



European
Commission

CROATIA

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 and life in rural areas. The CAP also provides a range of market measures, including tools to address the impact of price volatility and other market difficulties and additional elements, such as quality logos or promotion for EU farm products, which complete CAP action to support farmers. The CAP budget for 2014-2020 is €408.31 billion, with €308.73 billion intended for direct payments and market measures and €99.58 billion for rural development.



- covers an area of **56 594 km²** of which 79.1% is rural. Of the total area, around 40% is agricultural land while forests cover 36%.
- has a total population of around **4.2 million**, of which roughly 2.4 million (or **56.1%**) live in predominantly rural regions.
- has a farming sector characterised by **small farms**, with half of all farms under 2 ha and the vast majority below 10 ha (89.4%).
- is increasingly exposed to extreme weather conditions causing droughts and floods, attributed to climate change.

INVESTING

in Croatia's agriculture 2014-2020



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In the period to 2020, the CAP will invest some **€3.5 billion**¹ in Croatia's farming sector and rural areas. Certain key political priorities for which CAP funding should be used have been defined at European level - jobs and growth, sustainability, modernisation, innovation and quality. But at the same time, Croatia has the flexibility to adapt both direct payments and the rural development programme to its specific needs. For example, it has chosen to transfer 15% of its rural development allocation to its direct payment allowance from 2015-2020, a shift of €299 million over the period.

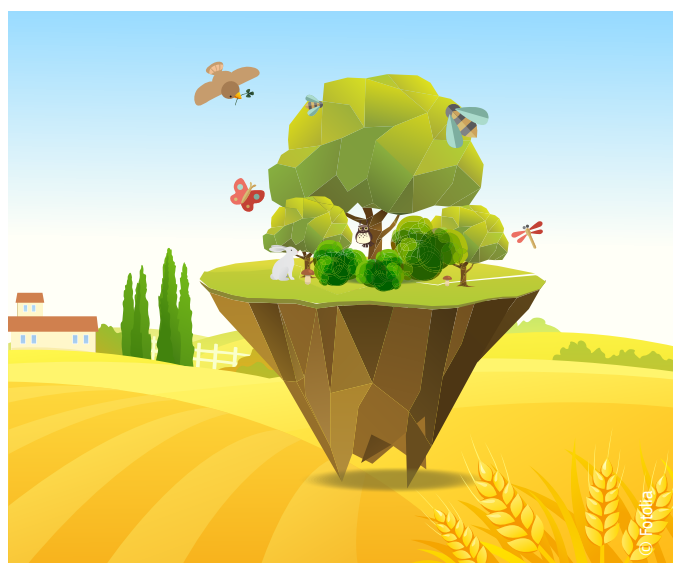
Fairer and greener direct payments

Croatia's direct payment allocation for 2014-2020 amounts to **€1.48 billion**.

Farmers in Croatia, as across the EU, are subject to so-called '[greening](#)' rules, designed 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 allocation, paid per hectare, is linked to three environmentally-friendly farming practices: crop diversification, maintaining permanent grassland and dedicating 5% of arable land to environmentally friendly measures (so-called 'ecological focus areas').

In order to support smaller/medium-sized farmers, Croatia has opted to use 10% of its national direct payment allocation for so-called [redistributive payments](#), which offer farmers an additional payment of about €33/ha for the first 20 ha. The Croatian authorities have also decided to earmark 15% of their direct payments for voluntary coupled support – i.e. linking payments not only to hectares but to specific products or processes – in this case milking cows, beef fattening, suckler cows, sheep and goats, vegetables, fruits, sugar beets and protein crops. Croatia also applies

the small farmers scheme, a simplified system of support for the smallest beneficiaries, with a maximum annual payment of up to €657 per farmer. This scheme reduces the administrative burdens for these farmers, for example by exempting them from greening rules.



¹ Total allocation of direct payments and rural development for the period 2014-2020 (in current prices).






Farmers at the heart of the food supply chain

The EU supports [producer organisations](#) helping farmers to get better organised and to market their products better, strengthening their position in the food supply chain.




Supporting key priorities for Croatia's rural development 2014-2020

With a total contribution of **€2.3 billion of public money** (€2 billion from the EU budget and €0.3 billion of national funding) for measures benefiting its rural areas, the [2014-2020 rural development programme for Croatia](#) focuses on **the following priorities**:

-  enhancing farm viability and competitiveness of all types of agriculture in all regions;
-  promoting innovative farm technologies;
-  sustainable management of forests.

Croatia benefitted from EU pre-accession aid

Prior to Croatia's accession to the European Union on 1 July 2013, the EU invested in Croatia's rural development through the instrument for pre-accession assistance in rural development ([IPARD](#)). Its main policies objectives were to:

-  support modernisation of the agricultural sector (including processing) through targeted investments;
-  help implement EU rules related to food safety, veterinary, phytosanitary, environmental or other standards;
-  enhance sustainable development of rural areas.

More information: [IPARD Programme 2007-2013 – Croatia](#).



Example of a rural development project supported by the CAP

Modernised ham production allows greater utilisation of local raw materials

A ham production company located in Brštanovo (around 30 km from Split) has been able to invest in building and equipping modern production facilities thanks to a combination of EU and national funding.

The modernised production facility is designed in such a way that each ham hangs separately during the drying and maturation process. This means that new raw materials for processing and drying are used on a daily basis, which was not the case before. This controlled production method allows for greater use of local raw materials, ensuring high quality products. The company also cooperates with several domestic producers, stimulating the local economy.

The company is expected to reach full production capacity in 2020 with 50 000 pieces of ham. The objective for the first year of the new plant is to produce up to 15 000 pieces of high quality ham.

Total investment costs for production line: €2 million (EU contribution: €336 500) (2014-2020 funding period).

More examples: [European Network of Rural Development and EU results](#)

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.



Croatia has [15 products registered](#), of which eight [are PDOs](#) (such as *Paška janjetina* or *Istarski pršut / Istrski pršut*) and [seven PGIs](#) (such as *Krčki pršut* or *Baranjski kulen*).



The EU organic logo also helps consumers choose food produced in a sustainable way.

Responding to market difficulties

Following the prolongation of [the Russian ban on the EU agricultural imports](#) and difficult conditions in certain markets, in October 2015 the European Commission agreed a [support package worth €500 million](#) to help those farmers most affected by the difficulties, including €420 million in national allocations to support **the dairy and livestock sectors** in particular, with flexibility for member states to decide how to target this support. Croatia opted to use all of its €1.8 million allocation for the milk sector.

In July 2016, the European Commission agreed a [further solidarity package](#) worth €500 million including aid worth €350 million aimed at the dairy sector in particular. Of this, roughly €1.5 million was earmarked for Croatia.

What do the Croats think of the CAP?

According to the most recent Eurobarometer survey, published in January 2016, Croats consider that farmers should focus on "**encouraging and improving life in the countryside**" (44% of Croats compared to 24% in EU-28) and "maintaining economic activity and employment in rural areas" (36% of Croats compared to 29% in EU-28). In addition, "encouraging young people to enter the agricultural sector" (88% compared to 84%). Furthermore, 62% of the Croats consider agriculture and rural development as **very important for the future** (EU-28: 62%, too).

Source: Eurobarometer survey 440 "[Europeans, Agriculture and the CAP](#)".



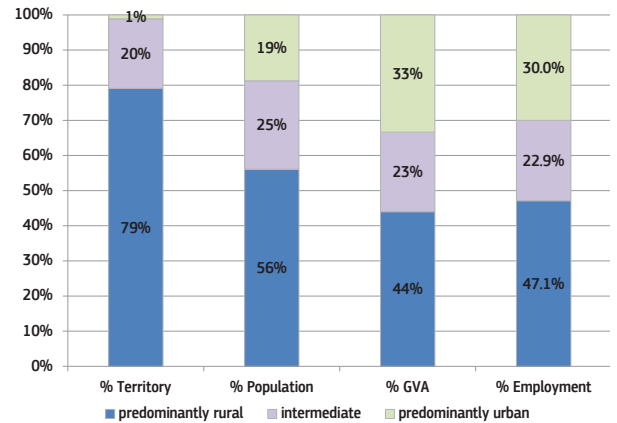


AGRICULTURE AT A GLANCE

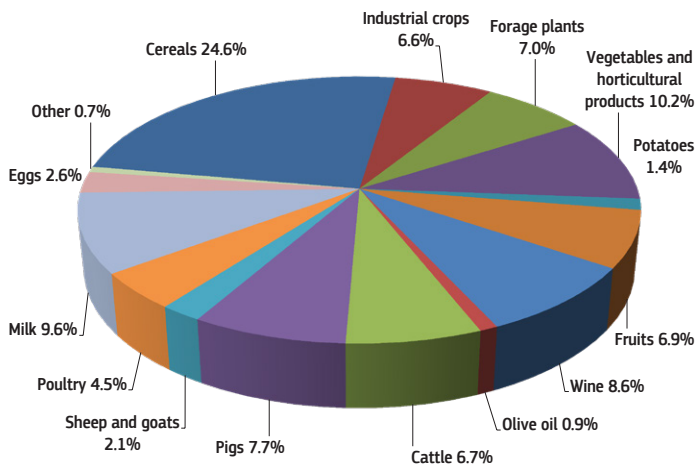
Croatia's agriculture is characterised by:

- **small farms**, with an average farm size of 5.6 ha. This is considerably less than the average size in the EU (14.4 ha). Half of all farms are under 2 ha and the vast majority are below 10 ha (89.4 %)
- a rather **high contribution to employment** (9.5% compared to 4.7% in EU28) and the **economy** (4.3% of total GVA compared to 1.6% in EU28).

Importance of rural areas

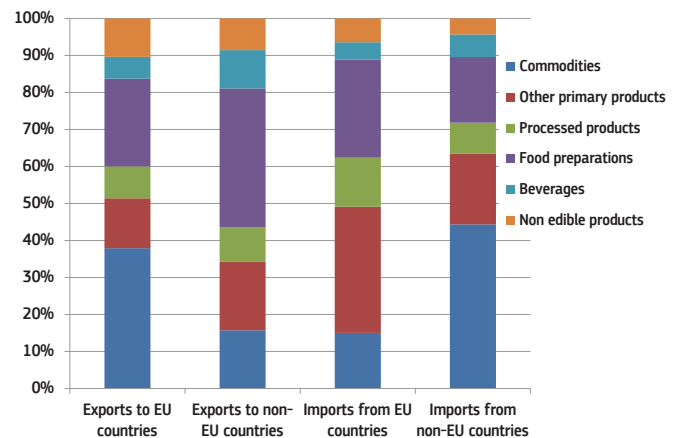


Very diversified production



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

Agricultural trade with EU countries is important for Croatia (2014 data)



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

