



Semi-subsistence farming in the EU
13-15 October 2010

SEMI-SUBSISTENCE FARMING IN EUROPE: CONCEPTS AND KEY ISSUES

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Context

- The last two enlargements brought millions of small farms into the EU, most of which are SFs or SSFs:
 - Their market integration and competitiveness are low; BUT
 - They populate rural areas often the most fragile ones;
 - Maintain local rural communities;
 - Provide cultural and environmental services (public goods);
- Similar issues affect all small farms in the EU-15 (they may or may not be SSFs but are equally important for rural areas);
- Therefore, the current situation and the effects of structural change on the survival or disappearance of SFs, SSFs and small farms are of great significance for rural development in the EU-27.





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A visual context: where can we see the importance of SFs and SSFs?



Landscape



HNV pastures



**Farmers
markets,
local food**



**Traditional
lifestyle,
cultural
heritage**



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Structure

- **Background paper:**
 - The background paper is centred on some concepts and key issues in relation to SFs and SSFs in EU-27;
 - The paper was prepared by S Davidova, in association with M Gorton and L Fredriksson, on behalf of the European Network for Rural Development;
- **Three country case studies which illustrate some of the key issues are included at as appendices:**
 - Hungary (C. Forgacs, the Corvinus University of Budapest): national definitions and origins of SFs and SSFs; their characteristics and attitudes towards RD policies;
 - Romania (N. Page, Fundatia ADEPT): the delivery of public goods, specifically environmental goods;
 - Scotland (M. Shucksmith, Newcastle University): the role of the CAP and other policies in allowing crofters to maintain the provision of social/cultural and environmental services.





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Concepts

- What are SFs and SSFs? How to define these farms? How small are the 'small farms'?
- Three main criteria:
 - Physical measure - e.g. UAA (small farms – less than 5ha) BUT land fertility and farm specialisation vary;
 - Economic size (ESU) – less than 1 ESU (SFs); 2-8 ESU – small (SSFs?);
 - Market participation – the share of output sold - farms that sell less than 50% of their agricultural output are SSFs;
- Council Regulation EC No. 1698/2005: SSFs are *“agricultural holdings which produce primarily for their own consumption and also market a proportion of their output”* ;
- Other e.g. standard labour requirement (SLR) used in the UK which allows to differentiate between hobby farms with SLR;





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Key issues (1) – definitional questions

- There is no universally agreed definition of SSF.
- Is the economic size criterion the most appropriate?
- Or are others more useful in certain situations?





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Key issues (2)– measurement of the importance of SFs, SSFs and small farms within farm structure

- Different results depending on the criterion used
- Some aggregate facts, EU-27 in 2007

	ESU <1	ESU 1<8	0<5 ha
Number of holdings (000)	6,390	4,715	9,645
Share in the total number of holdings (%)	46.6	34.4	70.4
UAA (000 ha)	11,658	27,201	14,407
Share in total UAA (%)	6.8	15.8	8.4

Calculations based on Eurostat Agriculture database



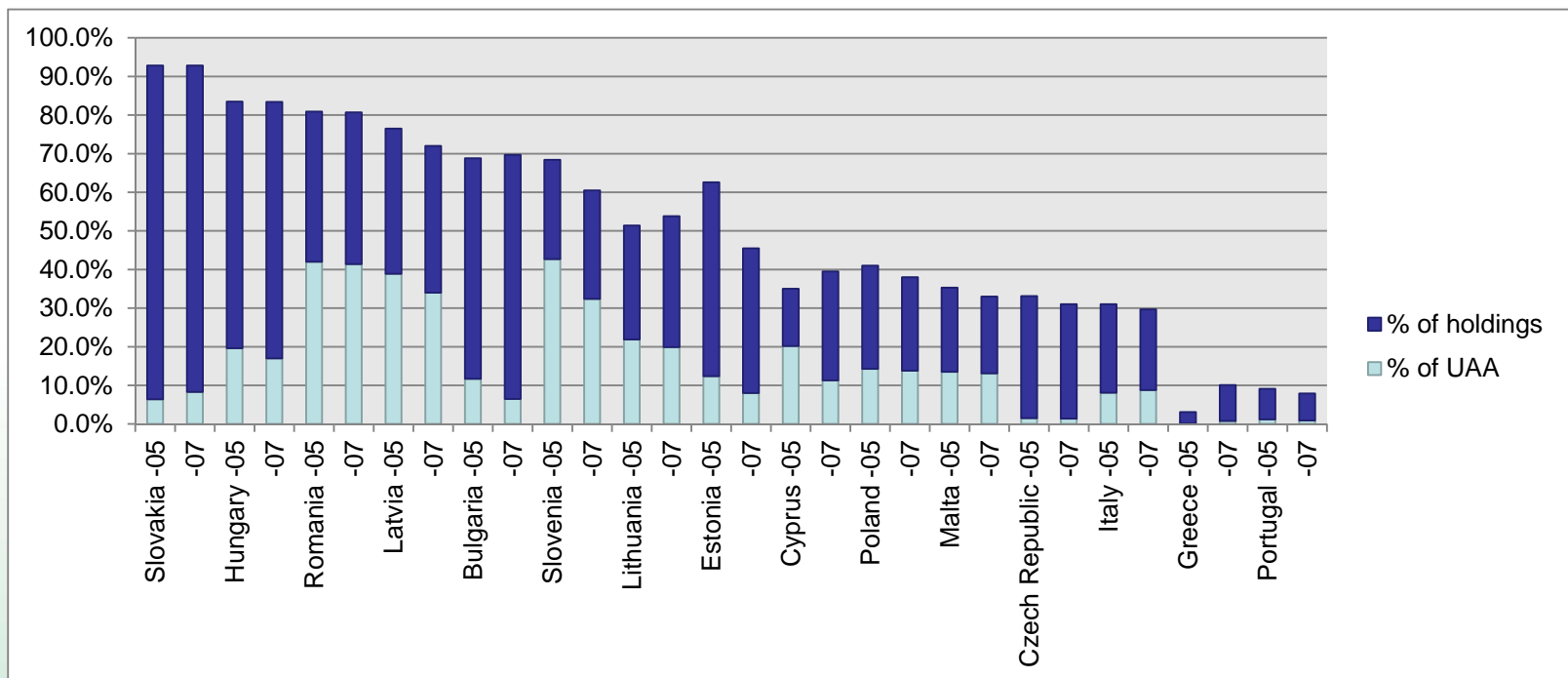


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Measurement (cont)

Market participation criterion: Share of holdings producing primarily for their own consumption and the share of UAA they manage by MS, 2005 and 2007 (excluding holdings <1 ESU)





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Summary so far

- The market participation criterion is probably the most appropriate basis to identify farms when subsistence production is involved;
- The application of this criterion shows that the importance of SSFs is localised in the NMS and some southern EU-15;
- It also indicates a rapidly decreasing importance of SSFs in some NMS post-EU accession – e.g. Estonia, Slovenia;
- However in order to be applied in practice the market participation criterion requires detailed surveys.





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What are the barriers to market participation specific for SSF?

- **Transaction costs:**
 - search for partners, information about prices, transport costs;
 - for buyers the transaction costs of sourcing from a mass of small-scale producers will be significantly higher than from a small number of larger commercial farms (Swinnen, 2005);
- **Costs of gaining certification and meeting standards;**





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Key issues (3) - how to decrease the barriers to market participation specific for SSFs and small farmers

- To what extent the specific 'SSF' measure 141 has helped SSF market participation?
- Is there a case to continue it or what other specific policy measures/policy packages can be used to facilitate SSF market participation?
- Co-operation between small farmers is central to improve their access to markets but SSFs, particularly in the NMS, are reluctant to cooperate:
 - Reported in the case studies on Hungary and Romania, as well as documented in Poland;
- In view of this, should networking be given a high priority for SSF, and if so, what forms would be the most effective?
- However, the above policy issues are complex as SSFs are not homogeneous.





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Typologies of farmers: EU-15 (Hawkins et al., 1993) 24 areas in 12 EU countries

Engagement in agriculture

- Larger farms 18 ESU (48 ha)
- Diversification mainly in farm tourism

Disengagement

- Smaller farms 8 ESU (13 ha)
- Increased pluriactivity through off-farm employment, retirement

Stability

- Average and small farms, including the smallest ones as for them further disengagement may mean exit from agriculture





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Typologies of farmers: NMS, Davidova et al (2009) 15 regions in 5 NMS

Part-time farmers

- Small 5-6 ha; mainly off-farm employment;
- Heterogeneous – some hobby; some reliant on subsistence production; 20% would like to commercialise

Small SF/SSFs

- 7 ha; older farmers; low diversification; often mainly manual labour
- Remote location; high reliance on subsistence production; incidence of poverty

Small commercial

- Wide-spread farm type. Located close to urban centre but still mainly dependent on farming
- Old farmers; some are looking to transfer the farm

Large commercial

- On average 30 ha, young well educated farmers; use advisory service and credit





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Key issues (4) – can one-size-fit all?

- SSFs are heterogeneous;
- Most are small, run by older farmers who are either unwilling to change or intend to disengage from farming altogether;
- However, there is also a significant minority of SFFs who are seeking to develop the business, either agriculturally or through some form of diversification;
- There is also a group tending to become more reliant on off-farm income;
- And there are hobby farmers who will hardly respond to any policy measures or market signals;
- Are the policy needs of different types of SSF different?





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Role of small and SSFs in agriculture and rural development

- We can identify at least three very important functions:
 - Buffer against poverty - safety net;
 - Basis for diversification and pluriactivity in rural areas;
 - Provision of environmental, cultural and other public goods;
- Some of these wider implications of activities of SSFs and small farms in rural Europe will be discussed during the workshops.





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Diversification

- The West European experience shows that if small farms are to survive, they need to decrease their reliance on farm incomes and combine their farming with diversification of their activity or with off-farm employment;
- Normally it is thought that diversified enterprises require capital or rich farm assets which are beyond the reach of SSFs, particularly in NMS;
- However there are several success stories of small farms' diversification.





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Diversification examples

Rural Tourism (Romania)

Small farm 4 ha in hilly area but
with tourist attractions

The farmer worked in
construction in Spain; invested
remittances in the new business

Successful application for SAPARD

Guesthouse with 10 rooms and a
restaurant using local produce

Farm shop (Poland)

Small SSF 3.2 ha; low and variable
cash income

The farmer has previous experience in
retail trade

Converted a garage into a shop;
considered to sell their own meat but
cannot meet the standards

The shop is conveniently located to
serve the villagers





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Environmental and cultural benefits stemming from SFs and SSFs (Romania and Scotland case studies)

- **Romania:**
 - SFs and SSFs are associated with the management of large areas of semi-natural grassland;
 - This forms the basis for low intensity HNV livestock farming;
 - Due to their small size and mixture of grazing and field crops, SFs and SSFs contribute to a landscape rich in biodiversity;
- **Scotland:**
 - The counties where crofters are located have a rich biodiversity of species, habitats, landscapes, and wetlands;
 - Their preservation requires low intensity land management;
 - Crofters traditionally provided this type of management as they were neither commercially oriented nor strongly dependent on farm incomes.





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Key Issues (5) - how to maintain and enhance the delivery of public goods (including social PG) by SSFs in EU

- How can SSF be actively engaged in the provision of environmental public goods?
- How can SSF be actively engaged in the maintenance and strengthening of rural diversification?
- How can CAP help decrease the barriers to diversification faced by SSFs and small farmers?
- How can policies compensate the smallest farms (often not registered) for the provision of public goods? Is it necessary?





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Preliminary conclusions

- SFs and SSFs are typically characterised as small, family run agricultural holdings, associated with production for own food needs and a low degree of market participation;
- However, there is no universally agreed definition of SF and SSF;
- The benefits of SFs and SSFs can hardly be seen in measures of agricultural productivity and efficiency but they are important providers of environmental, cultural and community benefits valued by European citizens;
- They also act as a buffer against rural poverty in the poorer rural regions;
- There are several issues concerning the design and delivery of **rural development** measures relevant to SSF and small farms. They are the focus of the next plenary **presentation**.





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**THANK YOU FOR YOUR
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