison. Data availability may affect the share of value added in the food chain.
4	**EU agricultural exports**	The prices of products could differ between MS despite that they are the same quality and quantity (LT)	In fact the price of product in every shipment differs, depending on demand from importers. The indicator looks at overall export performance as compared to previous years to detect potential changes in competitiveness of agricultural

			sector.
		The export of the agricultural products depends on lots of factors. The EU share of world exports depends on the EU's and other countries' demand and supply. In different countries evolve different level of costs because of different natural makings and economic conditions. Therefore representation of the export increase could be difficult in itself. (*the indicator could be not representative of the CAP impact?*)	Indeed, the indicator is not only dependent on the CAP, but it offers useful information to judge the changes in competitiveness of EU agriculture to achieve viable food production.
8	**EU commodity prices**	Concerning the data source, Art 9 of the regulation (EC) Nr. 1234/2007 foresees a reporting system which can provide data on white sugar. It could also be used for this indicator (DE)	True. EU sugar producers and refiners send data to EC on white sugar. Due to confidentiality reasons these prices are publicly available with a 2 months delay.
		In Hungary the powdered milk production have relapsed. So Hungary hasn't reported WMP prices since 2010 and SMP prices there are only 8 or 10 times in a year. We can't compare the MS because of the missing data (HU)	The indicator will be calculated at the EU level taking into account the representative prices.
9	**Value of production under EU quality schemes**	In Lithuania is not collected and stored data of products produced under EU quality schemes, sales volume, and their value (LT)	The value of production under EU quality schemes is assessed by an external study commissioned by the Commission. In the framework of Eurostat, it has been discussed with Member States whether they would provide yearly data on the volume and value of PDO/PGI/TSG production. Member States have refused to do so.
		The notion of the quality isn't defined. They rate the PDO, PGI marked productions. There isn't data gathering for this indicator in the level of the EU. Just a few MS collect data to this indicator. The data stem from the productive organizations which product is signed by geographical invoice (PDO or PGI). The indicator would measure the value of the	This result indicator is for EU quality schemes and not for national quality systems. Under the EU quality schemes, the PDO, PGI and TSG schemes are defined; they are subject to this indicator. The Commission is aware that only a few Member States collect data. That is why the Commission has assessed the value

		products in every year if the producer of the product could report data. The indicator isn't taking in account the national qualitative systems (HU)	of production via an external study. In the framework of Eurostat, it has been discussed with Member States whether they would provide yearly data on the volume and value of PDO/PGI/TSG production. Member States have refused to do so.
		Too narrow definition of quality, consumer expectations are broader (DE)	Data collection can only refer to defined and existing EU schemes. Definition of "quality" does not exist in EU legislation. EU legislation defines PDO, PGI and TSG schemes.
10	**Importance of organic farming**	From a consumers point of view, market share is more relevant (DE)	While data are available for the share of organic farming in different crop and livestock sectors, data on sales or household expenditure on organic products are scattered and incomplete. Where Member States possess such information, they are welcome to use them in their analyses.
		It is unclear why organic farming is listed in documents referring to other measures than those under Pillar II. The number of beneficiaries and the area of holdings benefiting from this kind of monitoring support will be under the CAP Pillar II monitoring system (DE)	Organic farming is regulated at EU level, independently of payments received under Pillar II. In addition, under the new CAP, organic farming is likely to be linked to direct payments under Pillar I, where it may qualify for "greening by definition". Information on the share of organic area in total UAA and share of organic livestock in total livestock is thus important.
11	**Crop diversity**	Pillar I is only influencing crop diversity on arable land (greening requirement). Therefore, the reference area should be arable land only and not the UAA. Permanent crops and grassland can be accounted in a different sub-indicator that consists of the element (Permanent crops, grassland, and arable land). Otherwise, regions with high shares of grassland will always have a low indicator value. However, the biodiversity in grassland regions severely depends on the intensity of the management and has hardly any	This indicator will be reviewed in line with the final definition of crop diversity, once the legal proposals for the new CAP have been adopted.

		relation to the share and type of arable crops (DE)	
		The statistics are available every three years and long delayed. How can it join the green payment of output indicators? (HU) An alternative data source is IACS, which would have the advantage of providing yearly data (DE)	The use of IACS for collecting the relevant information will be explored.
		For crop diversity is not relevant to use statistics. The data are available at July of n+1 year. The data aren't monitored at 100% in the field. (HU)	See comment above – if data can be collected through IACS, they should also be used.
		In Hungary the sizes of the farms are varied (better than in the EU 15). The level of NUTS2 is maybe not accurate. We can use the IEER because of the up to date data instead of the suggested FSS (HU)	See comments above.
12	**Share of (permanent) grassland and EFA in total UAA**	This indicator and output indicator No 20 (Cross compliance) should use the same data source, so that the land area would be comparable (EE)	This is now split into 2 indicators. The choice of the data source is also linked to the whether this is measured against total UAA, or against the area for which direct payments are claimed.
		Does this indicator consider EFA in grassland or separately? (EE)	The indicator considers EFA separately from permanent grassland.
		Currently it is impossible to assess the proposed indicator as the legislative proposal is at the stage of being agreed on and the EFA list (ecological focus area) has not been fully defined yet (PL)	EFA is a new concept that has been proposed as an element of the new CAP. There is thus currently no final definition or data collection. This indicator will be reviewed in line with the final definition of EFA once the legal proposals for the new CAP have been adopted.
		FSS 2013 will not provide any information on EFA as the definition is not known to the farmer, neither the size of the EFA. Therefore, the earliest data with information on EFA will be 2016. Furthermore, it is open whether the definitions in the FSS of EFA and grassland will match the respective items in the context of the GAP. Therefore, the use of the IACS	Indeed, IACS may be a better data source for EFA, even if limited to the area for which direct payments are claimed.

		data seems to be more straightforward (DE)	
13	**Net greenhouse gas (GHG) emissions from agricultural soils**	GHG emissions from the soil are evaluated in the context of climate change. This indicator and the responsibility for reporting it to the EU is under the Ministry of Environment. Therefore, a separate measure of this indicator and its control will cost large administrative burden. We suggest excluding this indicator. (LT)	The indicator is identical to the figure provided by the MS to the UNFCCC on the basis of an agreed methodology. Hence there is no new reporting request (measure and control) on MS that could lead to an administrative burden.
14	**Structural diversity**	The statistics are available only every three years, so we can't evaluate it holistic. We would have to complete the indicator with this definition: 'distribution of holdings according to their legal type' because the lead of the joint businesses (HU)	Unfortunately, we are not aware of any more frequent data collection on farm structures. If Member States have other data sources, they are welcome to use them in their analyses. The legal type of a holding is indeed an interesting variable and could be added to the definition and measurement of the indicator, depending on the EU-wide availability of data, however, the CAP is neutral regarding farm legal structure.