

## Recognising the Amenities of Mountain Agriculture in Europe

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Spring in the Austrian Alps. Photo: Gerard Hovorka.

For many years, the specific handicaps of mountain areas in Europe have been seen as a major reason for targeted policies, particularly for mountain agriculture. There is a range of differences in the production difficulties due to the climate and topographical variety of geographical situations. Farm abandonment and marginalisation processes are seen as significant threats not just to agricultural production but also to regional development of these areas in general.

From the 1970s, mountain farming support was conceived as one of the main instruments of structural policy aimed at the prevention of land abandonment, to preservation of the farming population in these areas and maintainance of cultural landscapes. It was framed within the Less-Favoured Areas (LFA) policy which also addresses other LFAs outside the mountain areas, including types of production difficulties. In the long term, it can be observed that this was one of the first measures to address environmentally beneficial farming systems and High Nature Value (HNV) farming systems. It was developed both within the EU and rwn - EU European countries.

### Objectives of mountain farming support

The dominant objective of this policy is to maintain farm management in less-favoured areas based on environmental principles and provision of other functions beyond food production. The aim is sustainable resource management, which includes particularly preservation of soil, water and air quality, maintenance of the cultural landscape, a high degree of biodiversity and protection from natural hazards. As the EU regulation provided a flexible framework to take account of the specificities of production difficulties, the implementation in the different Member countries and regions focus on various priorities. Usually the following aims are formulated by these programmes:

- Maintenance of agricultural land use and the associated rural community through the development of the rural environment;

- Contribution to the settlement and land use management systems under difficult production conditions; and
- Remuneration of the public goods produced by farms in less-favoured areas.

### Delimitation of areas

Due to the high variation in climate and production between different European regions (North/South), thresholds applied vary considerably between the Member States of the European Union (MS) and regions. The demarcation of the mountain areas as defined in EEC Directive 75/268 (Art. 3, para 3-5) and later amended several times, has set the geographical area and can be considered as the best known classification for mountain areas in Europe. By addressing altitude and the gradient of the agricultural areas as main criteria, it provides a measurement for farming difficulties. Mountain areas are understood as areas where altitude and slope reduce the growing season and scope for mechanisation. High latitude regions in Finland have been included in this category. Mountain areas make up about 17 percent of the total Utilised Agricultural Area (UAA) of the EU.

Particularly high proportions of mountain areas can be found in several Member States like Austria, Greece, Slovenia and Finland, whereas Italy, France and Spain show the highest absolute mountain areas. In central and northern European mountain regions, animal husbandry and grassland management are of major significance for land use and decisive for landscape structures. Areas with a particular high nature value are widespread, such as high pastures, steep mountain meadows, dry grassland biotopes and damp meadows in some valleys. Mountain farms are also of great importance for forest protection and the management of Alpine pasture areas, which are extremely sensitive eco-systems.

In comparison to the UAA, the proportion of permanent grassland and wooded area is particularly high. The low production potential is underscored by the low share of the Standard Gross Margin (SGM) in LFA. The additional variables on the situation per holding underpin the small agricultural structure for the mountain areas. It reinforces the need for the differentiation between other LFAs and mountain areas, demonstrating quite clearly that land use, livestock and crop production potential are significantly lower for mountain areas.

Table 1: Contribution of mountain areas and LFA to EU agriculture (2003 in percent of total EU-15)

	Mountain areas	Other LFA (incl. specific handicaps)
UAA	17.8	38.2
Arable land	10.4	33.0
Fallow land	12.5	43.8
Permanent grassland	28.4	48.4
Permanent crops	27.4	33.8
Wooded area	60.0	34.9
Share of SGM	11.8	24.1
SGM per ha (EU-15=100, Index)	66	69

Source: Eurostat, own calculation

<sup>1</sup> Due to the extension of LFAs and the limited differentiation of the other less-favoured areas, doubts on the effectiveness of the implementation for that part of the scheme have risen and a revision is required by 2010. However, this revision will not apply to the mountain areas for which the delimitation will remain unchanged.

In many mountain regions, farm holdings are moreover characterised by a small farming structure which is operated primarily by family labour input. The average size of mountain farms in EU-15 is as low as 12.3 ha UAA against an average of 18.7 ha UAA for all farms in EU-15. In terms of Standard Gross Margin (SGM), the difference is even bigger. Whereas the average SGM per holding in mountain areas is 8.1 Economic Size Units (ESU), this figure is up to 18.7 ESU for all the EU-15 farms. These indicators refer to particular production difficulties and region-specific problems that have to be addressed through strategies to strengthen viability of land use in mountain areas.

### Support levels

The different priorities identified by Member States and the variety of policy implementation, lead to differences in uptake which are not explained by structural differences alone. Factors of importance include:

- The average payment per beneficiary holding ranges between 600 and 9,000 Euros. The range for the average payments per supported area is similarly high, comprising support levels of 20 to 200 Euro/hectare. In the regions most concerned, LFA support achieves up to 40 percent of farm income (Crabtree et al. 2003);
- The proportion of beneficiaries with regard to all holdings in eligible areas varies considerably. This proportion varies from about 10 percent in Italy and other southern European countries to nearly all farmers in northern Member States;
- Whereas some countries do not modulate the payment according to the size of the holding, in others, provisions exist to differentiate grants according to type of production, number of productive units, stocking rate, maximum payments or revenue of the farmer.

About 470,000 mountain farmers (2004) received Compensatory Allowances payments, which is less than a quarter of eligible mountain farmers.

### Diversification and multifunctional tasks

The fact that only for a minority of mountain farms is agriculture the main economic activity, has driven farmers towards the recognition of a wide range of functions, going far beyond food-provision. Some of these are linked directly to

farming, but multifunctional mountain farming includes objectives to sustain the management of externalities supplying services and values, reflecting a rising social demand.

It is important that the provision of these tasks is linked to specific requirements of farm management with clear limits for intensification of production. Such production methods are particularly supported by the widely applied agri-environmental measures of CAP. In this regard, the priority of mountain farming strategies on quality development and region specific products represent a major asset and has a positive impact on farm household incomes.

Through the provision of positive externalities, mountain farming contributes to maintaining settlement structure and shaping the cultural landscapes in areas which otherwise would lose significant parts of their development potential. Since by definition public goods are not rewarded in the market, there is an obvious case for transfers from society at large to reward those who maintain such public goods. Thus the support for mountain farms is core for the positive direct and indirect effects in safeguarding the sensitive eco-systems and maintaining multifunctional landscapes in mountain regions. The debate on the socio-economic processes increasingly has to focus on the long-term provision of public environmental amenities to facilitate sustainable regional development and address the threats of land abandonment and marginalisation processes in mountain areas.

### Harness development potential of mountain agriculture

With the appreciation of rural amenities as a development asset (e.g. OECD 1998), the discourse on mountain policy has changed from the demand for compensating for production difficulties towards a stronger integration of the specific features and potential as a development asset.

These are linked to products and farming activities where the inter-relationship with other sectors, regions and persons is most strongly developed. Tourism activity, high-quality production, regional products and traditional processing methods, as well as organic production are examples. The important issue is that this development could only be realised because of the rising demand from large parts of society in Europe, including the urban population. The stronger inter-relationship of mountain and non-mountain areas seems therefore one of the main prerequisites for effective diversification. A host of other factors also need to be taken into account for successful development approaches. These include (Fleury et al. 2006):

- Reflection of the diversity of mountain regions and products;
- Long-term support by regional managers to “detect” and nurture development potential;
- Enhanced understanding of processes of change, product development and innovative projects;
- Continued assessment of achievements, securing the lasting effect of the dynamic of the project;
- A professional approach to product development that includes recognition of strengths and weaknesses and takes account of failures in order to overcome them;
- Use of the advantages of cooperative action wherever appropriate.



Agriculture and forestry in a Swiss Mountain Valley. Photo: Roland Neissi.

This is not just about increasing the effectiveness of mountain farming systems and adapting it to the actual demands of society, but also envisages closer cooperation with the non-farming sectors and a new understanding of the specific role of mountain agriculture within the regional economy, environment and society.

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