The LFAs policies in France and the European Union

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Outline

0. Overview
   The main principles of the LFAs european policy

1. What is a LFA?
   Zonings and classifications

2. One or different LFAs policies in the E.U.?

3. Effects, impacts of LFAs policies

4. Prospects, outlooks
Overview on the European LFAs policy

- **A long story:**
  - Since 1970 in France; since 1975 in E.U.
- **Changing in the goals of the policy:**
  - From a mountain policy to a broad extension due to a socioeconomic notion of LFA, up to the second pillar: a more environmental policy.
- **And continuities:**
  - A sectorial, strongly agricultural policy
  - Zoning and eligible territories
  - A co-financed policy by E.U. and national or regional public funds: *Optional* application.

I. What is a LFA?

(1: classification, criteria)

- **European Commission has defined 4 types of LFAs:**
  - Mountains areas (art.18) and « other LFAs (art. 19, 20, 16)
  - See map U.E.
- **Member states or Regions have to respect the E.U. framework. But they can fit the definitions:**
  - France, 5 types of LFAs: 2 for mountain zones (art.18); 3 for other LFAs (art.19)
  - See map France
- **Diversity of criteria and classifications**
  - Between types of LFA
  - Between Member States or Regions
What is a LFA?
(2: countries and territories)

- Different patterns among the Member States:
  
  - [No or little concern: Nl, Bel, Dk; Hung, Rom, Bulg.]
  
  - « mountain LFAs » countries: 3 types
    - Austria, Slovenia
    - Finland
    - Greece, Italy
  
  - « mixed LFAs » countries (mountain and other LFA)
    - France, Spain, Portugal, Czech Rep….
  
  - « other LFAs » countries, without (or few) mountains
    - Ireland, Germany, Poland, U.K.
French LFAs

% of UAA in LFAs

<table>
<thead>
<tr>
<th>Pays</th>
<th>% LFAs/total</th>
<th>% mountain LFAs (art. 18)</th>
<th>% other LFAs (19 et 20)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU 27</td>
<td>54</td>
<td>15.6</td>
<td>38.4</td>
</tr>
<tr>
<td>EU 15</td>
<td>58</td>
<td>18.8</td>
<td>39.2</td>
</tr>
<tr>
<td>Austria</td>
<td>64</td>
<td>50.4</td>
<td>13.7</td>
</tr>
<tr>
<td>Italy</td>
<td>51</td>
<td>35.2</td>
<td>15.5</td>
</tr>
<tr>
<td>France</td>
<td>44.5</td>
<td>14.6</td>
<td>29.9</td>
</tr>
<tr>
<td>Ireland</td>
<td>77.5</td>
<td>0</td>
<td>77.5</td>
</tr>
<tr>
<td>Germany</td>
<td>52</td>
<td>2.1</td>
<td>49.9</td>
</tr>
</tbody>
</table>
II. LFAs support: an European policy or different national policies?

- Various measures of EAFRD (2° piller) to support farmers in LFAs:
  - A specific measure: natural handicap payment to farmers (in mountains: measure 211; in other LFAs: 212)
  - Generic measures with more support in LFAs:
    - Setting up young farmers (measure 112)
    - Farm modernisation… (measure 121)
  - « Agroenvironmental » payments, mostly used by farmers in LFAs:
    - Grass allowance for extensive farming (measure 214 A)

![Main 2° pillar measures of the 2007-2013 programming period EU-27](image)
Unequal support to farmers in LFAs among Member States:

- **2° pillar: principle of cofinancing**
  - Optional support
  - Amount depending on resources and priorities of each Member State.

- **Criteria of eligibility (territories and farmers):**
  - Varied from a country to another one (âge, full time or part-time, farm size …)

- **Amounts of direct payments:**
  - From 20 euros/ha in Spain and Poland to 200 euros/ha in Austria, Finland, France (mountain areas).

### % of farms in LFAs getting direct payments

<table>
<thead>
<tr>
<th>Countries</th>
<th>Farms getting direct payments in LFAs % of farms (N )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Italy</td>
<td>6 % 50172</td>
</tr>
<tr>
<td>Spain</td>
<td>15 112514</td>
</tr>
<tr>
<td>France</td>
<td>40 108629</td>
</tr>
<tr>
<td>Germany</td>
<td>66 145222</td>
</tr>
<tr>
<td>Austria</td>
<td>86 105935</td>
</tr>
<tr>
<td>Finland</td>
<td>94 70108</td>
</tr>
<tr>
<td>Ireland</td>
<td>100 98800</td>
</tr>
</tbody>
</table>
LFAs support : an unequal and selective policy ?

- 7 Member States get 66 % of the E.U. expenditures to LFAs farmers :
  - France, Finland, Germany, Ireland, Austria, Poland, U.K.

- Half of farmers in LFAs does not get any direct support

- France firstly supports small and medium farms, full time farmers, young farmers, in mountains areas

III. Effects of LFAs policy
   1. Effects on farms

Number of farms :
- Austria, France, Portugal : similar rate of decrease than in no LFAs areas
- Spain, Italy, Ireland : stronger decrease

Farm income :
- LFAs directs payments have a significant part of farm income in France (more than 50 %), Austria, Finland, Portugal…
- … but a marginal part in Italy, Spain, Greece

Utilised agricultural areas :
- All in all, UAA in LFAs has been remaining : few land abandonment
1. Effects on farms

Two types of countries:

- 1. Austria, France…: direct payments are substantial to maintain farms, to support the farm income and prevent land abandonment:
  - Types of framing (breeding, cattle, grass)
  - But direct supports don’t reduce the gap with the average farm income in no LFAs areas

- 2. Countries with numerous LFAs farms, but less effects of LFAs payments on farms (Italy, Spain…)
  - Dry hills and mountains areas (few cattle)
  - No priority for maintaining farming in mountains areas

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**France: Farm income evolution among the areas**

**Without direct payments in LFAs:**

**With direct payments in LFAs:**

![Graph showing farm income evolution in France](image)

Source: RICA 2000 à 2006 - RCAI = revenu agricole avant impôt, toutes aides incluses
III. Effects on LFAs policy

2. Rural communities

- LFAs payments only concern farmers.
- In the whole EU, the contribution of agriculture to the economy of LFA regions is declining (population, employment, added-value) and very variable (from 2 to 40% of the population): some LFA regions remain very agricultural, much of others are not so much (tourism, residential development...)
- Less positive effects from agriculture on rural activities and populations today than 20 or 30 years ago:
  - Mostly indirect effects: amenities, landscape, land occupation.

III. The French case

- In France, the direct payments have been important and have contributed to maintain farms in the LFAs and to prevent land abandonment:
  - 75% of the expenditures of the 2nd pillar go to farmers located in the LFAs. (LFAs UAA = 45% of the national UAA)
- Effect of compensation, but no adjustment in regard of farms in no LFAs areas
- A social and passive policy, bringing few innovations or new strategies in farms.
- Assessment of the global effects on territories?
IV. Prospects

• 1. The current debate :

- European Court of Auditors, 2003, Special Report,
- I.E.E.P., 2006 : An evaluation of the LFAs measures in the 25 Member States,
- Joint Research Centre, Ispra, 2007 et 2009 : Scientific and technical reports to identify agricultural areas with natural handicaps (intermediate LFAs)
- Works in progress in the Member States, 2010

• 2. Towards a revision of the policy in the « other » LFAs (art. 19 : a third of the UAA of the E.U.)

- Lack of transparency of the current delimitation system,
- From socio-economics criteria to bio-physical criteria
- Proposition : 8 common soil, climate and terrain criteria
- Four options in debate :
  • Status quo,
  • Common criteria,
  • decentralised approach, basic framework defined at Community level,
  • High nature value
…IV. Prospects?

- **3. Two issues for the LFAs and the farmers support:**
- **Social or green policy?**
  - To pay for farmers in poor regions or to pay for environmental public goods

- **Integrated and territorial policy or sectorial – agricultural policy?**
  - Pluriactivity, towards farmers becoming rural entrepreneurs?
  - Rural communities and LFAs policy?

Thank you for your attention