Structural realities: evidence from the region

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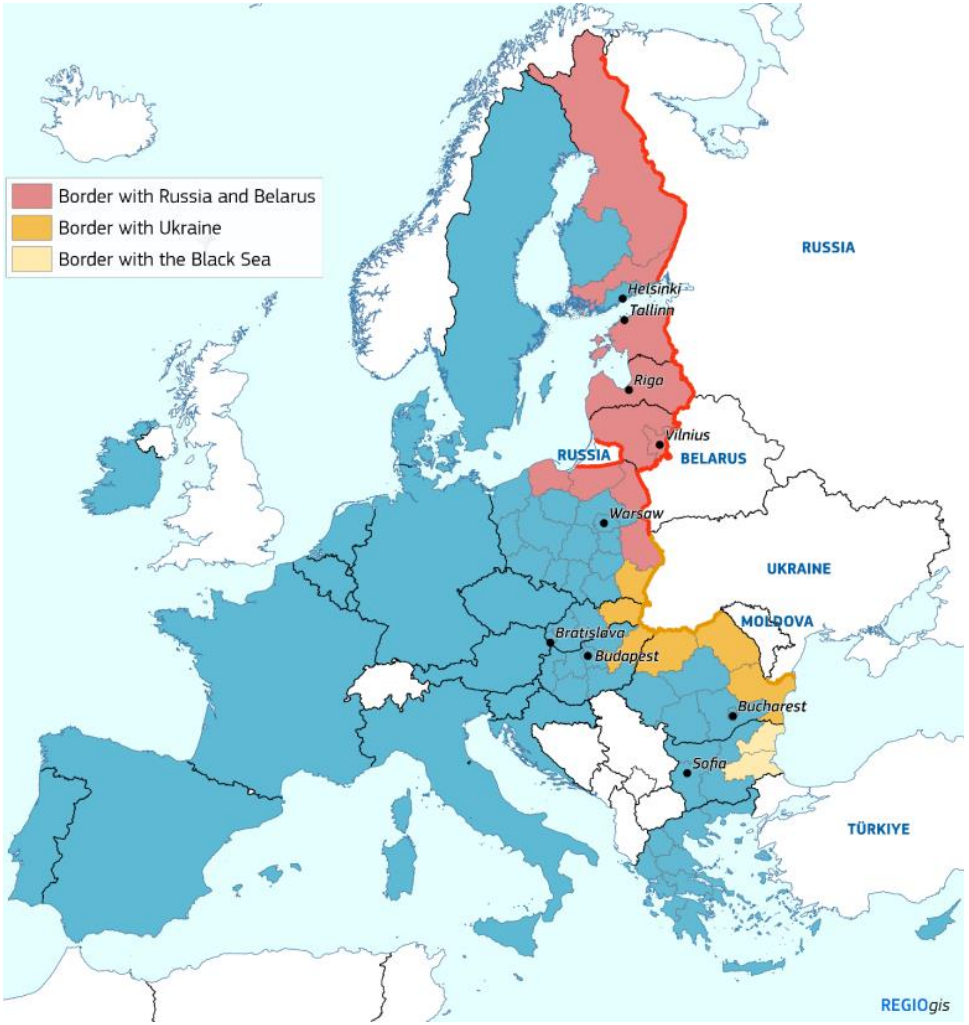
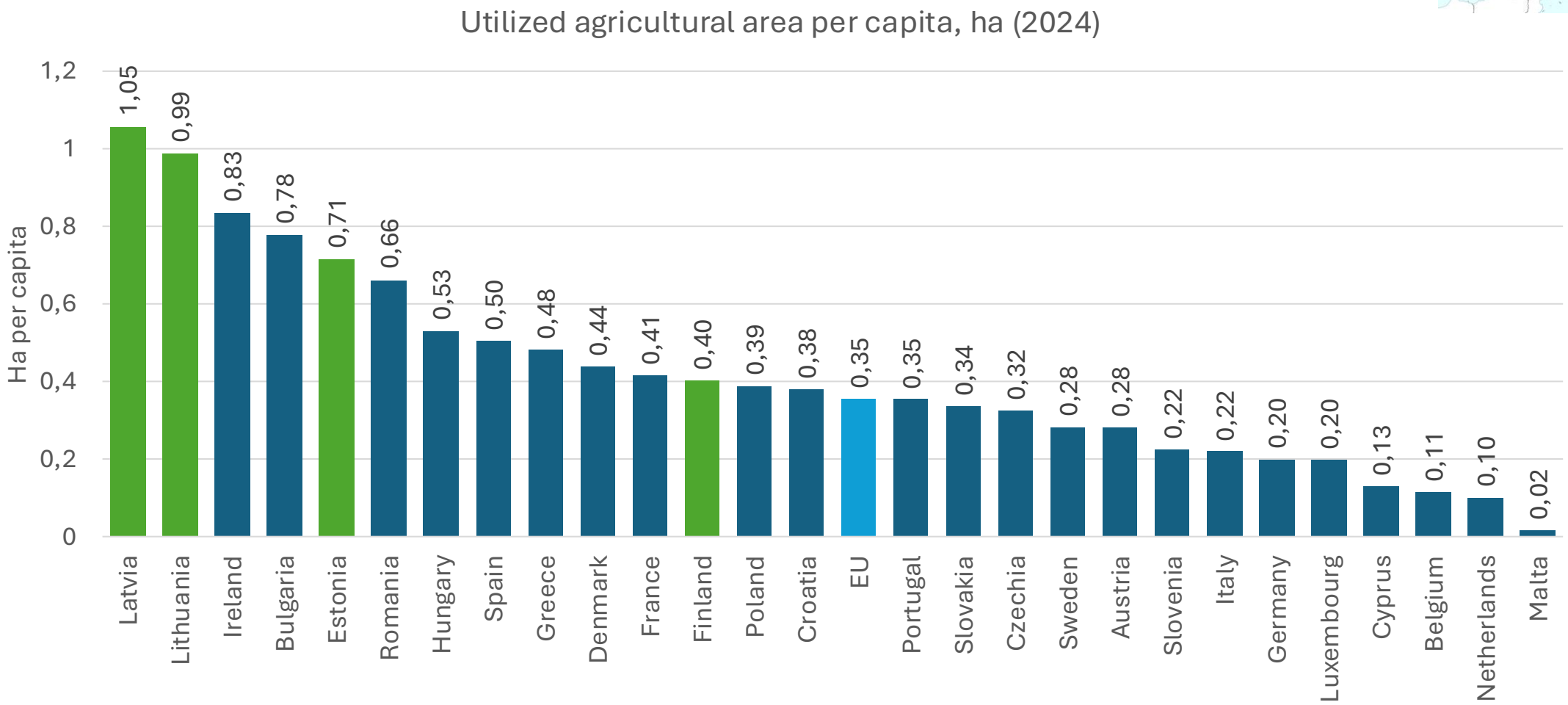
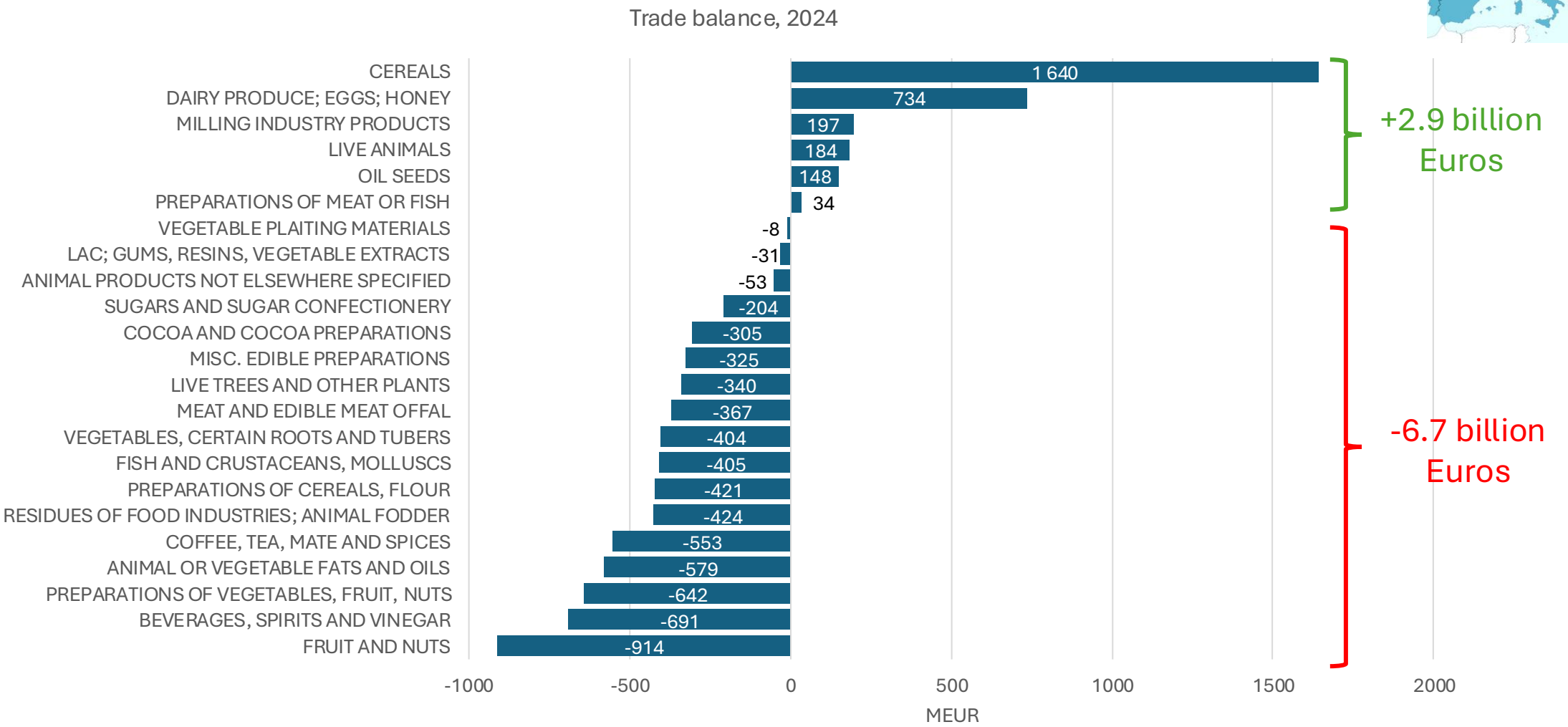


Baltic states and Finland are relatively agricultural land rich



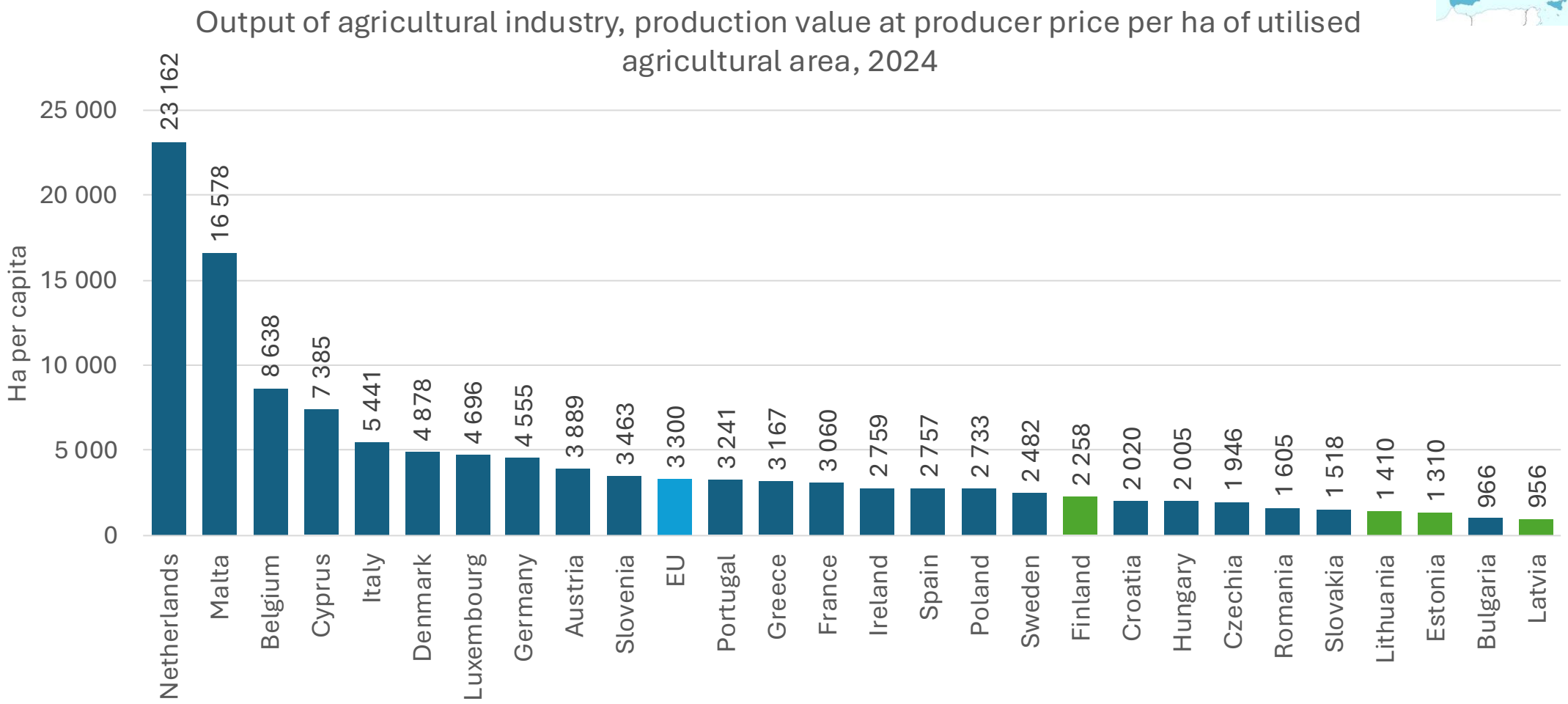
Source: own calculations based on Eurostat data

Despite agricultural land availability Baltic states and Finland is a net food importing region



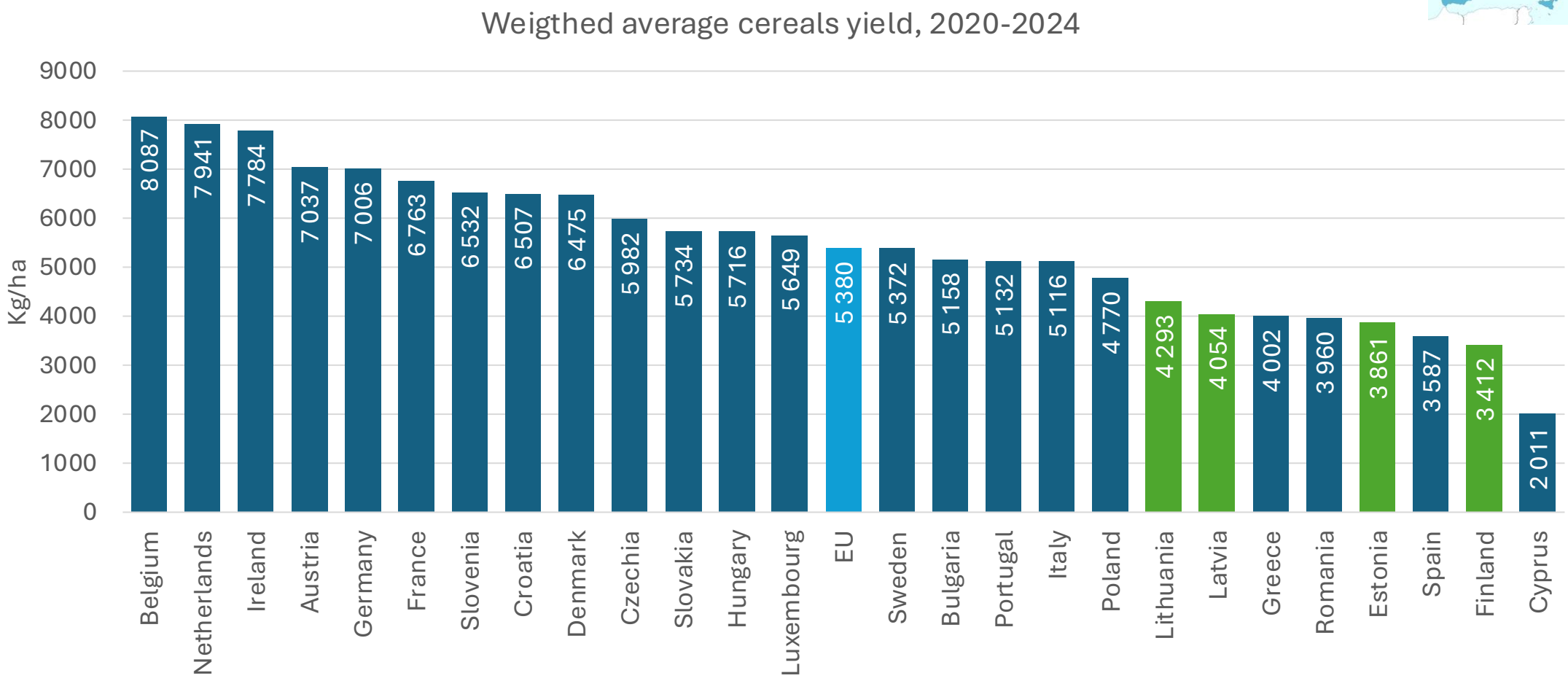
Source: own calculations based on Eurostat data

While land rich, the region has low agricultural productivity



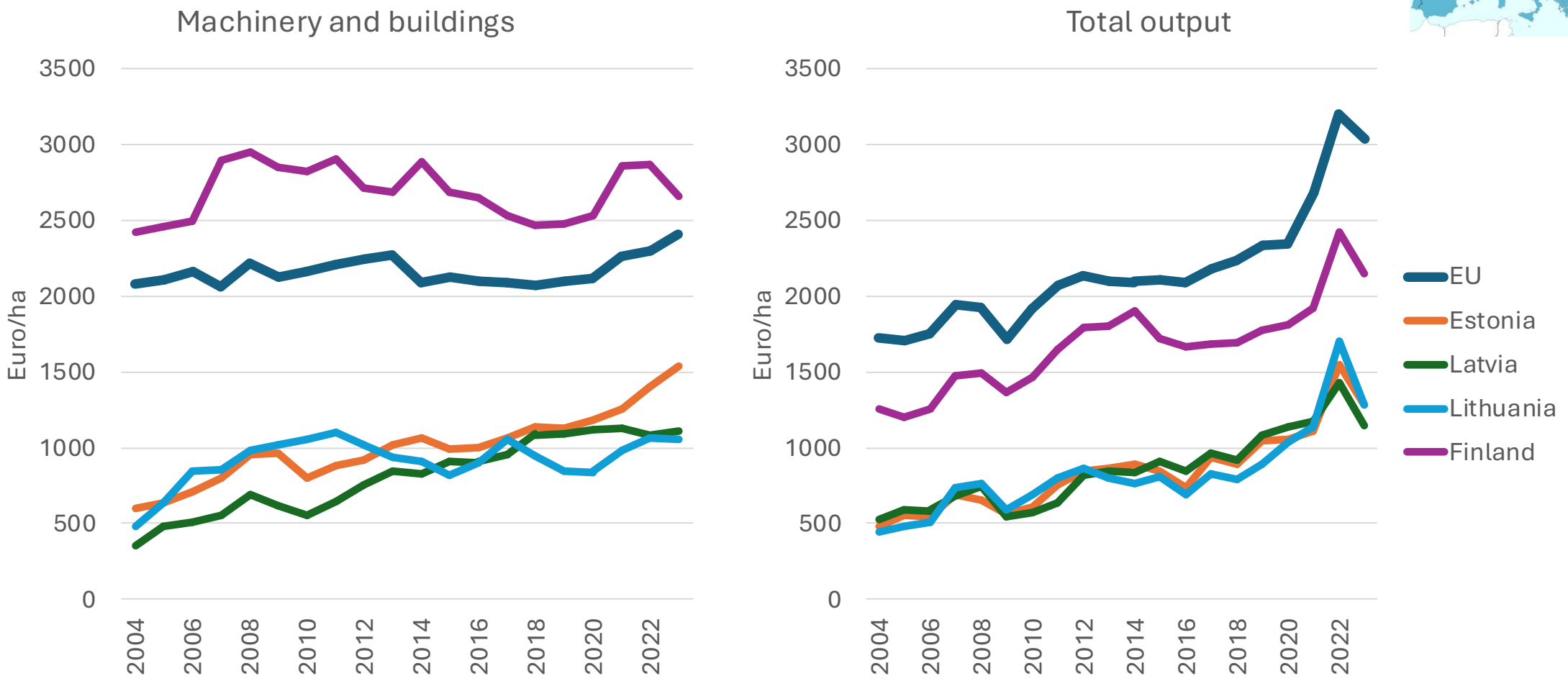
Source: own calculations based on Eurostat data

Crop productivity is lower in the North



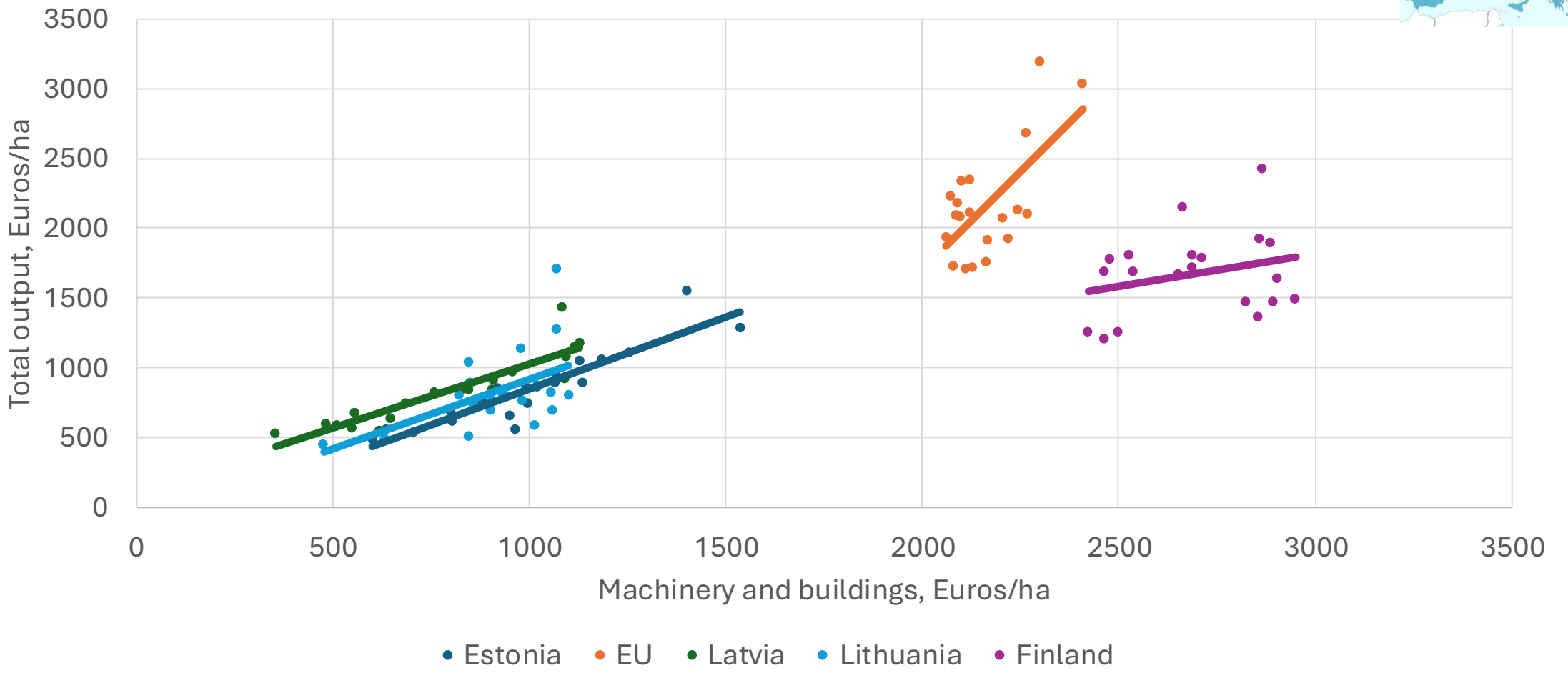
Source: own calculations based by Eurostat data

Baltic countries are facing productive assets gap that carries over to output gap



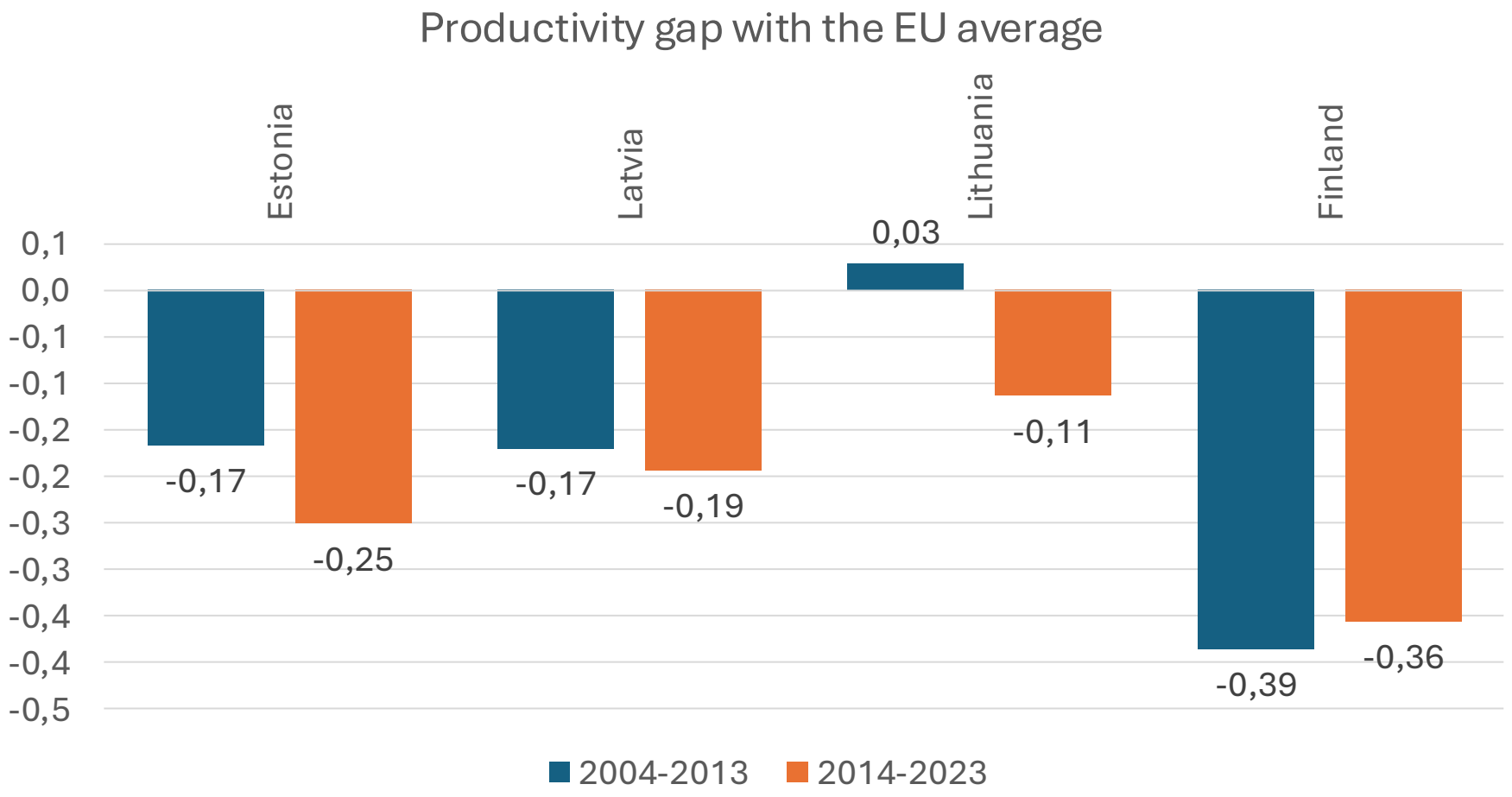
Source: own calculations based on European Commission FSDN data

Agricultural output is correlated to productive assets



Source: own calculations based on European Commission FSDN data

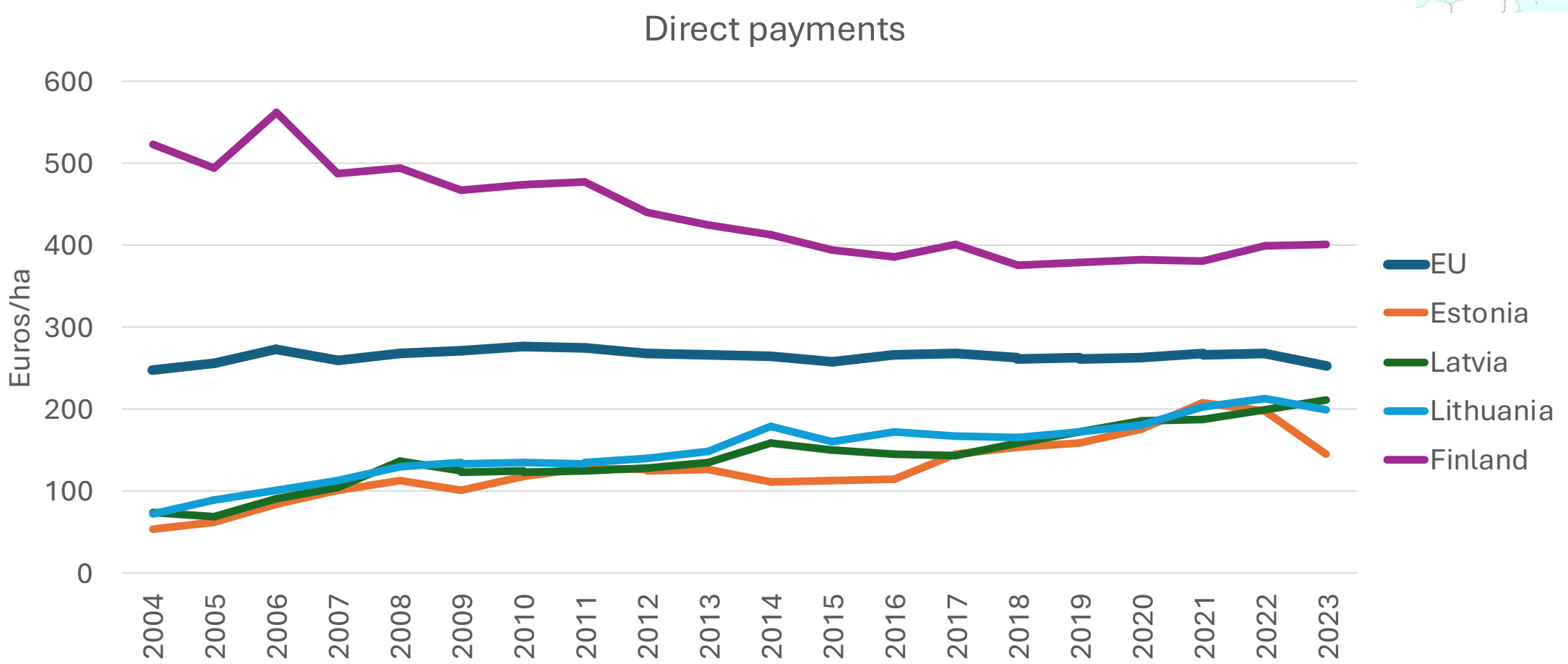
In the Baltic States, productivity gap with EU is widening, in Finland, the gap remains large



Productivity = value of output / total costs of inputs

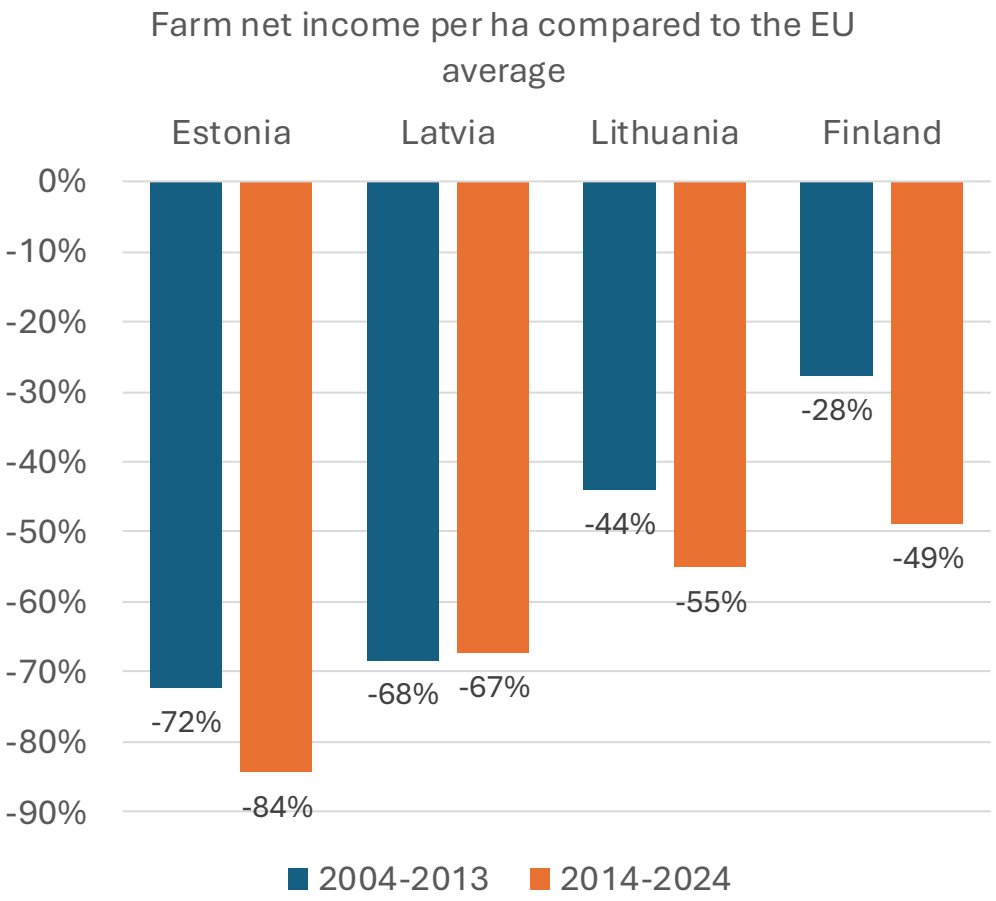
Source: own calculations based on European Commission FSDN data

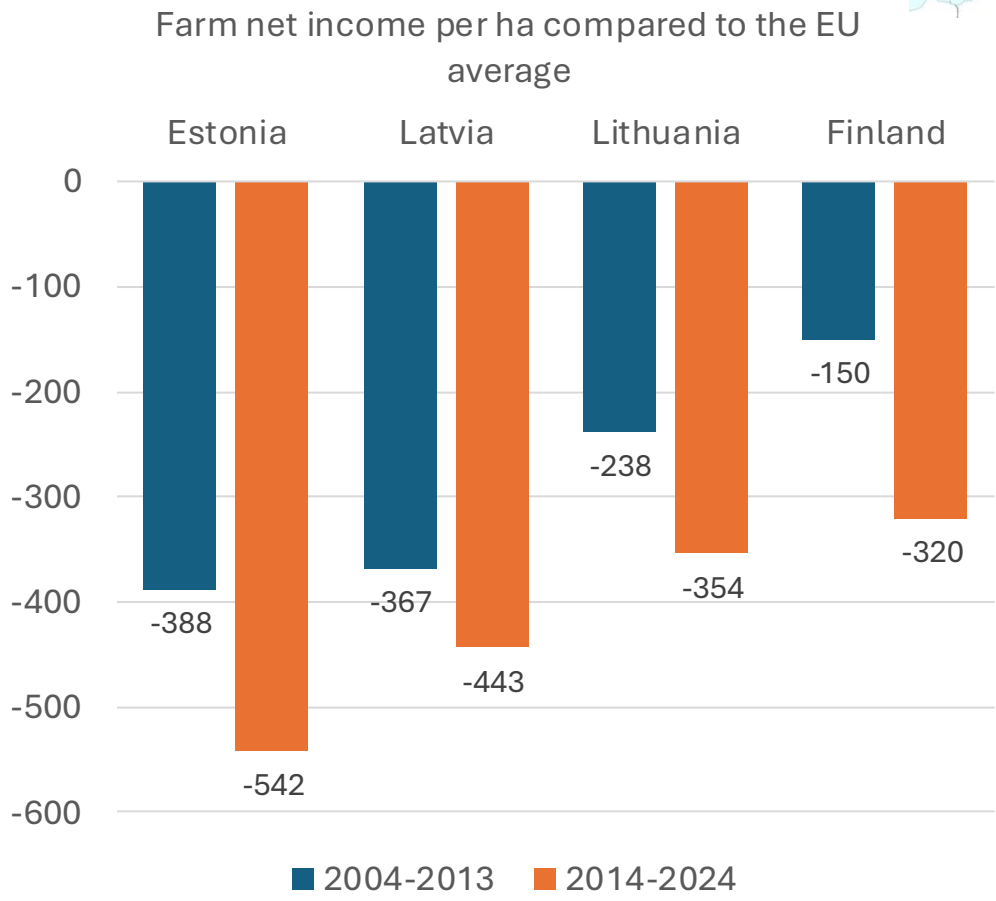
Direct payments are converging to the EU average



Source: own calculations based on European Commission FSDN data

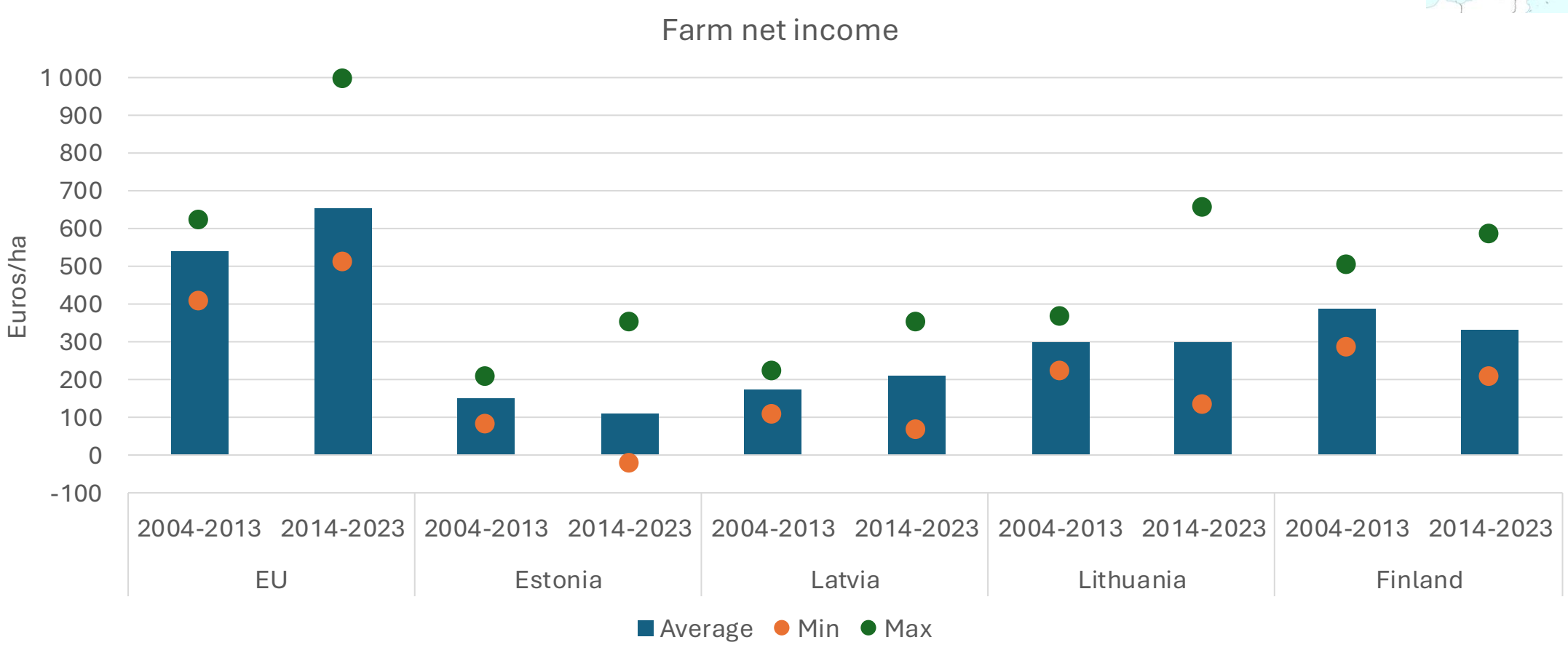
Farm net income gap is increasing





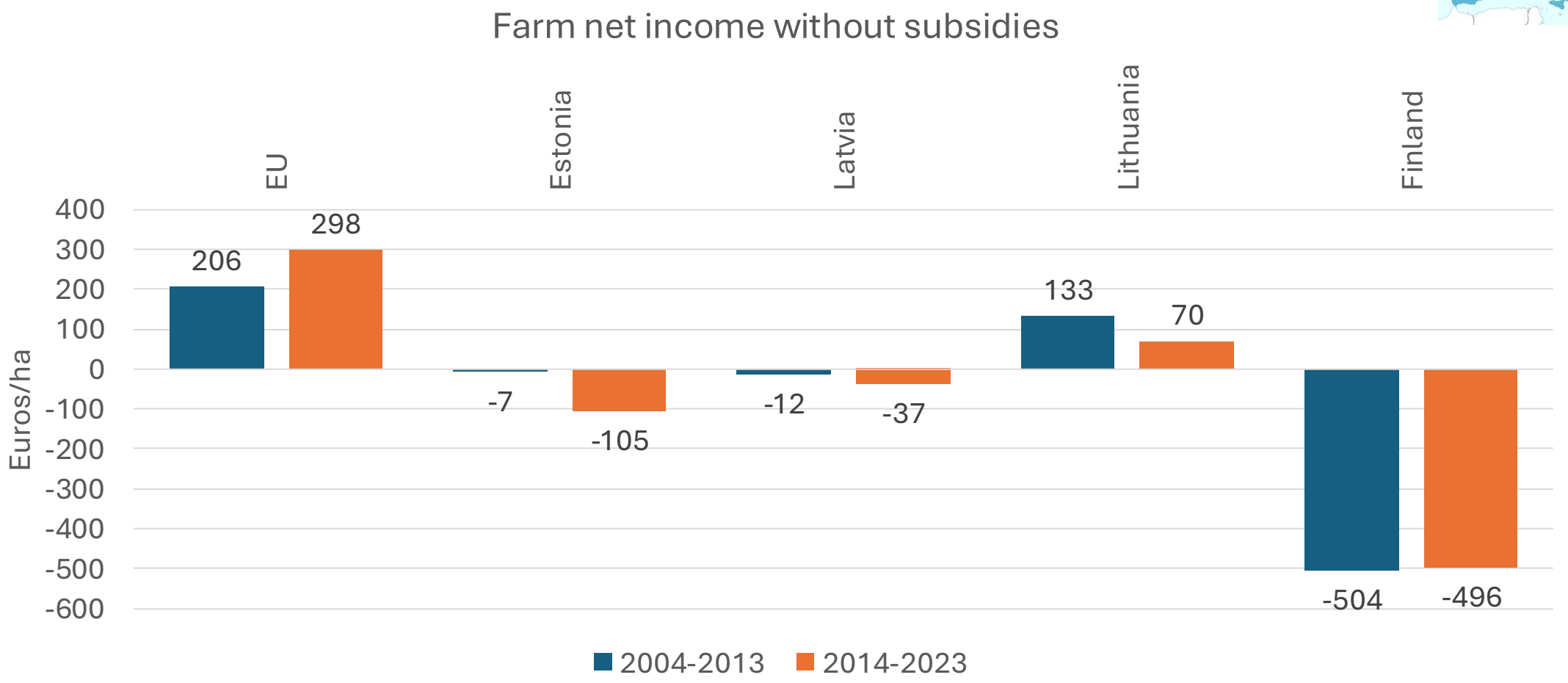
Source: own calculations based on European Commission FSDN data

Farm net income variation has increased



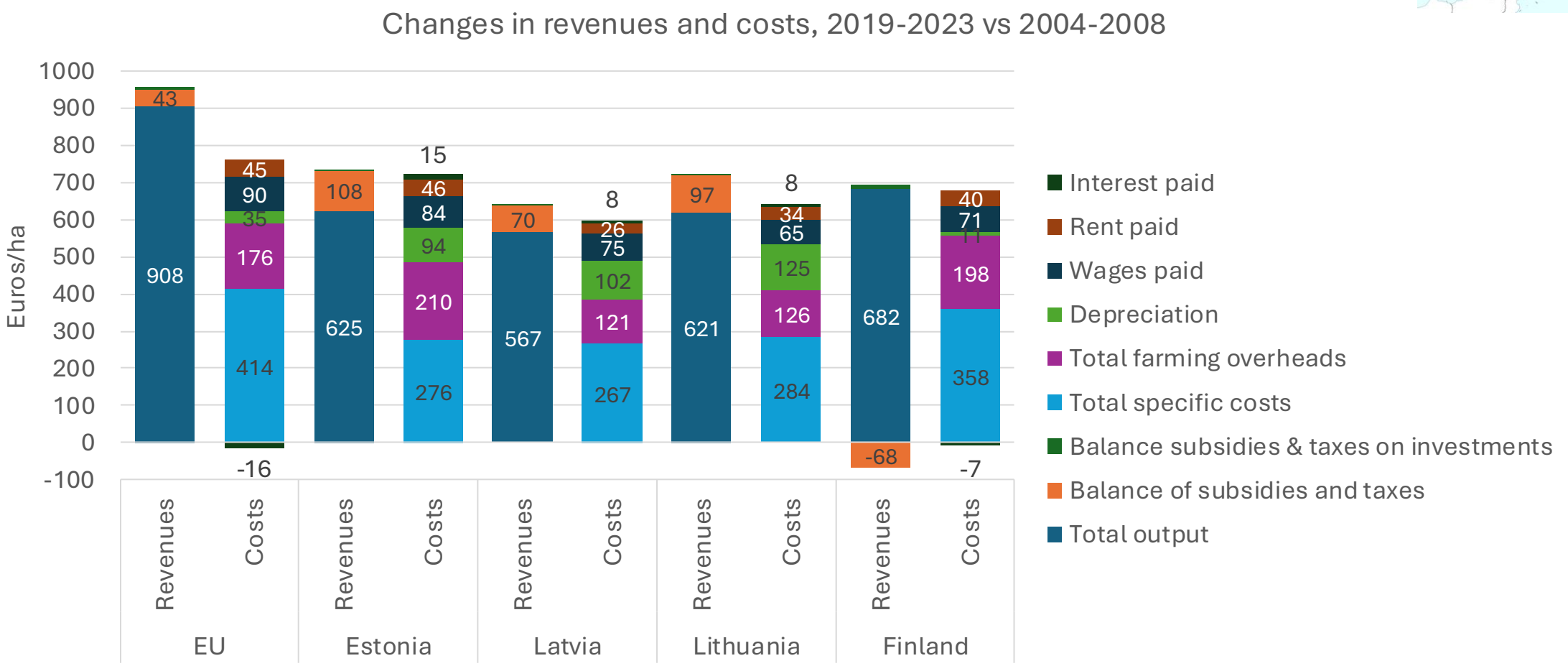
Source: own calculations based on European Commission FSDN data

Without subsidies, average farms in the Baltic states and Finland would not survive



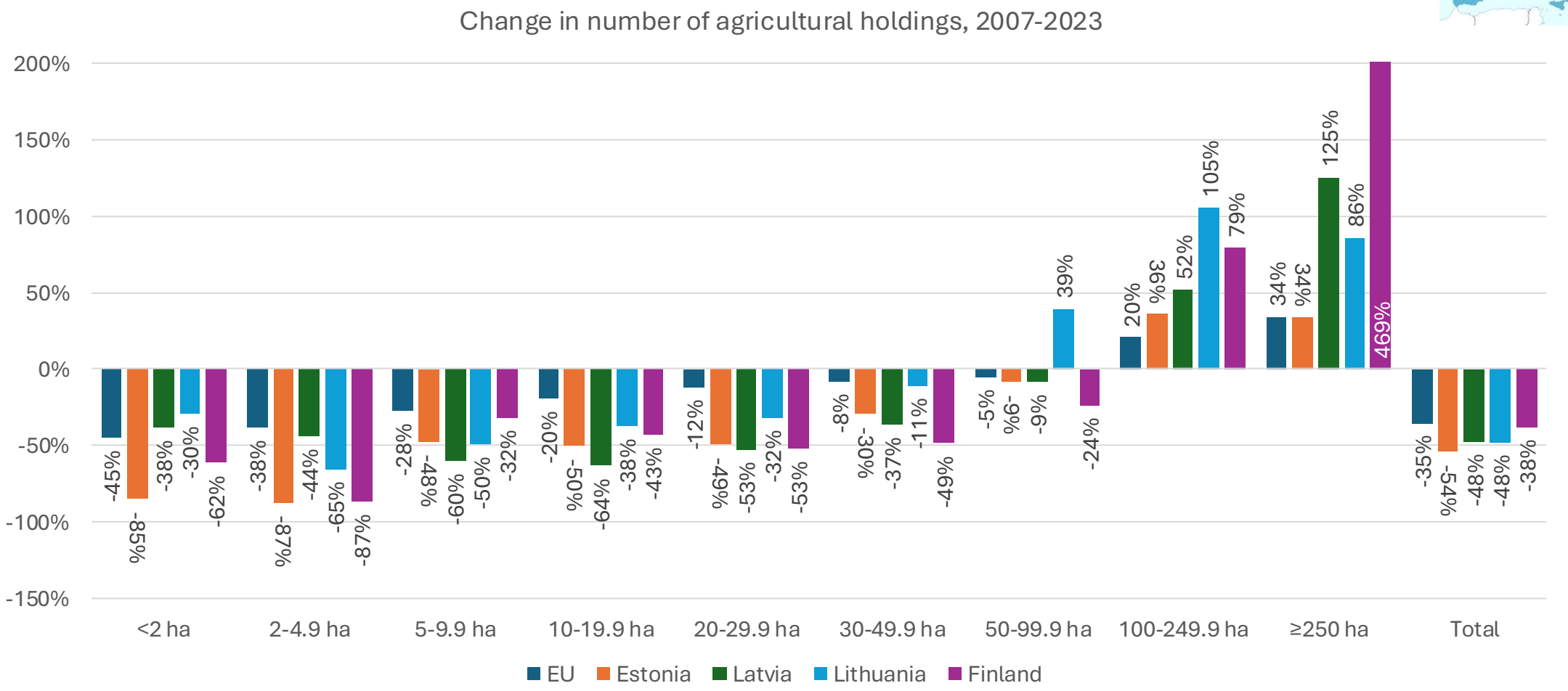
Source: own calculations based on European Commission FSDN data

Revenues vs costs growth in the region less favorable than the EU average



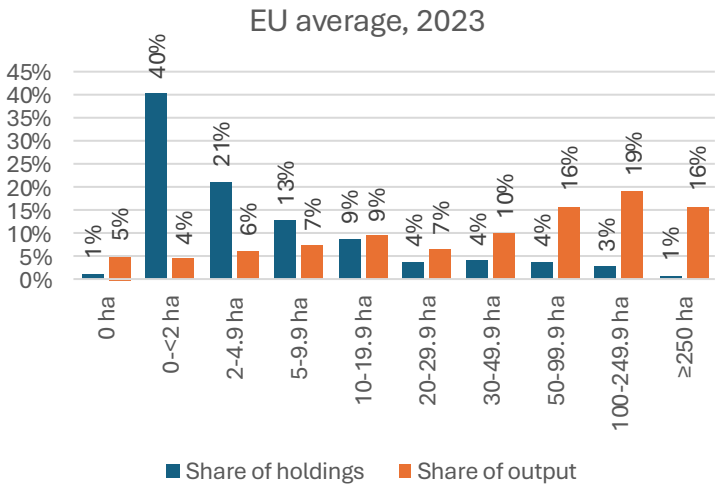
Source: own calculations based on European Commission FSDN data

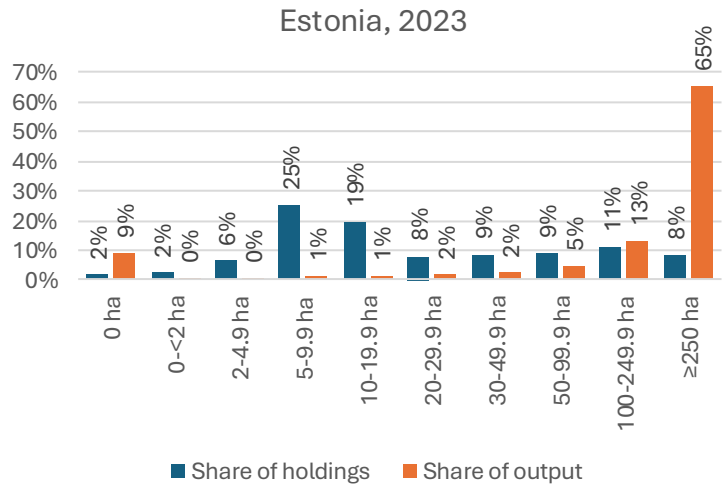
Structural change is rapid

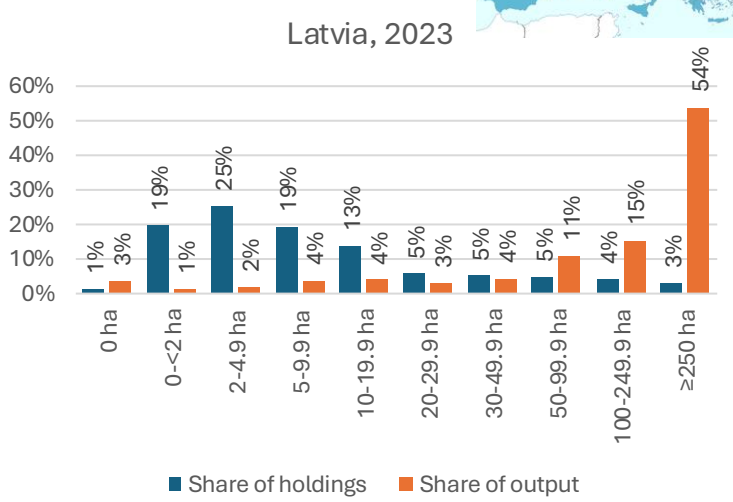


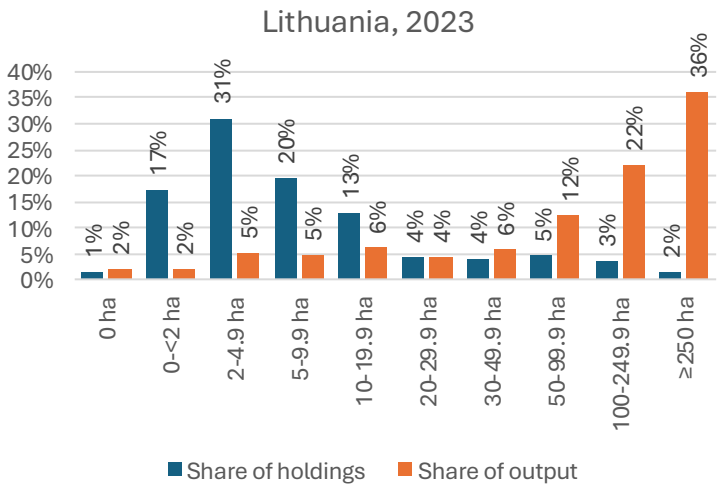
Source: own calculations based by Eurostat data

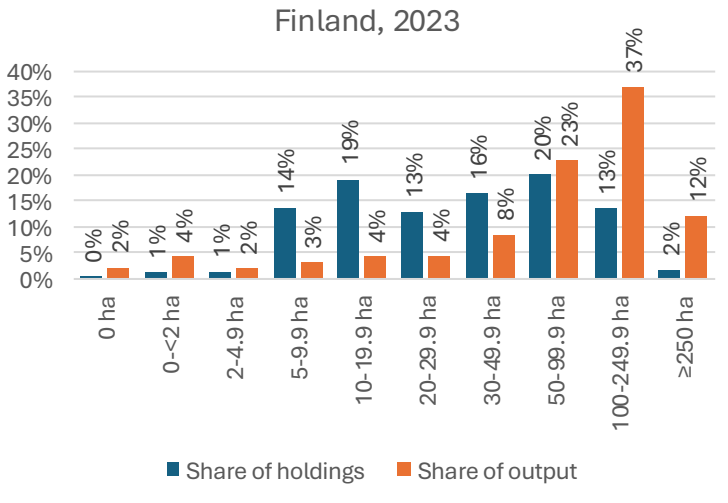
Baltic states and Finland are characterized by relatively larger farms than EU average





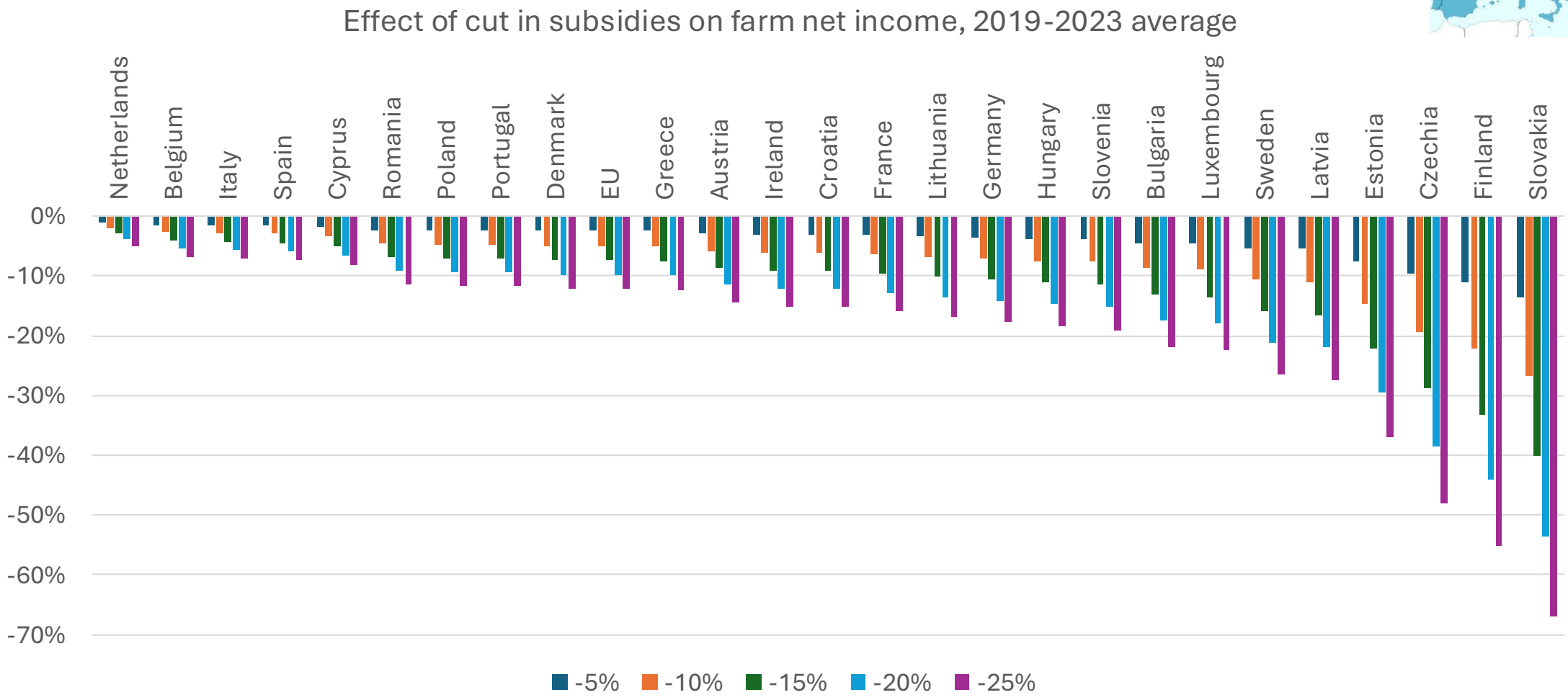






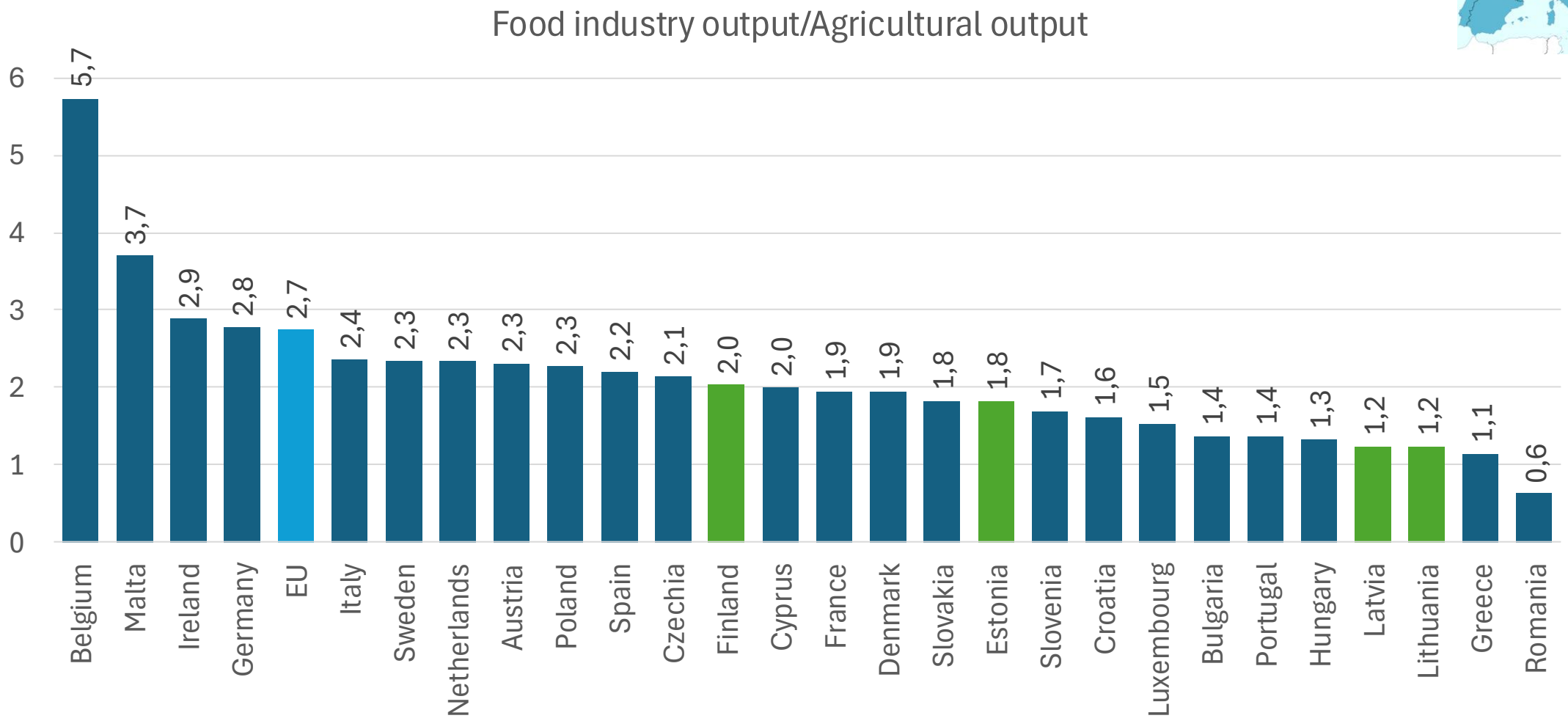
Source: own calculations based by Eurostat data

EU member states are not equally vulnerable to potential cuts in subsidies



Source: own calculations based on European Commission FSDN data

Food industry is underdeveloped in the Baltic States and Finland



Source: own calculations based by Eurostat data

Conclusions

- Baltic states and Finland as a region is not food self-sufficient
- Northern climatic conditions, productive assets gap, and in the case of Baltic states, the subsidy gap are hindering food production
- Farms in the region are less productive and have lower farm income
- Farm income variation has increased over time
- In the region, structural change of farms is more rapid, and larger farms provide relatively more output compared to the EU average
- Farms and food production in the region are vulnerable to subsidy cuts
- Food industry in the region is still underdeveloped and investments are needed
- The region as a whole deserves special attention to improve the resilience and preparedness of food production