

La Cañada



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Editorial

Pessimism or optimism for the CAP Health Check?

Bringing in the livestock in a village in Romania in 2007 – a stark reminder of the difference between livestock farming in Eastern Europe and the West.

In mid October virtually the entire EFNCP executive committee met in Konstanz, Germany, to participate in a workshop on the future of European semi-natural grasslands. The meeting was organised jointly by the Forum (primarily by Rainer Luick) and the Swedish Biodiversity Centre (CBM). For CBM, the meeting brought to an end an interdisciplinary research programme which had started in 2001, and which they felt had successfully influenced Swedish agricultural policy in preserving the biodiversity and other (cultural) values of a variety of meadows and semi-natural grasslands. The aim of the workshop was to initiate a new cooperative research initiative focusing on European High Nature Value (HNV) semi-natural grasslands by identifying gaps in knowledge, developing new collaboration and identifying new conservation projects.

A field visit to a working farm was organised by Rainer Luick, and CBM organised the workshop, using 'open space technology' rather than formal presentations. A short report with some of the details of the meeting will appear in a subsequent issue of *La Cañada* and on the EFNCP website (www.efncp.org).

I mention the meeting here because during the final discussion session one aspect made a lasting impression on me. This is that, despite some rather fundamental differences in how semi-natural grasslands are defined, there were actually few gaps in knowledge, understanding or in the recognition of the nature conservation value of grasslands that would hinder the development of practical policies and prescriptions. It begged the question whether we actually need more

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research. Indeed, we heard about a variety of national initiatives aimed specifically at the conservation of grasslands, admittedly with varying degrees of success, but they already exist and it was clear that we have the knowledge to make them better and more widespread.

Political ambivalence

A much stronger and recurring message for me was that despite all this knowledge and understanding – and the potential willingness of farmers to cooperate – there are still insuperable political barriers preventing what really needs to happen on the ground. It is not just that there is no political will to change things. On the contrary, there would seem to be political pressure to appear 'green', but at the same time to ensure that nothing too radical happens. It reminded me of something that CPE said many years ago about the McSharry reforms of the CAP: 'that the Commission had painted some of the carriages of the train green but that the tracks were running in same direction'.

In the vicinity of Konstanz, we saw maize for biogas production being cultivated in fields which had formerly been grassland and, even more surprising, heard about grasslands being rented by biogas producers to be used for disposing of biogas waste products. Rental value had risen above that which pastoralists could afford. This brought home the political and practical differences between so-called environmental actions to help the planet (more biogas) and the actions that are needed on the ground (semi-natural grassland conservation).

Of course, the effects of these political barriers are not unique to grasslands. They permeate the ideal of maximising the



Eric Bignal

Biologically rich pastures (top) are valued less in the RDP than reseeded grass fields.

positive biological effects of certain types of European farming – particularly extensive livestock farming – and the concept of High Nature Value farming areas. So I left Konstanz thinking less about semi-natural grasslands and more about how difficult it is to be optimistic about the prognosis for nature on farmland in the coming years, despite the apparent increase in recognition of environmental issues in the CAP. To try and lift this mood of pessimism, David Baldock agreed to write a short review of what the EFNCP has achieved on the ground over the past 15 years or so. His article (page 7) is a concise chronology of the Forum's activities.

Also in this issue, Gwyn Jones elaborates

some of the problems of the CAP, drawing on the discussions and outputs from the recent EFNCP/WWF DCP workshops in Bulgaria and Romania (see www.efncp.org), such as the plight of small farms, food hygiene rules, access to CAP schemes and communal land. He also makes the point that the same problems are being (and have been) experienced over much of Europe. The summaries of the EFNCP position on the CAP Health Check and the consultation on the reform of the LFA scheme develop these issues in the context of further potential changes to the CAP; and make recommendations for how some of the problems might be addressed.

Of course, there is undoubtedly greater recognition of 'the environment' in Brussels, and this has clearly suited the Commission for the purposes of WTO negotiations, yet 'nature on the ground' is still undervalued in its own right. One only has to look at the payment rates in agri-environment schemes calculated on a profit-forgone basis to see this. A successful application to the new Scottish RDP scheme potentially available to our farm could result in payment of £690 per ha for managing certain in-bye rotational grassland, yet only £1.30 per ha for extensively grazed pastures of semi-natural vegetation, with such regional specialities as forester moths, narrow-bordered bee hawkmoths and burnet moths.

A statistician once told me that the best strategy to adopt for life is that of the pessimistic optimist. He worked (mostly as a climatologist) before the environment or nature conservation had become so closely linked with agriculture. If we could ask his advice now, I suspect he would recommend.... the pessimist.

Eric Bignal

EFNCP's vision for the LFA measure

In spring 2008, the Commission issued a consultation on the future of the Less Favoured Area (LFA) measure, with a view to publishing its own proposals in the autumn. The Forum was able to make a presentation to the working group and subsequently prepared a detailed submission (see www.efncp.org), which is summarised here.

More important than ever

In recent years, while farmers on the best land have responded to the market by intensifying their production, farmers in marginal areas such as Europe's mountains, drylands and marshlands have been

unable to do so. These Less Favoured Areas thus have become further marginalised, both economically and socially. Because many farms did not intensify, large areas of semi-natural vegetation managed in an extensive manner, as well as other low-intensity farming systems involving arable and permanent crops, have survived as a public good into the 21st century.

The factors that limited the extent of agricultural 'improvement' in the LFA now pose an increasing threat to these same areas, as general economic development and the success of rural and regional policies increase the number and range of economic opportunities outside agriculture.

Decoupling of CAP support only serves to further highlight the disadvantage under which these farmers operate, as many would be far better off if they minimise or could cease production while receiving current support payments. It is also apparent that in many LFAs, a proportion of farmers have been able to intensify production, often with the aid of subsidies and grants delivered through the CAP.

In southern Europe, in particular, the fragile environments existing within LFAs (vulnerable soils, scarce water resources) have suffered from these processes of agricultural intensification. Farms that represent a clearly unsustainable use of land and water are in receipt of LFA payments under the current scheme. This situation should be remedied.

LFA areas illustrate the inherent tensions within the CAP between the drive towards efficiency and a world market orientation,

and the provision of adequate reward for the provision of public goods. Whereas in those regions that are more productive for farming these issues can be separated, with the farm business selling produce profitably on the one hand and receiving support for provision of specific services on the other, in the LFA the two questions cannot be conveniently separated. Indeed, to do so is likely to ensure the failure of the policy.

Resolving these tensions sets a challenge for both the EU as a whole and for Member States in their individual Rural Development Programmes. At present, the CAP has only two mechanisms for supporting existing but uneconomic basic land management – Single Farm Payment and Less Favoured Area. Of these, the latter has the clearest potential to link payment levels to disadvantage and to the continued provision of public goods.

Sustainable land management is central

EFNCP welcomes the increased clarity of focus of Axis 2 of EU Rural Development policy and the shift in the rationale of the disadvantaged area payments away from a variety of objectives to that of contributing to sustainable land use. One of the challenges facing LFA policy is how to ensure that such a long-standing measure, one so firmly embedded in the bureaucratic traditions of both the EU and Member States, is able fully to make the transition to what in some countries is a totally new function for the measure. It is important to avoid an automatic rollover of the status quo.

Natural disadvantage felt at the level of the business

LFA policy should aim to target *all* naturally disadvantaged farms, but *only* those farms. The level at which natural disadvantage makes its economic impact felt most keenly, and the one at which the level of support should be determined, is that of the farming business.

Being within an area that contains many other disadvantaged farms adds little to the individual farm's disadvantage. Conversely, being the only disadvantaged farm in an area does little to lessen that disadvantage (quite the opposite, in fact). Thus, while an area approach is implicit in the scheme, it should not be the main level at which eligibility criteria are set and payment calculations carried out. At the other extreme, any mechanism that assesses disadvantage at a field-by-field level also misses a key aspect of real marginal farms. We believe that the appropriate level of assessment is that of the farming business.

At the same time, efficient and effective targeting of the scheme is best achieved at the farm level, not through attempting

a tight delineation of the LFA boundaries. The latter approach is likely to exclude a number of genuinely disadvantaged farms, while still including a number of not disadvantaged farms that ultimately will have to be excluded through eligibility criteria.

Setting criteria for the definition of the area

To obtain LFA funding, farms have to be within the eligible area and to fulfil certain eligibility criteria. We believe that in the past too much emphasis has been placed on delimiting the former and not enough on defining the latter. Ideally, we would like to see a scheme which adequately compensates for the cost effects of natural disadvantage on minimal, baseline agricultural activity, wherever it is located (in much the same way that Article 69 can target certain systems).

We recognise that the Court of Auditors' criticism of the current LFA scheme is being understood by the Commission as a call for smaller LFAs. We would rather it be understood as a call for better targeting of the scheme at disadvantaged farms. Within that context, there is still a need for the Commission to monitor the criteria used for area definition.

Distance is a natural disadvantage

We strongly urge the Commission to reconsider its view that distance (remoteness) is not a physical or natural disadvantage. *Some* of the costs of distance can be overcome by social policy, although they seldom are, but those costs that are the result of the increased travel times cannot all be addressed in this way. Working Time Directive and road safety restrictions on drivers' time for the haulage of goods, and restrictions under the transport of farm animals codes all add considerably to real costs and should be permissible in payment calculations.

Identifying genuine disadvantage at farm level

Farms should not receive LFA payments just for being situated in a disadvantaged area – they must contribute to Axis 2 objectives. What this means will vary from region to region. In Mediterranean areas where the disadvantage is due to drought, it will rule out support to those farms using irrigation (with the exception of certain very specific traditional systems for flood-irrigation of meadows).

In livestock systems, farms that carry high stocking densities would be excluded (it is essential that calculation of stocking densities takes account of all off-farm grazing, not only the UAA of the farm holding).

The livestock systems that provide the majority of Axis 2 public goods are characterised by a high proportion of semi-natural forage in their farmed area. LFA payments should be targeted at them, and payments should reflect both the carrying capacity of the semi-natural vegetation and the proportion of that vegetation in their IACS (Integrated Agricultural Control System) area (including common, short-term and seasonal grazing).

LFA equals HNV farmland?

The HNV farmland approach is explicitly not about designating areas, but we consider the LFA measure, complemented by agri-environment schemes and an expanded use of Article 69, to be the best way of targeting basic support to the vast majority of HNV farmland in the EU. The Forum therefore believes that the best way to achieve a fit between the LFA measure and the delivery of the HNV farmland element of Axis 2 is, firstly, through the criteria for excluding intensive farmland. In the case of livestock farms, the proportion of the forage area consisting of semi-natural vegetation should be central criterion. Equally critical is the formula for calculating payments, which should ensure that the most disadvantaged farms that also comply with criteria for sustainable land management receive sufficient support from the CAP to maintain their activity.

We believe that the appropriate vehicle for locating and targeting HNV farmland is the IACS and the Land Parcel Identification System (LPIS) that underlies it. Member States should agree to a deadline by which *all* LPIS/IACS systems in the EU should be able to identify farmed semi-natural vegetation.

LFA must support active farming

The Forum believes that the 'minimum maintenance' aspects of GAEC (Good Agricultural and Environmental Condition) should be framed in terms of active management. The extra costs of bringing active management back to an area that loses it are such that GAEC should not permit a passive 'can be brought back into use' approach, based solely on the requirement to prevent encroachment of unwanted vegetation.

The logical link between the level of payments and the costs of GAEC is central to the LFA. Additional costs and income foregone can only be defined in relation to a particular activity. It is essential to define that activity and to require it as a condition of payment.

Setting payment levels

In the present set of LFA schemes, some Member States have a set of payments

which can only be described as perverse, where disadvantage seems to be more or less inversely related to the amount of support given.

LFA payments should be aligned to the costs and income foregone of a defined minimum standard and that standard should be set in GAEC. LFA should not pay for occasional clearance of invasive vegetation, but for meeting positive management requirements defined under GAEC. One example is the maintenance of a minimum grazing pressure on semi-natural vegetation.

Fit with other instruments

The LFA measure is the only RDP instrument that can pay for the costs of carrying out the minimum amount of activity demanded by GAEC. 'Broad and shallow' agri-environment measures are not permitted to perform this function.

Neither the historic nor the regionalised models of Single Farm Payment are sufficiently flexible and well targeted to support fully the delivery of GAEC in marginal areas. So, while LFA payments should be sensitive to changes in the distribution of Pillar 1 support, the potential for precision and focus which they offer makes them invaluable in any truly integrated policy framework.

Article 69 payments potentially over-

lap with LFA, but if the latter is limited to achieving GAEC standards (e.g. a minimum livestock stocking density per hectare of forage), the former could then be used to target particular systems. Examples are encouraging grazing by cattle rather than only by sheep in north-west Europe, or sheep rather than cattle in southern Europe; special support for shepherded systems would be especially beneficial to sustainable land management in southern Europe.

LFA could legitimately be used to pay for going beyond GAEC, for example, where maximum stocking density limits need to be applied to ensure sustainable land management. However, at present we are not aware of any Member State where the scheme properly pays for the additional costs of disadvantage for all marginal farmers, even at the level of GAEC. Paying for the additional costs of higher levels of activity for less marginal farmers while the most disadvantaged are put in a loss-making position is, we believe, completely inappropriate.

Importance of supporting a minimum level of management

Payments that support a minimum grazing level on semi-natural vegetation contribute to basic environmental objectives without significant distortion of produc-

tion and markets, and therefore are WTO Green Box Compatible. An LFA payment scheme that fails to support this objective (as occurs with existing CAP rules) is failing to ensure a key element of sustainable land management in the LFAs.

There should be a presumption that all semi-natural land under grazing by domestic livestock is eligible for CAP payments (LFA and Pillar 1), regardless of whether the forage is purely herbaceous, and including vegetation that is shrubby or includes a proportion of shrubs/trees. The GAEC provisions on protection of Permanent Pasture should be extended to cover all types of semi-natural forage vegetation.

In order to address the GAEC issues concerning 'Minimum level of maintenance: Ensure a minimum level of maintenance and avoid the deterioration of habitats', Member States should not limit their standards to 'preventing the encroachment of unwanted vegetation'. Standards should define 'Minimum livestock stocking rates or/and appropriate regimes' in terms of the active management (grazing and/or mowing) that is required to avoid deterioration of the semi-natural habitat in question.

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Transhumance in the Swabian-Franconian region of Germany



There is only one region in Germany where a genuine mobile livestock system developed. This is the Swabian-Franconian transhumance with sheep in the south-west of Germany, in the federal states of Baden-Württemberg and Bavaria.

The number of shepherds who now practise transhumance in these regions is rather small – in fact, in Bavaria it has virtually disappeared and it is only in the state of Baden-Württemberg that it exists to any extent. Here, the total number of sheep-keepers is about 4,500, with around 320,000 sheep. But out of a total of approximately 230 full-time shepherds, less than half still carry out transhumance (with their 70,000-90,000 sheep). A realistic flock size is around 700 ewes, with stocking in the order of 4-5 sheep per ha, so the summer grazings comprise an area of between 17,000ha to 23,000ha. The winter grazing area is estimated to be approximately 35,000ha to 45,000ha (2-3 sheep per ha).

Today, transhumance is almost at the verge of disappearing in south-west Germany. The reasons are manifold and include: long distances between grazing areas, the hazards of travelling with large flocks through densely populated regions, the lack of winter grazings and the poor economy.

Table 1: Development of sheep numbers in the present-day territory of the state of Baden-Württemberg.

year	number of sheep
1800	ca. 650,000
1830	ca. 880,000
1873	577,000
1926	128,000
1936	139,000
1938	153,000
1943	181,000
1960	152,000
1966	116,000
1972	142,000
1978	185,000
1984	224,000
1986	232,000
1992	256,000
1999	294,000
2002	319,000

In Bavaria, the total number of sheep-keepers is about 12,000, of which 300-330 are full-time farmers. The number of sheep is estimated at around 480,000. Approximately 130 full-time shepherds, with about 100,000 to 115,000 sheep, are practising a regional movement with their flocks in summer (with a perimeter of 10-50km). During the winter period, the sheep are generally kept in sheds and supplementary fed.

Only just over 50 years ago, the situation was very different. Then, in the early 1950s, between 500,000 and 600,000 sheep (about 60-70% of the total number) were kept by transhumant shepherds in the southern German states. This number is significant when compared with the much better known transhumance in southern France. The 'transhumance provençale' of the 1920s involved between roughly 250,000 and 300,000 sheep, and the movement between the Languedoc and the Massif Central in the 1910s involved only about 60,000 head.

Medieval beginnings

Unlike transhumance in Mediterranean or south-east European countries, which can often be traced back virtually to Neolithic times, the southern German transhumance is a result of late medieval developments. The story of the Swabian-Franconian transhumance begins with the Cistercian monastic economy of the 12th century. More than any other monastic brotherhood, the Cistercians widely influenced the pattern of cultivation and settlements in central Europe, and with it agriculture and livestock keeping. The Cistercian monasteries were economically successful, their wealth depending, to a large extent, on the production and sale of woven products from a flourishing sedentary sheep-farming system. Small flocks based on farms which belonged to each monas-

tery were grazed within the perimeter of these dependent farms.

In the 14th century, the extension of the Cistercians' sheep systems reached their peak. Both economic and social factors contributed to this development. As the monasteries lost their attraction for the lay brothers who operated the extended agricultural enterprises, the Cistercians were forced to intensify the agriculture sector. And this intensification was easily achieved through an increase in sheep-keeping. This new system ensured a similar, or even higher, economic return from a smaller labour input. What developed, and in later centuries was taken over by 'normal' secular farmers or urban entrepreneurs, was known as 'das Landgefährt' ('moving around in the countryside'), and this system existed, with ups and downs, until the second half of the 18th century.

Parallel to the monastic system, a more primitive sheep system (and similar cattle, pig, horse and goat systems) existed in the rural communities. These relied entirely on the year-round grazing of the local commons. With the heavy depletion of the population in the 14th century (as the result of climatically-induced famines and successive epidemics of plague), extensive sheep grazing was able to expand into newly-vacant rural areas. This was doubly rewarding for the rural populations because at the same time the manufacturing of woollen cloth in the fast-growing cities had developed, creating an enormous demand for wool.

Introduction of Merino sheep

In the second half of the 18th century, economic interest encouraged the leading social and political classes in the dukedom of Württemberg to further expand and develop the weaving industry as a source of government revenue. But there was one major problem to overcome: although various local breeds of sheep were common in Central Europe (the most widespread were local races based on the 'Zaupelschaf' species), they all produced relatively poor quality wool and were not hardy enough for long-distance transhumance. Although it was known that the Spanish Merino sheep had both these desirable qualities, until 1760 Spain maintained a strict prohibition on export. Requests from countries such as France, Sweden and Saxony for permission to import Merino sheep had all been denied. Only with the enthronement of Phillip V were the first exceptions made, but it was not until 1785 that the Duke of Württemberg finally succeeded in getting permission to purchase 30 Merino rams and ten ewes. It is reported that the King of Spain was rewarded with a present of a group of albino deer for his generosity.

In 1785, two Württemberg shepherds

Table 2: Sheep breeds in the states of Baden-Württemberg and Bavaria.

	% of total number
Extensive breeds	
Skudden	< 1.0
Weiße Hornlose Schnucke	< 1.0
Weiße Gehörnte Schnucke	< 1.0
Graue Gehörnte Schnucke	1.1
Bentheimer Landschaf	< 1.0
Rauhwolliges Pommer. Landschaf	< 1.0
Rhönschaf	< 1.0
Coburger Fuchsschaf	< 1.0
Bergschaf	< 1.0
Semi-intensive breeds	
Merinolandschaf	20.2
Merinofleischschaf	19.1
Merinolangwollschaaf	20.0
Schwarzköpfiges Fleischschaf	13.7
Intensive breeds	
Texel	6.6
Suffolk	< 1.0
Blauköpfl./Weißköpf. Fleischschaf	3.2
Leineschaf	< 1.0
Ostfriesisches Milchschaf	5.2

were sent to Spain to buy the sheep. They first travelled to southern France to get first-hand experience of southern French Merino breeds, and then in spring 1786 went to the markets of the Segovia area. Despite struggles with thieves and wild animals, they lost only six animals and in September 1786, the two celebrated shepherds were back in the city of Münsingen, on the Swabian Jura. These few sheep were the origin of the modern southern German transhumance.

The precious Merino rams were kept only at royal sheep farms. By crossing with the local breeds, a new breed, the Southern German Merino landrace (= Deutsches Merinolandschaf), was developed within a few decades. This breed is the dominant breed in the southern German states today (Table 2). So, within a few years (before the end of the century, in fact), the first real transhumant shepherds, accompanied by this new sheep-breed, with its much-improved wool and physiognomy, took off on long journeys between the now dislocated summer and winter grazing areas.

19th-century growth

This new system was economically viable and was made politically possible because, at the same time, power struggles between the numerous and so far independent countries were resulting in a geopolitical reshaping of the central European landscape. The shepherds could now cross what had previously been closed borders, and the State gave the new sheep system rights to travel from the summer to the winter grazings, and (especially importantly) to have the right to winter grazings in suitable regions.

Finally, an important social point has to



Steep slopes along the valley were the traditional summer grazings in the Swabian and Franconian Jura. The poor site conditions and the selective impact of long-term grazing by sheep resulted in the development of ecological unique calcareous vegetation types.

the end of the 19th century. In Germany as a whole, the number fell from about 30 million to about 10 million over this period. Moreover, the agricultural 'improvements' that were imposed with great vigour on the rural societies of southern Germany in the second half of the 19th century eventually started to impact on the transhumance system – the housing of livestock, a move to dairy systems, the production of winter fodder (hay) on what had previously been pasture, new crops such as potatoes and lucerne where there had once been fallows or commons, and the enclosure of common land.

Sheep farming in southern Germany today

Today, sheep farming in the core regions of the historic Swabian-Franconian transhumance faces many obstacles (many of which are shared by other, more 'modern' systems). Until the second half of the 20th century, the most important product of all sheep farming in Germany was wool. This was the case irrespective of the region or the breed. Today, wool has no economic importance at all, and in general the shearing costs are higher than the revenue obtained by selling the wool. The prices in 2002 for high quality wool ranged between €0.30 and €0.90 per kg, so with a yield of 4-5kg per sheep and shearing costs of €3-€3.50 per sheep, wool has become a disposal problem, rather than a product. Ironically, at the same time, Germany imports 95% of all her wool.

Today, for the first time in recorded history, the sheep economy relies on the production of lambs for meat. This has necessitated a complete change in the production regime. In the past, the forage for the flocks only needed to be sufficient for them to survive and to raise the lambs. This was possible on the upland vegetation of the Jura mountains, although the growth rate of the lambs was slow. In contrast, the modern and profitable working shepherd cannot make a living by depending only on upland pastures. The production of marketable lambs requires grazing of better quality and additional high-energy feeding at finishing. This leads to a 'bottleneck' in modern sheep farming – the difficulty of finding the necessary good grazing, at low cost. Where good ground is theoretically available, sheep farmers are often in competition with other interest groups, such as suckler cow farmers.

be mentioned in the context of the success of transhumance: the small farm holdings on the Swabian Jura, the poor growth conditions due to climate and soils and the large families had led to a dramatic impoverishment of rural communities. This was especially the case for those sons who were excluded from the takeover of farms due to the law of succession, or those who could not find a job in the crafts sector. For these people, the expanding sheep system opened up new job opportunities.

Table 3 shows the tremendous growth of sheep numbers in the various territories of present-day Germany in the first half of the 19th century, as a result of the enormous demand for wool. An interesting aspect is that large quantities (now better quality) were being exported to Great Britain. But it was only in the south-west of Germany that the fast developing sheep sector was transhumant. In the kingdoms of Bavaria and Württemberg and in the dukedom of Baden the number of sheep grew from about 1.8 million at the beginning of the 19th century to about 3 million sheep by around 1860, and 90% of these sheep were transhumant flocks. Considering a carrying capacity of probably not more than four sheep per ha,

this means that the summer grazings on the Jura uplands may have comprised between 600,000ha and 800,000ha.

The transhumance year

Traditionally, the Swabian-Franconian system worked in the following way. From late spring until late summer the shepherds grazed the extensive upland areas in the Swabian and Franconian Jura mountains. Then, depending on the weather and growth conditions of the vegetation, they started their journey to the lowlands for winter. The daily walking distances ranged from between 10km and 20km, and the journey could last for several weeks. Important days in the calendar of the shepherds were 23rd of April (St George's Day), when they usually arrived in their summer grazing areas, and 24th August (The Feast of St Bartholemew), when they left again. An intermediate grazing period, the autumn grazing, lasted until 6th December (The Feast of St Nicholas). In the heyday of transhumance, the system occupied an area which extended around 400km from west to east, and around 300km from south to north.

Decline of the system

But this transhumance system flourished for less than 100 years, and had its peak in the middle of the 19th century. After 1860, the demand for wool declined rapidly. Cotton and cheaper imported wool were being substituted for European wool. An interesting observation is that the clearances of the Highlands and Islands of Scotland, which resulted in millions of impoverished people leaving for overseas countries, strongly influenced the establishment of large sheep industries in North and South America, South Africa, Australia and New Zealand. Whatever the exact mechanism, these New World flocks posed a significant challenge to the established European industries, and had the severest impacts on the German sheep economy. From a peak of almost 3 million, the number of sheep in southern Germany collapsed to about 800,000 by

Table 3: Number of sheep in the present-day territory of the German state over time.

year	number of sheep
1810	ca. 15 million
1850	ca. 25 million
1860	ca. 30 million
1880	ca. 15 million
1900	ca. 10 million
1930	3 million
1950	2.7 million
1970	2.4 million
1990	3.2 million
2000	2.7 million

Because CAP livestock subsidies are higher for cattle than for sheep (on an equivalent Livestock Unit basis), and suckler beef achieves better prices on the market than lamb, extensive beef farming is much more rewarding than sheep farming. A second competing land use in the Jura mountains is hay-production by part-time and hobby farmers. Due to the high level of agri-environmental support for extensive hay meadows, hay meadows are more profitable than renting to sheep farmers. A third, important competitor is the very attractive payments for afforestation.

At present, income from sheep farming is derived mostly from subsidies and countryside management services – selling lamb makes only a minor contribution. The net income that can be achieved from full-time sheep farming (which is just half of the average net income of a full-time farmer) is no higher than the subsidies the farmer receives, i.e. he gains no income directly from his production. Income from the meat barely covers production costs.

Current prices for lambs range from €1.80 to €2.10 per kg live weight. Therefore, the survival of sheep farming in Germany at the moment is possible only by optimising other income sources: payments for the management of High Nature Value areas, agricultural subsidies and, where possible, producing high-priced speciality lamb. But in reality, the fragmentation of the landscape by all sorts of transport networks has made transhumance almost impossible. Modern highways and railways do not mix well with sheep flocks. In addition, a shepherd making his journey from the Swabian Jura to the valleys of the Rhine or Danube has to cope with the fact that his traditional winter grazing lands have been given over completely to maize or other cereal fields. Even cereal stubbles – very much appreciated by the shepherds as a source of forage – have also disappeared, since they are immediately ploughed in and reseeded after harvest.

Few modern sheep systems in Baden-Württemberg practise transhumance.

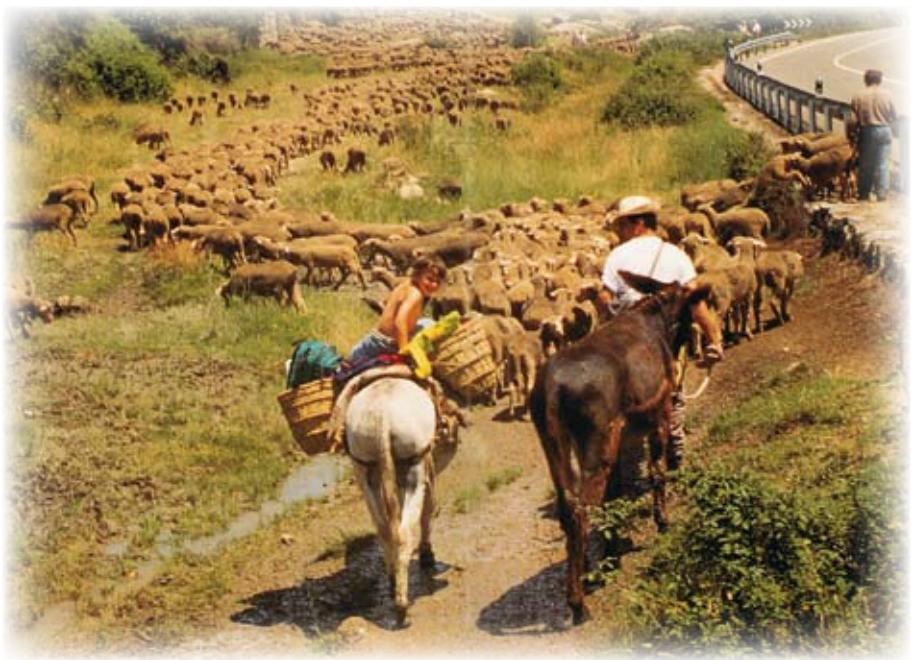
There has been a complete switch to stationary systems, using fenced off grazings from spring to autumn and given additional feeding in sheds during winter.

The sheep sector, generally, in Baden-Württemberg reached its lowest level (only 100,000 sheep) in the mid 1960s. Since then, despite everything said above, numbers have risen steadily to about 320,000 head, which is the highest number since the beginning of the 20th century. This positive development can be attributed to the interest and assistance of nature-conservation initiatives for high nature value heaths and grassland that depend on extensive sheep grazing and, interestingly, the growing number of sheep that are kept by hobby farmers, often as a cheap management tool for small private properties.

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Comment: A reflection on EFNCP's progress



was to gain recognition of the importance of HNV farming and farmland both for nature conservation and for the cultural identity of rural Europe. Given the exceedingly modest resources available, most of the effort went into network building, analysis of the problems experienced by farmers in different settings and getting the message to policy makers, particularly in the European Commission. It was difficult to imagine HNV farms in the mainstream of European agriculture, but at least there was the possibility of opening up new forms of funding to support them as the CAP entered the environmental age.

Has there been any progress since the early 1990s when the Forum was born and the case for High Nature Value farming began to be rolled out in a series of meetings and documents, including the first editions of *La Cañada* and the work at the Institute for European Environmental Policy (IEEP)?

For many of those practising this form of agriculture, the answer that springs to mind is probably no. HNV farming is hardly a household term and often goes unrecognised as a benefit to the environment and society as a whole. The challenge of maintaining traditional forms of land management has not diminished and has become increasingly unattractive to many younger people, so that succession is a vexed issue in many families. Market prices for most of the products of this form of farming have been under continuous pressure and profitability is generally low. Livestock producers have been subjected to a mounting volume of legislation, some aspects of which, regarding food safety, for

The earliest records of the European Forum for Nature Conservation and Pastoralism are stored safely, but inconveniently, in an oversized box in a quiet part of south London. They document some of the earliest efforts to put pastoral and High Nature Value (HNV) farming on the map in terms of science, conservation and public policy. The Forum began as a network with a small and sometimes idiosyncratic nucleus, organising gatherings in

Early campaigns included the importance of transhumance cultures to the continuing survival of HNV pastoral farming.

different parts of Europe every two years. If the initial correspondence and minutes were closer to hand they might reveal how far we hoped to change conditions on the ground and halt the decline besetting most traditional systems. Certainly, the intention

example, are enforced with new rigour. Paperwork adds to already long hours, and it is frequently essential for the family to find additional work and income outside of the farm.

Whilst many of these adversities apply, to some degree, to all forms of agriculture, more intensive producers have greater recourse to new technologies, increasing scale and specialisation. HNV producers are still predominantly more marginal.

They have not, however, diminished to a museum scale of operation, as many more traditional crafts and skills have done. Large areas of semi-natural grazing persist, despite the inherent lack of profitability and forecasts of imminent abandonment. Management often has been simplified and costs pared back, but pastoral agriculture has not retreated as much as economic logic would suggest. It is difficult to interpret the rather coarse European data on land-use over the last decade, but it does not suggest large-scale abandonment of farming in the Less Favoured Areas. There are patches of abandonment and larger indeterminate areas where management is relatively minimal, with long-term ecological consequences. Some land has become forest, through planting or natural succession, but the principal areas of HNV farming appearing on the tentative maps that we published in 1994 are still intact today, according to the limited data available to us.

Nor has the policy community entirely overlooked HNV and extensive pastoral systems. Within the UNECE, targets have been set for maintaining this form of farmland, and references to HNV are increasingly frequent within the core texts of the CAP. The preservation of biodiversity is a Community priority in the Pillar 2 Strategic Guidelines for Rural Development, and a 'new challenge' within the European Commission's Health Check proposals for the CAP. The maintenance of HNV farmland and forests is now one of only seven 'input indicators' which are to be used to assess the impact of rural development programmes on biodiversity. National governments are in the process of reporting how much land falls into this category and of devising ways of measuring how it changes over time, so that trends can be captured and the influence of European policies on the outcome, if any, can be deciphered. Measurements may still be far from precise, but the fact that they are now required represents a small revolution in attitudes to HNV within the CAP.

Gap between aspiration and action

If those managing the land in question are not aware of the shifts in European agri-

cultural strategy, this is partly because most of the national and regional institutions ranged between the farm and the Commission have not absorbed or adopted a culture of valuing HNV farmland and forestry. A sizeable share of the debate over HNV has taken place in international meetings, in Kiev, Malahide and Brussels; much less so in national ministries, farm unions, advisory services, the agricultural press and other institutions at the heart of farming. There are certainly pockets of enthusiasm and expertise, and this should spread with the new requirements to monitor change and report on the fate of HNV farmland. Nonetheless, HNV remains outside the mainstream and, as a consequence, the necessary support and political will to swing policy decisively in its favour has yet to be mobilised. Some of the reasons for this lopsided state of play can be detected in the course of events since 1992.

This was the year of the MacSharry reforms and the elevation of agri-environment to a compulsory measure for all Member States within their rural development programmes. In several countries with substantial areas of HNV farmland, especially in the Mediterranean, this brought a new obligation, which they had not sought and did not always welcome. Farm modernisation and increased productivity were priorities in many places, and in Spain, for example, this over-shadowed the attention given to more extensive systems, such as the dehesas. Catching up the level of investment, intensity and output achieved in those parts of northwest Europe with a history of benefits from the CAP had more political appeal than maintaining traditional systems that were valued by a minority – and by environmental organisations with limited political weight.

From this stage onwards, the governments which would have gained most in budgetary terms from a switch in CAP expenditure to supporting biodiversity and HNV were more concerned to promote other elements of rural development programmes and protect Pillar 1 expenditure. There was more enthusiasm from environmental ministries and agencies in northern Europe, where the benefits of addressing conservation on a larger landscape scale, rather than primarily through nature reserves and smaller sites, was quite apparent. It was striking that support for the Forum and extensive pastoralism came more from the Dutch Government, with its proactive approach to international nature conservation, than from Spain, Portugal, Greece, Italy or Scotland, potentially a more natural constituency. A coalition of this kind to support HNV has yet to emerge but is still very much needed. The

lack of a strong lobby at either governmental level or amongst producers, where pastoralists have been at the margins of most farm unions, has inhibited progress in support for HNV. However, if the objectives of the CAP change and the budget is more focused on the environment and public goods, these political alignments may shift, too.

Response of the European Commission

More progress was made with the European Commission, which has a greater interest in the assets of European, as opposed to national, agriculture. Officials often attended Forum and IEEP events and engaged in detailed discussion over the support regimes for sheep, cattle and olive oil. Supporters of HNV in the Commission were not numerous, but valued the link between science, environmental land management and policy. Eric Bignal illustrated this relationship with numerous presentations on the ecology of the chough and pastoralism. The Commission was looking for examples where agriculture produced real environmental benefits, not least to flesh out the concept of multifunctionality and to defend the CAP from attack within the WTO, as well as to raise the environmental ambitions of Member States, some of which looked at RDPs from a largely productionist stance. The LFA support payments were seen as too blunt an instrument to encourage sustainable livestock systems, for example, and were converted from a headage to an area basis, partly on the basis of arguments in *The Nature of Framing*.

The Forum and its allies enjoyed new access to the Commission, but sometimes found that the case for HNV farming was being used to defend the whole of the CAP support system, rather than the 20-30% of agricultural land thought to be under HNV management in the mid-1990s. This broader political objective distracted attention away from the measures needed to maintain HNV farmland and caused frequent frustration. Whilst the case for sustaining more extensive systems for their biodiversity value was central to the EU's case for the public benefits of agriculture at the pivotal OECD meeting on the topic in Helsinki, progress in realigning policy was slow, with the exception of LFA policy. Olive oil was a textbook case, where Guy Beaufoy led a sustained initiative to demonstrate the need to reformulate CAP market policy to support environmental objectives and make the sector more sustainable. Whilst there was some sympathy for this within the Commission, it made little headway against the interests of the main commercial producers and the governments supporting them.

Looking east

Towards the end of the 1990s, a growing proportion of the slender resources available to the Forum were directed towards the countries of central and Eastern Europe, especially those destined to join the EU in 2004 and 2006. The impressive biodiversity resource in many of these countries was clearly associated with agricultural land management, particularly in areas that had escaped collectivisation and land consolidation. The case for valuing pastoral and other HNV systems, resisting abandonment as well as intensification and introducing new policies, such as agri-environment, was made in a series of projects, workshops and bilateral meetings. The mainly environmental communities making this case in the arc from Estonia to Romania were reinforced, brought into EU networks, backed up with a very modest sprinkle of projects and brought into contact with the Commission. Environmental, particularly biodiversity, considerations were an important element in the debate over agriculture and EU enlargement, and influenced the emphasis on Pillar 2 measures in the final settlement. Nationally funded agri-environment measures were launched prior to

enlargement in Estonia and Slovenia, for example. However, as in Spain a decade earlier, national administrations were less interested in HNV agriculture than modernisation and increased output, and concentrated their negotiating efforts on this front. Many proposals for agri-environment policy were cut back and diverted away from biodiversity objectives once they had been exposed to the scrutiny of agriculture ministers and economically focused government departments.

A new chapter?

If policy makers have not stood more firmly behind the arguments for HNV, it is not only because many have seen it as backward looking. Livestock production in Europe has not enjoyed a good press over the last decade, with the BSE and Foot and Mouth outbreaks following each other in quick succession, putting the focus on public health and public expenditure rather than environmental benefit. The current debate on methane emissions has raised further questions about the merits of cattle production. The policies most readily available to support HNV producers, including agri-environment and LFA payments, have not necessarily been used

in the most appropriate way, and where there have been successes, these are not always celebrated.

There is, on the other hand, plenty to build on. The longstanding difficulties of defining HNV sufficiently clearly to allow an operational policy structure are being tackled and potentially measurable indicators will be tested. Public interest in local, culturally authentic and sustainably produced foods has been engaged, and with skill can be graded beyond the organic and regional labels to an appreciation of HNV. There is an understanding that we are losing the battle over biodiversity in Europe and that bolder action will be needed to reverse the situation. At the same time, the option of maintaining the *status quo* within the CAP after 2013 has largely disappeared, and more environmentally focused expenditure is a keystone of the new debate. As the wind changes, there will be opportunities to shift attitudes in the institutions that have ignored HNV to date. It is a tribute to those who have kept the arguments alive in difficult times, inside and outside *La Cañada*, that there is energy and enthusiasm in store for the next chapter.

David Baldock, IEEP

Eastern Europe highlights CAP rules central to the future of abandoned land



BOB GIBSONS

Imagine a country where about 10% of farmland is either abandoned or on the verge of being abandoned. Imagine that land being the most bio-diverse in the country, consisting mostly of semi-natural pastures – the type of High Nature

Partially abandoned land in Romania – formerly biodiverse grasslands developing into woodland.

Value farmland that is now a major target of EU rural development policy. Imagine

Bulgaria in 2008. And Romania, also, for that matter. Imagine now a newly-introduced policy that offers a range of area-based payments for appropriate farming on marginal pastures which together could add up to over €7,000 per year for a 20ha unit (comprised of €1,260 Simplified Area Payment + €2,620 agri-environment payment + €1,800 Less Favoured Area payment + €1,500 semi-subsistence measure). Imagine the Bulgarian and Romanian implementations of the Common Agricultural Policy.

All's well in the world! Or is it? Data which emerged during the recent Matra project which we undertook with the WWF Danube-Carpathian Programme suggest that there is cause for real concern.

Land not declared on forms

To access CAP payments, land needs to be registered on the national Land Parcel Identification System (LPIS) and declared annually on the individual farmer's Integrated Administration and Control System (IACS) form. In the Western Stara Planina region of Bulgaria, we found that 60% of the 38,375ha of pastures and meadows is considered abandoned. But even of the land still regarded as being in use, only 7,078ha (45%) is registered in IACS. No IACS, no payments, so why is this?

The reason is rather mundane. Not high-flown strategic objectives; not the balance of measures; not the availability

of schemes (though all are important), but that factor least considered by everyone except the farmer – the rules. We found a mixture of regulation-based factors that both prevented and deterred farmers from declaring land on their forms.

Rules preventing declaration

Some of these impediments are Bulgarian in origin. Land within the State's forest estate cannot, by law, be grazed, for example, so that the many open areas falling into that category which are, in fact, used by livestock, cannot be declared. Communal grazing land can be declared only by agreement with the municipal authorities – it seems that semi-subsistence producers are disfavoured in some areas, so we hear.

Most of the rules are, however, ones originating in CAP regulations, albeit coloured by the chosen method of implementation at the national level. They include:

- **Minimum size rule for parcels declared in IACS** In Bulgaria, the minimum is 0.1ha for individual parcels and 0.5ha for the total declaration, for most purposes. The average parcel size is 0.6ha, but the smaller, mosaic landscapes around villages will nevertheless have many ineligible parcels. Romania has chosen the much higher cut-offs of 0.3ha and 1.0ha; almost 3 million holdings are not registered in IACS.

- **Ban on inclusion of forested land as forage** Subsequent guidance from the Commission has been interpreted by some Member States in a quite liberal manner, but the interpretation in Bulgaria and Romania is rather strict, particularly given that their flocks include goats, which browse rather than graze.

Factors discouraging declaration

There are other reasons that, while not preventing the farmer from declaring land in his IACS, nevertheless deter him from doing so.

The first is a fundamental rule of cross-compliance, forbidding the encroachment of unwanted vegetation. This applies to land that is not wooded enough to be ineligible for IACS altogether. Since detecting change in the coverage requires a baseline, the approach taken often involves a maximum percentage cover. However, in Bulgaria the presence of *any* plants of wild rose (*Rosa canina*) and bramble (*Rubus fruticosus*) is considered a breach of cross-compliance, putting CAP subsidies in jeopardy. The intention may be to encourage the clearance of such vegetation, but the result, in practice, is that the farmer chooses not to declare the land, especially if it is being used informally.

A second factor is both a result of, and a reason for, the perpetuation of declines in livestock numbers. Cross-compliance requires that land should not be undergrazed. Again, the difficulty of establishing baselines and qualitative measures has resulted in the use of proxies such as minimum stocking rates. The difficulty is that some farmers at least are grazing at or below these thresholds, giving them an incentive not to declare all their forage. A further incentive to take this route is given by the grassland management option in the Bulgarian RDP, which requires a minimum stocking on the holding of 0.3 LU/ha (as against a GAEC level of 0.15 or annual mowing).

Finally, there has, up to now, been a lack of positive reasons for declaring land. Area

payments are only just coming on line; meanwhile, agri-environment payments could not be accessed on communal lands, since the regulation requires five-year commitments, while the leases are year to year. This is now changing, with a new Bulgarian law to allow multi-annual leasing.

What conclusions can we draw? Who is to blame in this story? As always, the answers are not simple. Bulgaria and Romania had to rush to implement the *aquis communautaire* before accession – a simple implementation was easier than one making use of all the exemptions and possibilities of derogations allowed in the various regulations and the subtleties of all the guidance from the Commission.

Nevertheless, it is difficult to avoid the conclusion that wider policy considerations – the importance of small parcels for biodiversity, or the biological richness of areas where scrub and pasture is mixed, to give just two examples – were not considered at all in the run-up to implementation. This is as true of hard-pressed environmental NGOs as of over-worked government ministries.

Underlying all this is the need to consider fully the future of small farmers (see next article). Will they decline in numbers over time, leaving land abandoned or put to other uses; will the land be merged into larger (more viable?) farming units? Change seems inevitable – providing a workable vision is more urgent for those who value the contribution of small farmers than for those who do not care – but fundamentally it is a question about the core values and purpose of the CAP itself.

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Small farms – major embarrassment or key to policy delivery?

One of the Forum's major themes since its inception is that the various benefits of a supposedly uniquely multifunctional 'European Model of Agriculture' are rarely all delivered by the same farm. One may deliver massive quantities of cheap food; another a pleasing landscape; some rural employment; yet others farmland with high biodiversity.

A big irony of the Common Agricultural Policy (CAP) is that intensive farmers receive the bulk of support, despite their alleged 'market-orientation', while struggling, less intensive farms get insufficient reward for their delivery of 'public goods'

for which the market, by definition, cannot pay. Farm size compounds this effect, so that small, low-intensity farms get the worst deal of all and large intensive farmers are at the top of the heap.

The traditional name for what are now called 'subsistence' and 'semi-subsistence' farmers would be 'peasants'. And society has always been a bit ambiguous about peasants! Various secondary online definitions include 'an usually uneducated person of low social status'; 'coarse, boorish, ignorant', an 'an uncouth, coarse or ill-bred person, a boor'. 'Boor', incidentally, is the same as *bauer, boer* – a farmer!

Central and Eastern Europe

The accession of the former Communist countries into the EU – one which comes hot on the heels of a process of restitution of collectivised land to its former owners – has shone a particularly bright light on the issue. The new Member States have effectively found themselves with the peasant land-ownership structure of the 1940s almost overnight.

According to the EU's own spokesman, its vision for the new Member States is that there should be a reduced dependence on semi-subsistence farms through a restructuring towards viable, competitive units – subsistence farms were not even mentioned! (See <http://ec.europa.eu/agriculture/events/sofia/courades.pdf>.) Reducing the importance of semi-subsistence farms can, of course, mean one of two things: either the farms increase their sales, thereby trading themselves into the fully-commercial sector, or the small businesses disappear as the land is amalgamated into

larger (more intensive?) farms.

The Commission is, however, quite clear where it sees things going. While transitional support is to be granted, this is designed to give income during a period of intensive investment and restructuring aimed at the amalgamation of farms for which viability cannot be demonstrated. This is what has happened over the life of the CAP in Western Europe and, indeed, for many years before there was such a thing. The issue for us is whether the new multi-objective orientation of the CAP should lead us to question this trend and whether the objectives of the CAP are best served by a loss of all these farms. In particular, what will be the impacts on biodiversity? From the wider public policy perspective, one might also think about the environmentally favourable local patterns of food production and consumption that will be lost, and the erosion of local culture and rural heritage.

Can, and should, rather more of them be encouraged to move up the ladder to viability, instead of being condemned to disappear? Is the answer not viability, but a light administrative touch, coupled with increased opportunities to improve their lives while still working the land part-time?

The situation in Bulgaria and Romania

The recent BBI Matra-funded collaborative project with WWF Danube-Carpathian Programme gave us a good opportunity to reflect on some of these issues. During the course of our workshops, we were reminded frequently of the lack of policy direction and integration when it comes to these subsistence and semi-subsistence farmers.

In Bulgaria, 76.4% of holdings, perhaps 400,000 farms, are in the subsistence category (http://www.mzgar.government.bg/MZ_eng/RuralAreas/BG-RDP-2007-2013%20third%20official%20version-eng.doc), with 71% of holdings or 1,246,000 farms in Romania (http://www.mapam.ro/pages/dezvoltare_rurala/NATIONAL_STRATEGY_PLAN_march_2007.pdf). In Bulgaria, they account for 61% of all livestock and for 72%, 47% and 33% of goats, sheep and cows respectively. The definition of semi-subsistence differs between the two countries. In Romania, another 850,000 farms fall below the eligibility size threshold for support from the Rural Development Plan (RDP) semi-subsistence measure – a total of almost 91% of producers are therefore ineligible. Eligible producers number about 320,000. All in all, it is estimated that 81% of holdings sell less than half their production. In Bulgaria, it is estimated that there are about 100,000 semi-subsistence produc-



In Bulgaria, 76% of holdings, estimated at 400,000 farms, are in the subsistence category.

ers, who sell at least some of their produce. Less than 5% of all individually owned holdings have a tractor.

Despite their numbers and importance, and in common with many other similar areas in eastern and, indeed, Mediterranean Europe, the State's dealings with these producers are somewhat schizophrenic. On the one hand, they are ignored, which has positive and negative aspects! On the other, they are highly dependent on the State's decisions, and this dependence can only intensify as both the enforcement of various regulations becomes tighter and the attractiveness and availability of financial support increases.

Three examples of regulations affecting semi-subsistence farmer are: (1) the rules concerning the production of food products for home or small-scale local consumption; (2) the eligibility rules for CAP support; and (3) the administration of communal grazings.

- **Food hygiene rules** The existence of exemptions for small-scale producers in EU food hygiene rules, and the possibility of derogation for traditional production methods at all scales, have been outlined previously in *La Cañada* 21: 6.

In both Romania and Bulgaria the rules were initially implemented nationally, without using either of these derogation opportunities. This is despite the fact that in Romania, for example, it is estimated that 80% of milk production is destined for

local consumption, either through direct sales or in processed products, and in Bulgaria 80% of dairy cattle are in herds of fewer than ten cows.

In Romania, lobbying by a range of organisations has resulted in a change of heart by the Government, so that small-scale primary production is now exempted from control, as allowed by the EU Regulations. In Bulgaria, no such amendment to the reforms has been implemented as yet, forcing producers into the so-called 'grey' market. However, the bulk of sheep milk, for example, is made into cheese, and there are no derogations granted/sought as yet for traditional methods of production. Even if such derogations were granted, the production still has to give the same hygienic outcome – food that meets bacteriological and other standards. In many areas, this will necessitate considerable investment, not just on the part of farmers or groups of farmers, but on the part of the State, the standard of whose local milk collection centres is often below accepted norms. This brings us to the second issue.

- **Access to CAP support** Registering as a farmer to be eligible for CAP support means putting yourself in the spotlight of regulatory enforcement. More than that, a registered farmer in many countries, including Bulgaria, is a farmer who has to make social security payments, which on small farms are substantial compared to the farming income. But even if the farmer



Bob Gibbons

is willing to bite these not inconsiderable bullets, his problems have only started.

CAP support is usually divided into two streams – the Pillar 1 (production support and its direct descendant, the Single Payment) and the Pillar 2 (targeted rural development payments). From an administrative perspective, a clearer split is often that between ongoing area payments and one-off or time-limited capital investment supports. For the latter, farm size and viability are often eligibility criteria, either officially, or, due to the need for a financial contribution by the applicant, in practice.

In Bulgaria, farmers will need to comply with a range of regulations concerning both their premises and their milk quality by 2009. Meanwhile, only farmers with over five cows will be allowed to establish a milk storage facility at their premises. Some transitional support is available – €1,500 per year for 5 years – but only to those with over €1,200 of gross margin. The message seems clear: farms with less than five cows are to be closed down in the next year or so.

The semi-subsistence measure is available only to those below 60 years of age – but this is the *average* age of a Bulgarian farmer, and three years younger than that of the average goat farmer. No wonder the State estimates that only about a third of the roughly 100,000 semi-subsistence farmers will qualify.

Lack of capital affects the vast majority of farms. Indirectly, this is clear in the available statistics. According to experts at the recent Strandzha workshop (see *La Cañada* 21: 11), the average size of cattle herds that can comply with all the standards is 42 cows.

For area payments, the key difficulty is ensuring that there is supporting paperwork for all the land used in practice by

the farmer. Small farmers have very small areas of owned land (75% of holdings in Bulgaria have less than 1ha, for example). They may have access to some of their neighbours' or relatives' land on an informal basis, but the vast majority of their forage area will be communally owned. Therein lies another issue.

- **Communal land** In terms of use of land, the statistics underplay the importance of small farmers, since they deal mostly with the Utilised Agricultural Area (UAA), which excludes communal land – an important element in the economy of small farms.

In Bulgaria, for example, there are about 2 million ha of communal land, compared to a total UAA enumerated in the census of 2.9 million ha. Romania also has at least this amount of communal land. Most of these areas will be semi-natural pastures, for whose future survival grazing is essential.

However, this implies additional difficulties for small farmers. First, in order to get basic CAP support, their use of the land has to be officially registered and certified by the local authority. In the past, this mattered little, and people just used the land without any support. While this becomes economically and socially ever less viable, the advantages of obtaining the official paperwork will only become clear as a result of a vigorous awareness-raising exercise.

But in other more active municipalities, the opposite problem exists. Associations of graziers have been encouraged in order to facilitate access to RDP funds, but these often consist of the largest farmers only, excluding the small producers. And without being in associations, benefiting from agri-environment payments is well nigh impossible on most of these small farmers'

In Romania, it is estimated that 80% of milk produced is for local consumption.

forage, reducing their ability to compete with the larger farmers even further.

The future for small farmers

This all begs the question: what is the future for the small farmer? The development of a modern part-time sector, co-operating where necessary and appropriate, and providing a reasonable income per hour worked (though not a full-time salary) through the production of high value products is not impossible within even the current CAP.

The reality, though, is that it is seen to be easier and more 'modern' to pursue a 'commercial' solution – all the small farms will merge with existing or new larger units. There are two problems with this. The first is that this is clearly not happening efficiently in marginal areas. Large areas are being abandoned, while at the same time large farmers trying to expand are constrained by the inertia of some local authorities. The second problem is one of direct concern to the Forum. Land use is very unlikely to remain the same in the future.

Experience in Western Europe suggests that 'progressive' often means 'intensive', and as increasing general labour costs, and the more specific difficulties of getting skilled shepherds at any price, begin to bite, the move to a capital-intensive system concentrated on smaller areas of land is almost inevitable.

An honest assessment must admit also that similar, perhaps better, economic results for rural society can come from a 'commercialisation of part-time farming' approach. The farming unions in some western countries fear that this will weaken a commitment to farming; our concern must be similar – that it reduces the attention given to the actual use made of the land.

Yet while the effects of abandonment on various semi-natural pastures (many of them listed in the Habitats Directive) is pretty clear, we still lack documentation of the nature value of small-scale low-intensity mosaics in both Bulgaria and Romania. In the Rusenski Lom (see *La Cañada* 21: 12), for example, we watched noctule bats (*Nyctalus noctula*) hunting over vegetation mosaics which our experts told us were important for red-backed shrike (*Lanius collurio*) and nightingale (*Luscinia megarhynchos*), but a comprehensive assessment of the importance of the small-holders' fields was still lacking.

Questions

What change is acceptable? If the main value of the land relies on hand mowing

and similar extremely labour-intensive operations, it may be unrealistic to prevent change, but what is an 'appropriate' technology which can deliver an easier life and biodiversity benefits?

Can the Bulgarian State be persuaded to make even the changes in favour of small-scale production made recently in Romania? Will local authorities and central government find a positive vision for the small farmer and the wonderful landscapes he creates?

Can mechanisms be found in either country that will overcome the peasant's independent streak and allow access to worthwhile CAP funding?

Are we, as environmental NGOs, willing to get our hands dirty in aspects of policy which are strange and foreign to many of us – hygiene rules, support eligibility criteria, the workings of communal land administrations?

At present, we all depend on the 'ignorance' of these people of 'low social status'

to deliver public benefits through farming systems that we know, in our heart of hearts, have no future. They currently do it for little reward, and even less respect. They deserve better – us being ashamed is not enough.

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CAP Health Check consultation 2007/8

Late last year the Commission launched a consultation on the so-called CAP Health Check, which it is hoped will address the 'unfinished business' of the Mid Term Review reforms. From the viewpoint of the Forum, the Mid Term Review and the subsequent reforms included a mixture of steps forward and steps backward. While there is potential for Member States to take advantage of several instruments for the benefit of farmers in these areas, there are also numerous elements in the current policy package that work to the disadvantage of High Nature Value (HNV) farmland, or that limit the effectiveness of measures that are potentially beneficial.

In our submission, we outlined our belief that the Health Check and the CAP as a whole should be directed to achieving concrete objectives on the ground in farming businesses and on farmland, specifically the delivery of non-market public goods (including the conservation of nature).

We need to avoid perpetuating a situation where over-intensification occurs on the best agricultural land, while land abandonment takes place where farming systems are less productive, in marginal areas. Other aims concerning the mechanisms themselves (such as simplicity or fairness) should be subsidiary. The critical test for any proposal needs to be its likely effectiveness in moving towards this overriding primary objective.

CAP money is limited, but large amounts currently are being wasted on subsidising intensive, competitive farming; EFNCP believes that all public funds should be explicitly used to deliver specific public objectives. The current situation, where Pillar 1 is seen as either delivering the status quo (without further detailed justification), or as being a temporary feature on the way to some ill-defined future domi-

nated by Pillar 2, is one that has to change. Pillar I is central to the economies of most HNV farms, and for them at least it can be fully justified – its future should be determined with reference to real cases, not fundamentalist dogmas.

Our vision is that the current HNV farmland in the EU will be maintained, and as policies develop will be expanded in the future. However, the current prognosis is more pessimistic. Farming systems that manage the land in a manner that maintains nature value must become increasingly attractive as a vocation, so that their position is maintained alongside other economic developments in Europe's rural areas. While this could involve an increased market orientation on the part of HNV farmers, it also means greater targeting of CAP support on this type of farming.

We recognise that bureaucracy is off-putting to farmers and should be reduced if possible, but we believe that the viability of farms delivering public goods is the central issue, and this must be reflected in the Health Check. Of course, the natural constraints that make these areas important for nature also work against economic viability – thus the need (and justification) for Pillar 1 support.

The unfinished business from the Mid Term Review

The primary effect of the Mid Term Review reforms was to expose the lack of economic viability of many HNV farmland areas. The decision of some Member States to retain the 'old' system for as long as possible, and then to opt for partial decoupling where these were available, at least in part reflects a fear that farming in marginal areas (much of it of HNV) will decline or disappear.

The Commission, on the one hand,

wants to encourage the delivery of public goods (e.g. conservation of nature on farmland). But on the other, it has produced a CAP mechanism which, for example in western Ireland and north-west Scotland, offers farmers the prospect of doubling or trebling their net incomes by moving to a situation in which they minimise their agricultural activity, to the detriment of current nature values.

Meanwhile, decoupling is not likely to significantly change the intensification strategy and overall payment streams in most favourable areas, thus keeping the uneven competition between the different types of farming systems (HNV – non HNV).

The Mid Term Review reform has shown that the idea of a single benchmark for Good Agricultural and Environmental Condition (GAEC) is not deliverable in an equitable manner, in practice. It is right that agricultural support, of whatever scale or type, should not be delivered to farmers who break the law. It is *not* right that marginal farmers are penalised for *not* carrying out activities that are unviable (e.g. grazing of poor, remote pastures). However, the solution taken by some Member States, with the agreement of the Commission, which is that these basic farming activities should not be a pre-condition for support, then results in an encouragement to abandon (since the effects of *de facto* abandonment can be hidden for many years).

If farmers are delivering public goods, they should not be expected to pay for it themselves. Under the current situation, a marginal farmer with a minimal or negative net income can be penalised for not maintaining stone terraces (in Spain), or for failing to graze or mow a remote pasture (all countries). The same farmers are receiving very small Pillar 1 payments. This situation must change. Economically non-viable activities of this sort currently are not paid for by Pillar 1, and so must not be part of basic GAEC.

Concurrent with Mid Term Review reform, the Commission was increasing the profile of HNV farmland and its importance in Rural Development policy. However, this happened in a way that



Rare breed ponies grazing Steppe in Hungary – EFNCP wants Article 69 to be used to pay for the extra costs of preferred management systems.

nature (and, indeed, are supported by agri-environment schemes in some Member States). Their costs vary considerably from place to place, and are often highest on the farms with the highest nature value who receive the lowest payments.

Minimum standards, in these cases, impose the highest costs on those least able to bear them, not on the ones creating most damage. An ex-tobacco farmer only has to run a disc harrow over his land once or twice per year, in order to receive a Pillar 1 payment worth several thousand Euros per hectare, but an extensive pastoralist grazing scrubby pastures has to work at keeping the bushes at bay for a few Euros a year. EFNCP believes that these actions should be 'over and above GAEC', properly costed and paid for out of the Pillar 2.

Partly-decoupled support

EFNCP sees partly-decoupled support as a way of forcing marginal farmers to engage in activity they would otherwise abandon, *without* paying the true cost of the activity. These are farmers for whom the Mid Term Review reform has delivered the worst of both worlds. Other farmers (mostly those who farmed intensively – and most damagingly – in the past) are freed-up to compete with them, while receiving payments out of all proportion to their costs, while the former are forced to spend some or all of their SFP on maintaining uneconomic systems.

Partial decoupling should be replaced by targeted support. EFNCP supports the use of Article 69 of Council Regulation 178/2003 (National envelopes) to support minimal agricultural activity in farming systems of environmental or other public goods value. It sees Article 69 as a suitable 'broad and shallow' complement to LFA support (although the latter also requires changes to the way in which payments are calculated), with the one paying for the extra costs caused by location and the other for the extra costs of certain preferred management systems. We believe that Article 69 belongs in Pillar 2, and should be eligible for receipt of modulated support and matching Member State funds. It should, however, remain in principle a 100% EU-funded CAP instrument, with matched-funding being applied only to the modulated element.

For Article 69 to be efficient and effective, the Commission must allow its targeting on certain vulnerable farms. The impression that the Commission feels that the 'unfair competition' concept somehow applies, to a greater extent, to Article 69

was not co-ordinated with the Mid Term Review and the drawing up of the 2007-13 Rural Development Plans (RDP). Only now is the draft guidance on the identification of the HNV farmland published. EFNCP believes that *all* CAP instruments have a role to play in supporting HNV farmland and delivering the Commission's objectives in this regard.

There is a danger that, in the effort to increase the effectiveness of Pillar 2, the crucial role of Pillar 1 is neglected. The distinction between the two Pillars in Member States which have decoupled is more historic than current, (except in as much as the distribution of Pillar 1 does not reflect, even in principle, the delivery of any specific public good). A much more realistic distinction would be that between low-intensity farmland (and farming) and intensive, industrialised agriculture.

Simplifying the Single Farm Payment Scheme (SFPS)

Paying a decoupled Single Farm Payment on a historic basis is not an efficient way of targeting funds at public goods delivery. Under this system, money tends to be distributed almost in inverse proportion to the public benefit, because the more intensively farmed land receives the highest payments.

A regionally based system would be the preferred mechanism for the most fundamental support, but with three essential caveats:

- It must be conditional on a minimum agricultural activity on the land in question (ideally, by the claimant), for two reasons. First, that it does not reward inactivity and keeps a link with production. Secondly, in order to ensure that it is not capitalised automatically into land values.
- It should approximate to the costs of delivering that minimum activity. This is

to avoid overpaying for no reason, punishing the most marginal producers and capitalisation of the payment.

- The Commission should have special regard to the situation of apparently landless livestock farmers, at least where they deliver significant non-market public goods, and ensure that mechanisms proposed can accommodate their needs.

There will be winners and losers, and it will be the most intensive farmers that will tend to be the losers. In most cases, a move to regional payments would benefit marginal areas and it seems perverted that countries with the most inequitable payment pattern should be allowed to continue with a historic payment, to the detriment of efficient delivery of positive externalities from agriculture *and* the EU's WTO position. The selection of regional boundaries is, of course, crucial.

Cross-compliance

The current cross-compliance structure, which combines legal requirements and GAEC, is unhelpful. The 'polluter pays' principle means that adherence to the former should not be compensated from public funds. Furthermore, the EU should be aiming in WTO discussions to ensure that as many of these standards as possible are introduced as standards for goods imported into the Community.

Within GAEC, there is a further conflation of damage-avoidance measures (prevention of soil erosion, protection of permanent pasture, protection of terraces and landscape features from deterioration), with other measures requiring positive action. The former, while imposing higher requirements on EU farmers than on their global competitors and thus worthy of payment, truly belong as part of a minimum standard. The latter, however, are transitional to being agri-environmental in

than to other support measures must be avoided; within Member States, targeting is an essential prerequisite of implementation.

In the new policy environment, we believe two aspects of Article 69 must change. Firstly, at a time when individual sectoral 'regimes' are being merged, the concept of money being redistributed 'within the sector' is outdated. Secondly, the idea of using the non-time-limited Article 69 for improving the quality and marketing of agricultural produce allows for ongoing aid for items that are more properly paid for either by the market or by short-term, pump-priming, assistance. Article 69, therefore, should be a mechanism specifically for environmental objectives. Member States should not be choosing between environment and market objectives; they should be pursuing both, but with separate measures and funds.

Upper and lower limits in support levels

It is important not to confuse administrative simplicity with matters of principle. The viewpoint that some producers who 'are not farmers' can be easily distinguished with reference to the CAP payments they receive is not one we support, especially as we know that some Member States have, at various times, restricted the eligibility for payment for part-time farmers, or pensioners, for example.

We do not like the term 'pseudo-farmers', as used by the Commission. This reflects the Commission's attitude to many of the traditional (often part-time) farming systems of HNV areas. In many HNV areas, the majority of farms are small, part-time units. Withdrawing support from these, partly with the idea of encouraging more professional and dynamic farms to take over the land, may appear an attractive strategy in purely economic, financial and administrative terms. But the EU and national institutions should be aware that this approach conflicts with the declared priority of supporting HNV farming.

At the other end of the scale, our guiding principle is the same – what is the likely effect on the delivery of non-market public goods, particularly HNV farming systems? We remind the Commission that income is very different to profit, and that in some areas where farms are very large (the uplands of the UK and Ireland, or the cereal farms of the Portuguese Alentejo, for example), returns are very low.

In theory, we would favour more targeted support at these farms through other measures, but the example of modulation teaches us that taking money is easy, whereas giving it back through targeting seems much more difficult. For someone



Transhumance in Romania – maintaining HNV farmland means providing economic support for such farming systems.

whose Pillar 1 payments are double the net income, a 10% modulation results in a 20% drop in profit, whereas for someone whose Pillar 1 payments represent only half their income, the same modulation results in a 5% drop in profits.

Cereals set-aside

Set-aside has provided an unintended environmental benefit in intensive farming areas of low nature value. These 'extra' benefits are now provided 'free of charge' by the SFP. It is completely unacceptable that money is taken from the Rural Development budget, which is already under considerable pressure, to add to the income of what is generally the most profitable and least environmentally-valuable sector of agriculture. In a modified form, it is right that the same benefits should continue to be provided through Pillar 1: they belong as part of GAEC.

Dairy quota

EFNCP welcomes the recognition that HNV dairy systems, especially in the Alpine zone in the EU-15 but more widely spread in the 'new' Member States, are vulnerable to changes to the quota regime. Action through Article 69-type measures is essential, although it is unclear whether the maximum budget allowed to be reallocated (10%) is sufficient to cover the needs.

Another possible strategy could be to maintain the dairy quota while improv-

ing it through a set of criteria allowing environmental benefits (e.g. localisation in regions with land abandonment risks, optimum stocking density). This needs to be undertaken in countries where the actual management of quotas is made by actors/institutions whose interest is to maintain environmental and public goods.

Experience with the dairy quota system suggests that quotas could and should, we believe, have a very positive role to play in maintaining production in certain areas, and in requiring a minimum land area per tonne of milk produced in order to maintain a land-based model of dairy farming. However, in practice, most Member States have not chosen to use quotas in this way.

Priorities of Pillar 2

We support, in principle, the proper funding of Axis 2 measures to address these objectives, and we agree that Pillar 1 is the obvious source for such funding. However, in the UK, with its high modulation rates, we have seen that in practice many HNV farmers have suffered a reduction in the essential income supplied by Pillar 1, but are unable to substitute income from Pillar 2, let alone receive greater reward for their delivery of public goods.

In Extremadura, Spain, a region internationally recognised for its biodiversity, much of it on farmland, we have seen a situation where the regional agricultural authorities have chosen to take no action in support of HNV farming. Pillar 2 funds are used primarily in support of the most intensive farming sectors (especially irrigation), and for the afforestation of marginal farmland. Agri-environment schemes represent less than 2% of FEOGA expenditure in the region, and are directed mainly towards market objectives (for example, supporting Integrated and Organic Production in the fruit sectors). The region with one of the most important populations of great bustard (*Otis tarda*) in the EU has no agri-environment scheme to encourage appropriate farming for the species, or for any other species or habitat. An example such as Extremadura illustrates how faith in Pillar 2 and Axis 2 as the solution for environmental issues is totally misplaced.

The biofuel strategy should be more deeply evaluated and revised with regards to its actual and potential risks:

- directly to semi-natural habitats; and
- indirectly through an intensification on existing cropland;
- a huge rise in feed prices for livestock farmers.

The Commission must be much stronger in insisting that Member States follow the Strategic Guidelines and target at least Axis 2 measures in an appropriate manner.

Strengthening rural development

Again, it would seem churlish for the Forum to be wary of mechanisms which transfer money from general to targeted support and which offer the possibility of topping up that money with Member State finance. However, our experience is that while the taking is certain, the receiving is haphazard, often difficult to access and sometimes less well targeted than the original payments. There is also a misconception that detailed prescriptive management is in some ways more 'targeted' than the more general system-orientated support that HNV farmland requires.

If modulation is to be attractive for

us, we need to see a higher proportion of CAP spending in broad and shallow support (whether Article 69, which we believe should be in Pillar 2, LFA or agri-environment), to which access is more or less guaranteed. We need to believe that more targeted measures, for which there is certainly also a need, will be focused on Rural Development priorities which reflect not just local power politics but the delivery of Community objectives.

In this sense, the Axis 2 objective of maintaining HNV farming needs to be made more explicit, and more clearly linked to nature conservation. There needs to be a wider understanding within the agricultural and environmental authorities of Member States that maintaining HNV

farming means providing broad economic support to low-intensity, often marginal farming systems. It needs to be made clear that policies such as those pursued in Spain for the previous funding periods, where the preferred options for marginal farming are intensification or afforestation, are in clear conflict with this new HNV priority. On the other hand, transferring funds from Pillar 1 for use on Natura 2000 management plans, or building Natura 2000 visitor centres, is also not meeting the HNV objective. Ultimately, the need is to continue to use CAP for supporting farming activity, but to shift the focus onto the type of farming that delivers public goods, particularly the conservation of nature.

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Noticeboard

EFNCP website and the HNV showcase

In this issue, instead of the usual back page announcements we would like to encourage readers

to visit the EFNCP website – www.efnfp.org – where we have made major improvements in recent months. As well as information and news about Forum activities (such as High

Nature (HNV) farming, CAP Health Check and the Less Favoured Areas consultation) and other news, we have introduced a new section on HNV farming areas called the 'HNV showcase'. This focuses on the nature conservation importance of Europe's low intensity farmland.

Much of EFNCP work endeavours to highlight the importance of farming systems and to influence policy and policy developments that affect livestock farming. But in the depths of policy debates it is easy to forget that the primary reason for trying to influence these policies is because of the overwhelming importance for nature of some areas of farmland. Unfortunately, often there is not the opportunity, time or space to describe the biology or the cultural aspects of such areas. This section aims to fill this gap.

We have initially chosen some regional examples of areas that individual members of the EFNCP network know well.

These are The Scottish Hebrides, the Island of Griso, Sweden, the Romanian Carpathian mountains and south-west Germany. The examples are not intended to be comprehensive or exhaustive but to give a feel for what the areas are like and to show why they are regarded as being of high nature value ('Information galleries').

To put the biological stories into context, each example includes some information about the farming systems and the physical and socio-economic context, sometimes as additional information in a 'Fact & Figures' section. The level of detail of this varies between the examples.

Our longer-term aim is to develop this section with several more examples so that they can serve as a series of reference points across Europe of HNV farmland and farming systems, not only geographically but over time.

Eric Bignal

The European Forum on Nature Conservation and Pastoralism brings together ecologists, nature conservationists, farmers and policy-makers. This non-profit-making network exists to increase understanding of the high nature-conservation and cultural value of certain farming systems and to inform work on their maintenance.

www.efnfp.org

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