



# Diversity of livestock farming systems in Europe

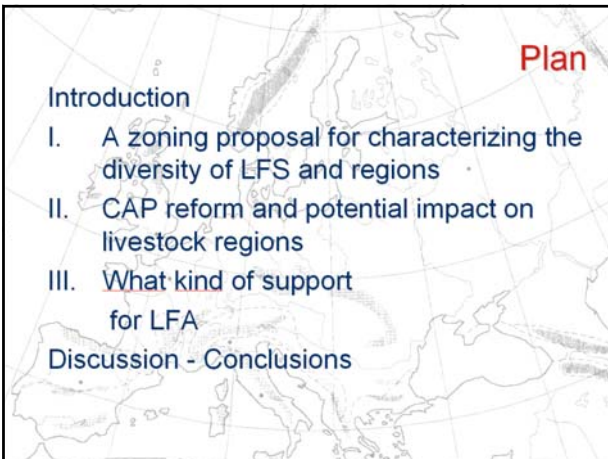
## Prospective impacts of 2003 CAP reform

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### Plan

- Introduction
- I. A zoning proposal for characterizing the diversity of LFS and regions
- II. CAP reform and potential impact on livestock regions
- III. What kind of support for LFA
- Discussion - Conclusions

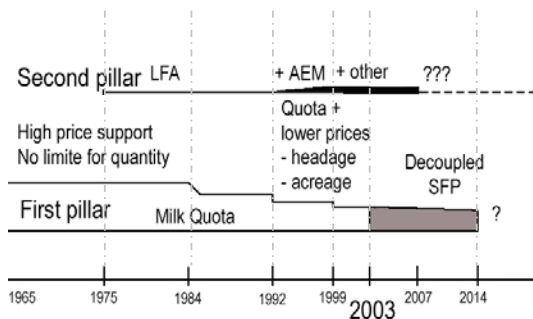


### Introduction : Diversity of the livestock regions

- **Despite** a general trend encouraged by the CAP : intensification, specialization, bigger farms ...
  - **Still** a large diversity in herbivore LFS
  - **Because** most of the herbivores are still located in LFA with strong soil and climate constraints
- Will this diversity survive the new CAP reforms ?



### A summary of the CAP over the last 40 years



### A zoning proposal for characterizing EU livestock regions

- Main data : FSS 2000 (Eurostat, EU15)
- Method on 3 steps
  - **Step 1 : Biogeographical regions** (EEA – natural vegetation)
    - 5 main regions for EU 15
    - 3 are close to livestock zones : Boreal, Mediterranean and Alpine

- Biogeographical regions, 2001
- Alpine
  - Atlantic
  - Boreal
  - Continental
  - Mediterranean



### A zoning proposal for characterizing EU livestock regions

Less Favoured Areas



- **Step 2**
- Expand Alpine region to (wet) mountains in LFA (EU regulation)

- Less Favoured Areas
- Mountains
  - LFA
  - Non LFA
  - Specific area

# A zoning proposal for characterizing EU livestock regions

## - Step 3

→ Split Atlantic, continental regions into 5 zones according to :

- Land use : grassland, maize crops
- Threshold : MFA % AA, P. grass. / AA, Maize % MFA etc. ...

Main Forage Area (MFA) % UAA



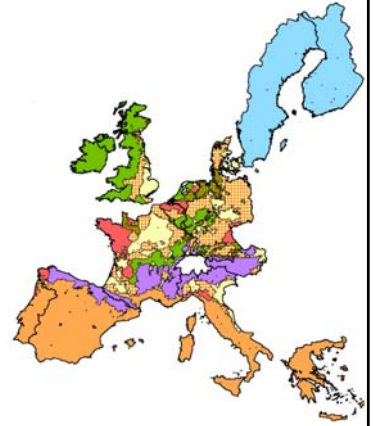
Permanent Grassland % UAA



## 8 Livestock regions

- Nordic region
- Mountain region
- Mediterranean region
- Grassland
- Grassland + Maize
- Forage crop
- Crop + livestock
- Crop and no livestock

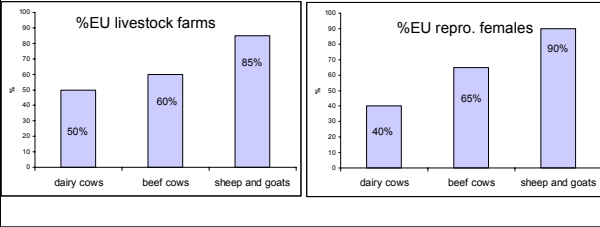
# A zoning proposal for EU livestock regions



Source : Eurostat - Structure Censuses 2000 adapted by the French Livestock Institute

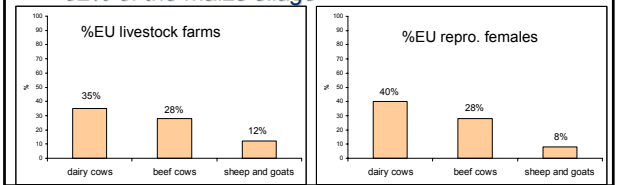
# A summary of the zoning proposal

- 3 zones mainly in LFA : **Mountains, Mediterranean, Grassland**
- 60% of EU Livestock farm, 77% of EU P. grass



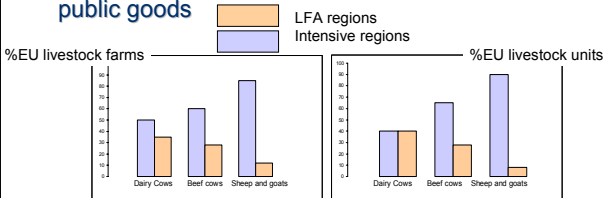
# A summary of the zoning proposal

- 2 zones with the most intensive livestock systems
- Forage crop, crop + Livestock**
- 25% of EU livestock farms, 17% of the p. Grass., 62% of the maize silage



# A summary of the zoning proposal

- Same number of dairy cows is in both groups of zones.
- But : most of the beef cows, sheeps and goats most of the livestock farmers
- are located in regions with strong natural handicaps but also with high contribution to public goods



# Summary : Socio-economic and environmental characteristics of livestock zones

| Zones                   | Livestock                 | PDO products | Local Employ. | Environment Public goods |              |            |
|-------------------------|---------------------------|--------------|---------------|--------------------------|--------------|------------|
|                         |                           |              |               | Water                    | Biodiversity | Landscape  |
| Mediterranean (uplands) | Sheep - Goats<br>Beef cow | ++           | +             | ++                       | +++          | ++         |
| Mountains (wet)         | Dairy Cows (beef cows)    | +++<br>(+)   | ++<br>(-)     | +++                      | +++          | +++        |
| Grassland (lowland)     | Dairy cows (beef, sheep)  | +<br>(+)     | ++<br>(-)     | +<br>(++)                | +<br>(++)    | ++<br>(++) |
| Forage crops            | Dairy cows, beef          | /            | ++            | -                        | +-           | +-         |
| Crop                    | None or marginal          | /            | -             | -                        | -            | -          |

Positive externalities : +, ++, +++

Negative externalities : -, --, ---

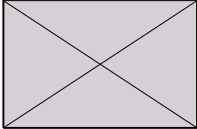
## II - The CAP reform 2003 and potential impact on livestock regions

### New CAP main points :

- **Market oriented**, competitiveness, lower prices towards world market – free trade
- **Decoupling** the premiums (1st pillar) : no more link to production.  
SFP = less paper work and bureaucracy
- **Cross compliance** (environment / 1st pillar)
- Stronger rural development with a shift from 1st to 2nd pillar (modulation)

## The CAP reform 2003 - Principles and Realities

### The suckler cow exemple

| Level of decoupling | Historical farm reference                         | Towards regionalisation → 2012  |
|---------------------|---|---|
| Full decoupling     | Scotland*<br>Ireland<br>Italy *                   | England<br>Germany  |
| 100% recoupling     | Austria<br>Belgium<br>France<br>Spain<br>Portugal |  |
|                     | } 59% beef cows                                   |   |

\* Article 69 : 10% recoupling

## The CAP reform 2003 - Principles and Realities Prospective impacts on Beef and Sheep industries

### On the one hand : full decoupling including LFA

- Ireland ↓ 20% beef cows (mainly in NW), 10% sheep in small herds (part time farmers)
- Scotland – Highlands ↓ 15% beef and sheep
- Italy– North Po valley : intensive LFS, to many LSU  
– Center and south : extensive rangeland and not enough LSU → fire risks



## The CAP reform 2003 – Principles and Realities

### On the other hand, maxi recoupling to sustain LFA with grazing animals

- Austria, Belgium, France, Spain, Portugal have recoupled beef cows (100%) and sheep (50%)  
→59% of EU-15 beef cows  
→54% of EU-15 sheep

But it's not always justified for the whole country

Ex : Belgium,

Wallonia (grassland and beef cows : no choice),  
Flanders (dairy, beef, pigs, horticulture ... to many animals, pollution ...)

## The CAP reform 2003 - Principles and Realities Maintaining livestock in LFA

- The most efficient way for a sustainable RD (economic, social, environmental aspects)  
**With lower prices :**  
... and decoupling → no future (no profit)  
... and coupled support (1st and 2nd pillars) → a better chance to survive  
**With higher prices** (European market preference and higher standard for quality)  
→ lower public support but it's not the direction of the CAP



## The CAP reform 2003 - Principles and Realities Market-oriented versus Territory-oriented ?

- **For arable regions with crops or intensive livestock systems :**
  - More opportunities : different crops / animals
  - Environmental problems (cross compliance)
- **Decoupling is the best choice :**  
Large amount of premium (historical) → flexibility → competitiveness
- **For grassland regions with high natural constraints :**  
Herbivores are the pillar of the economy  
No other choice than to sustain herbivores LFS
- **Strong argument for not decoupling**



## III – What kind of support of LFA through the rural development

After the commission :

- Complementary of the 2 pillars :
  - 1<sup>st</sup> pillar : basic aid to the income / farm
  - 2<sup>nd</sup> pillar : support for public goods, environmental and rural functions

• New means with modulation

but no great change :

Most of the 1st pillar premiums still for the large farms and the arable regions

|      | Pillar 1 | Pillar 2 |
|------|----------|----------|
| 2006 | 85%      | 15%      |
| 2013 | 75%      | 25%      |

## Prospects for rural development 2007 - 2013

The commission proposal :

- Axis 1 : competitiveness, restructuring aids (quality products ...)
- Axis 2 : Environmental management including LFA, AEM, Natura 2000 ...
- Axis 3 : global rural economy, living countryside...  
...with a minimal percentage for each axis for each country



## Prospects for rural development 2007 - 2013

- **Until now : no agreement about the budget**
  - 1 or 1.14% for the global EU budget ?
  - Are the RD Funds within the limited agriculture budget?
  - What about the new countries ? (Bulgaria, Romania ...)
- **Debate about LFA funds (lowland), Natura 2000 funds**



## Revision of the simple LFA payments

LFA payments : natural or social handicaps

- European Court of Accounts critics:
    - A wide range of LFA payment / ha between countries
    - No clear link with natural handicap (Luxembourg, Spain ...)
  - Commission proposal :
    - No change for mountains
    - No more socio-economic criteria for simple LFA
    - Only natural handicap estimated by yield, stocking rate ...
- ➔ **A very restrictive proposal which would shift out of LFA most grassland regions**

## Agri environmental Measures

for grasslands and high nature value farming systems

Permanent grassland in EU 15

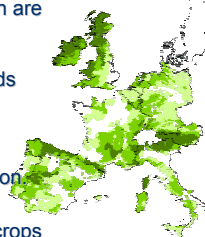
➔ 45 million ha = 36% AA + 10 million ha of collective grassland, rangeland... but both are diminishing

- crops, Forest, Urbanisation

Even if grassland is on top for public goods

- Water, biodiversity, landscape ...

**No common positive measure**, only a conditional obligation for maintaining permanent grassland without compensation



- Regionalisation : more equity for grass / crops
- AEM for grassland : very different / countries like LFA

## Discussion – Conclusion

1/5

- Is the new CAP going the wrong way? Especially for most of the livestock regions in LFA ?
  - **Decoupling favours the arable / forage crop regions.** More grain feeding systems, but still high production costs // NZ Brazil ...
  - **LFA and AEM are not able to compensate this new economic handicap in grassland regions.** No real compensation for public goods (water, biodiversity, landscape ...)
  - **With decoupling, most of the livestock systems in LFA could be gone in the next 10 years despite good principles for rural development**

## Discussion – Conclusion

2/5

- It will be worse in the new EU members
  - Stronger competition between very large intensive farms and low input, multifunctional, very small farms
  - Some countries have 15 to 20% of farming population and 15 to 20 % of unemployment
- A high rate of rural exodus → social problems
- Negative environmental issues
- Loss of cultural heritage

## Discussion – Conclusion

3/5

Moving from regulation to competition : a risky approach.

- **More competition** between European farmers and regions, reinforced by the new members
- + **hard discount**
- + **EU deregulation** } → **Lower prices**
- **lower price** → **lower differentiation**
- will open the door to world market products
- unfair competition with NZ, Argentina, Brazil (low costs and low regulation)
- Even the high potential regions cannot compete
- No chance for farmers in LFA
- **No future for LFA regions**

## Discussion – Conclusion

4/5



### Do we still have a CAP ?

- **Common** ? → suckler cow story !
- **Agricultural** : is much more than food market : milk and meat are closely linked to the territory, regional products, environment, people, rural development, cultural heritage
- **Policy** → an European market regulation linked (coupled) closely to rural development and territory

Co-financing : a solution for rich countries  
the end of the CAP !

## Discussion – Conclusion

5/5

**If the CAP is going on the wrong direction, we have to know it, as soon as possible !**

Therefore, we need :

- A new concerted zoning proposal for EU25-27, focusing on livestock regions
- A common research project involving all the countries with, common tools and indicators, to prepare a new mid term review !

Thanks for your attention and your comments !