



Euromontana's answers on the public consultation on the review of the "less favoured area" scheme

Euromontana is the European multisectoral association for co-operation and development of mountain territories. Euromontana brings together organisations of mountain people: development and environmental agencies, agricultural and rural development centres, territorial authorities, research institutes, etc. It includes organisations from Western Europe as well as from Central and Eastern European countries with the aim of developing international co-operation. Currently 72 organisations from 17 wider European countries are members of Euromontana.

Euromontana's mission is to promote living mountains, integrated and sustainable development and quality of life in mountain areas.

In order to achieve this, Euromontana facilitates the exchange of information and experience among these areas by organizing seminars and major conferences, by conducting and collaborating in studies, by developing, managing and participating in European projects and by working with the European institutions on mountain related affairs.

What do you believe are the threats posed to the continuation of farming systems in areas with natural handicaps for agriculture and what could be done to address these threats?

Due to the natural handicaps they are faced with, farming systems in LFA have to develop specific strategies that take into account the subsidies they receive from the European Union. However, changes (recent or expected) are threatening the balance on which farming in LFA is based on. These new threats are the following:

- Direct economic threat. Data from Scotland (B. Yuill, P. Cook, 2007¹) indicates that the total decoupling of animal premium has led to a dramatic decrease of sheep population in the Highlands and Islands of Scotland; the same trend is now observable on cattle, whose number is also declining. Euromontana therefore welcomes the proposal of the Commission in its report on the Health Check Reform to maintain coupled premium for animal payments to prevent the abandonment of agricultural land, which would affect firstly the most remote and less productive areas. We also call for further studies on the impact of decoupling, especially in the countries where the 2003 reform has already been implemented for a few years, such as Germany.

We are also worried about the announcement of an increase by 1% per year of the milk quotas, before their abolition in 2015. Although the use of the article 68 is mentioned as a means of support to the dairy sectors in fragile areas such as the mountains, we regret that the proposal limits its use to 2.5% of pillar 1. We believe that more than 10% of the 1st pillar budget should be dedicated to article 68, and that it should be possible to dedicate more than one fourth of the budget thus released to the support of specific production.

There is consequently a risk of abandonment of agricultural land, especially in the most remote and less productive land

- Undirect economic threats: with farmers stopping their activities, there is a strong risk that associate businesses (feed and material suppliers, slaughter houses, dairy industries) will not be profitable enough anymore to remain in the area. The departure of such associated business will definitely prevent the reversal of the vicious circle since it prevents new farmer from settling. The LFA payment must therefore play a role to maintain a sufficient critical mass of farmers.
- Environmental threats. It is currently very difficult to assess the full impact of the climate change. However, experts agree in that mountain areas will be the most touched by the global warming. More droughts are expectable in the south of Europe; extreme climatic events such as heavy rains will cause damages especially in sloped mountain and hilly areas. Agriculture has a very important role in maintaining biodiversity, preventing erosion...in those areas, but at the same time, farming will be challenged by the climatic difficulties. The LFA payments as well as the agro-environmental measures will therefore continue to play a crucial role.
- Threat linked to the structure of food sector. Farmers in mountain and fragile areas often have smaller holdings than in the plains. A strong organization of farmers is necessary to prevent this atomized structure from being a weak point when negotiating with a concentrated processing and retailing sector. There is a need of more support to the organization of farmers in LFA.

¹ B. Yuill, P. Cook, 2007. Trends in Agriculture and Supporting Infrastructure within the HIE area 2001-2006 – With commentary on the North West Highlands area – Report for highlands and Islands Enterprise; SAOS Ltd P & L Cook & Partners, 32 p.

Are the options analysed consistent with the objectives of the review?

We appreciate the effort made to build consistent scenarios that offer interesting possibilities for discussion. In our view, apart from the first option that does not offer solution to the existing problems, the three other proposed options meet more or less the objective of the review.

However, we regret the shift in definition of the LFA, which tends to ignore the impact of the structure of rural life on the dynamism of farming in the area. We recognize that the point according to which the regional policy is to play a role is very valid; however we think that, as long as no proposal to replace the LFA payments in rural areas with socio-economic difficulties is made within the regional policy strategy, there is a strong risk of dismantling agriculture in the mountain and fragile areas if farmers will cease to receive LFA payments. In particular the piedmont region can be threatened if the socio-economic criteria are not taken into account. Farming sector provides the population base in the mountain and fragile areas and without it these areas risk depopulation and land abandonment which will mean also the loss of the precious positive externality assets such as the potential for quality production, tourism, land management in protection for hazards, biodiversity and local cultures.

Moreover, we think that the 4 scenarios should also be assessed according to other objectives than the four aims of the review. For instance, another objective of the review should be to target payment towards sustainable and less intensive farming.

What would be the most significant impact of the options analysed? What is your assessment of the advantages and disadvantages of the options analysed?

The 'status quo +' option appears to be the least interesting of the 4 options proposed: by removing socio-economic criteria, the areas with a real risk of depopulation would not be eligible anymore. On the other hand, the option does not bring in additional criteria linked to extensive production or environment. In conclusion, the option leaves out farmers who would need support because they are faced with a difficult socio-economic situation, but maintains support to farmers who are located in LFA but who are not faced with serious handicaps and who could have very intensive farming practices and obtain excellent yields.

The 'HNV' option is a very interesting and ambitious option, which we would fully support, were we not afraid that the designated areas are too restrictive and that this could prevent farmers from LFA not currently defined as HNV areas to change their practices for more environmental-friendly. Moreover, that option could lead to weaken areas affected by natural handicaps but with lower natural value, that could result in land-abandonment in those areas.

For Euromontana, two options are more appropriate, because they are more targeted to sustainable agriculture without adding to heavy burden on farmers and without competing with agro-environmental measures:

The 'common criteria' option goes further than the first option in the direction of pro-environmental and sustainable farming by leaving out farmers who have very intensive practices, that is to say farmers with the most polluting practices. At the same time, it leaves enough room for manoeuvre to each member state thanks to subsidiarity to determine the eligibility criteria according to national priorities.

The 'eligibility criteria' option will allow farmers within a less favoured area to be granted a support if they indeed have to face a handicap (which is likely not to be the case if the production indicators are above a certain ceiling), and if they adopt extensive and environmental friendly practices (with again the reservation already expressed that some areas with serious socio-economic difficulties, such as very depopulated areas should be included in the LFA scheme), that take into account the wish of the society to go for a more sustainable agriculture. We also support the principle of minimum stocking density, combined with coupled premia and/or the use of article 68, in order to have a minimum activity level. However, the criteria should be define at the European level in a general way to give to the member states the

possibility to adapt them locally. For instance, if as we support it, it is decided at EU level that a minimum stocking density will be required, the member states should be able to decide what is that level.

In your view, are the biophysical criteria listed in Table 1 sufficient to describe the natural handicaps for the agricultural activity in the EU?

We appreciate the work done by the JRC to elaborate criteria describing the natural handicaps. However, we think that two criteria should be added:

- Remoteness: although located in areas that may not be classified as less favoured areas according to the list of biophysical criteria elaborated by the JRC, the distance from market centres severely affect farmers of remote regions and should be taken into account to design the LFA.
- as stated previously, we do not think that only biophysical criteria are sufficient and that some socio-economic criteria should be included. Those socio-economic criteria should be selected in order to reflect the reality of farming and to support extensive farming. For instance, the average wages in rural areas are not valid enough indicators since can be locally increased due to the presence of some industries. However, a combination of socio-economic criteria related to farm structure could be used (fragmentation of plots, share of permanent grassland...).

What is in your opinion the most appropriate level for measuring a natural handicap for agriculture (region, commune, etc...)?

We think that in order to capture the actual natural handicap the measuring of the natural handicap must be done at the level of LAU 1 (equivalent to district level in UK or cantons in Luxembourg) or LAU 2 (communes).

Which criteria are in your view the most appropriate for assessing whether a natural handicap has been overcome?

In Euromontana's view the question should be asked differently: the objective of the LFA payment is not to overcome a handicap but to compensate for it. No payment will make possible to increase yields of handicapped areas to the level of the yields of more favourable areas. Less Favoured Areas, such as mountain areas do have handicaps that do not allow them to practice intensive agriculture. On the other hand, the natural handicaps oblige farmers to develop strategies different than the ones in plain areas, such as developing mountain quality food products, and those strategies bring with them benefits for the whole society in the form of positive externalities.

We therefore believe that indicators to assess the results of LFA payments could be:

- number of farmers and agricultural workers in activity in LFAs. The objective with this criterion is to assess the trend in agricultural employment. The relative share of agricultural employment in the area is not a sufficient criterion since it can evolve due to modification of other sectors, especially in areas close to cities where commuters settle.
- ratio of revenue of farmers compared with the revenue of farmers in other areas
- indicators linked to the production of positive externalities, such as estimation of the reduction of fire hazard, landscape assessment... Geographical Information Systems

tools could be used. Those criteria should however be considered as secondary criteria since the main objectives of LFA payment are not agro-environmental.

Are there other problems linked to the functioning of the LFA policy mechanism, apart from those set out here that the analysis should try to evaluate? What are they? Can you illustrate them?

In any option eventually adopted, part-time farmers should not be excluded, even if including them implies a heavier administrative burden for the member states and for the Commission. As EU citizens and as farmers, especially since most of them have extensive practices and play an active role in the production of positive externalities, they must be supported in their activities.

Moreover, fragile productions should also be targeted in the LFA scheme, with a special attention on productions associated to grassland production (for instance pig or poultry production working complementarily with grassland for a better management of organic fertilizers)