

## The LFAs policies in France and the European Union

Philippe Perrier-Cornet, INRA, France,  
PRIMAFF Symposium, 19 March 2010

### 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)

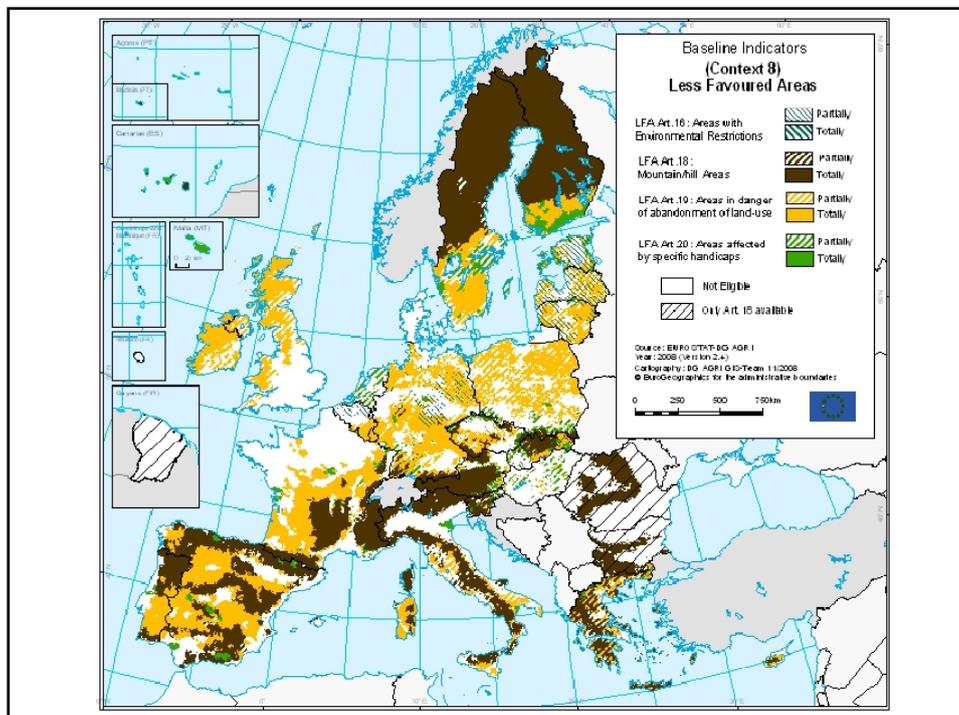
- **European Commission has defined 4 types of LFAs :**
  - Mountains areas (art.18) and « other LFAs (art. 19, 20, 16)
  - See map U.E.
- **Member states or Regions have to respect the E.U. framework. But they can fit the definitions :**
  - France, 5 types of LFAs : 2 for mountain zones (art.18) ;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

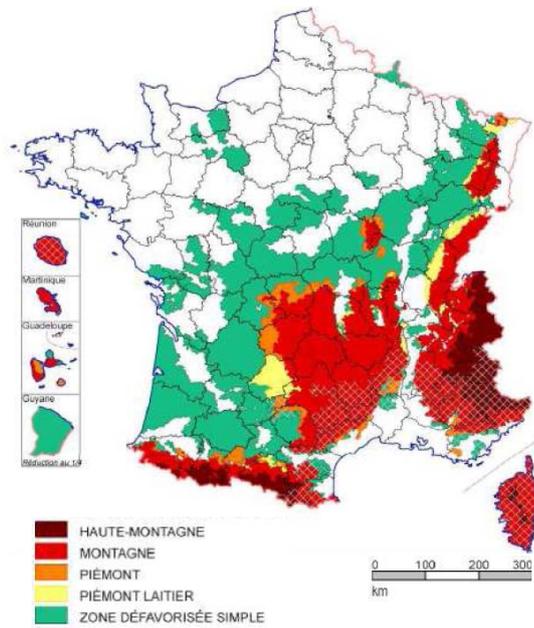
(2 :countries and territories)

### • *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



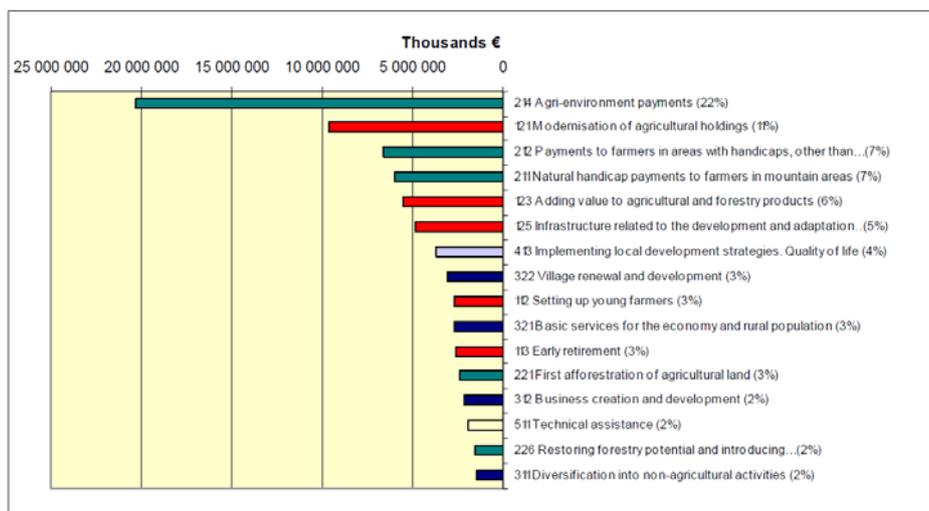
## % of UAA in LFAs

Pays	% LFAs/total	% mountain LFAs (art. 18)	% other LFAs (19 et 20)
EU 27	<b>54</b>	15.6	<b>38.4</b>
EU 15	58	18.8	39.2
Austria	64	<b>50.4</b>	13.7
Italy	51	35.2	15.5
France	44.5	14.6	29.9
Ireland	77.5	0	<b>77.5</b>
Germany	52	2.1	49.9

## II. LFAs support : an european policy or different national policies ?

- **Various measures of EAFRD (2° pillar) to support farmers in LFAs :**
  - A specific measure : natural handicap paiement 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)
  - « Agroenvironnementals » 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



### Unequal support to farmers in LFAs among Member States :

- **2<sup>o</sup> 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

Countries	Farms getting direct payments in LFAs	
	% of farms	(N )
Italy	<b>6 %</b>	50172
Spain	15	112514
France	<b>40</b>	108629
Germany	66	145222
Austria	<b>86</b>	105935
Finland	94	70108
Ireland	100	98800

## **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 direct 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 :***

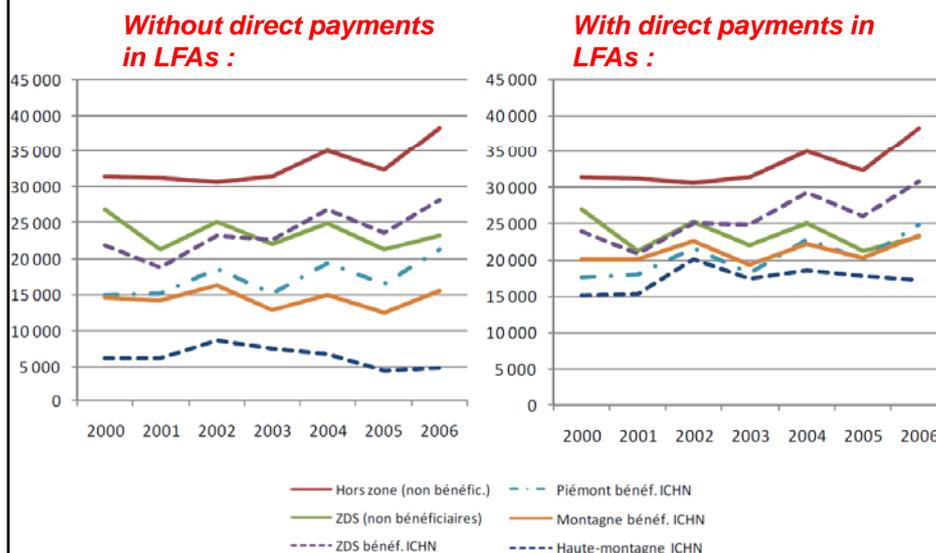
- All in all, UAA in LFAs has been remaining : few land abandonment

### .....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 farming (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

### France : Farm income evolution among the areas



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 2<sup>o</sup> 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)
- Commission of the E.U., 2009 : Communication « *Towards a better targeting of the aid to farmers in areas with natural handicaps* » 21.04.2009
- Works in progress in the Member States, 2010

## ...IV. Prospects

- **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 of green policy ?**
  - To pay for farmers in poorets regions or to pay for environmental publics goods
- **Integrated and territorial policy or sectorial – agricultural- policy ?**
  - Pluriactivity, towards farmers becoming rural entrepreneurs ?
  - Rura communities and LFAs policy ?

