

Farm structural change in Western Europe and the CAP

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Structure of the Presentation

- 1. What is ‘structural change’**
- 2. What are the facts**
- 3. The relevance of small units growing**
- 4. From size to style**
- 5. Towards inclusive rural development**

1. What is structural change?

A descriptive notion:

average trends

An instrumental notion

Small farms disappearing, large ones growing

An objective of agricultural policy

Focus on large farms

1. What is structural change

A descriptive notion

correct

An instrumental notion

Wrong (a
fallacy of
the wrong
level)

Increasingly
at odds with
society's
needs

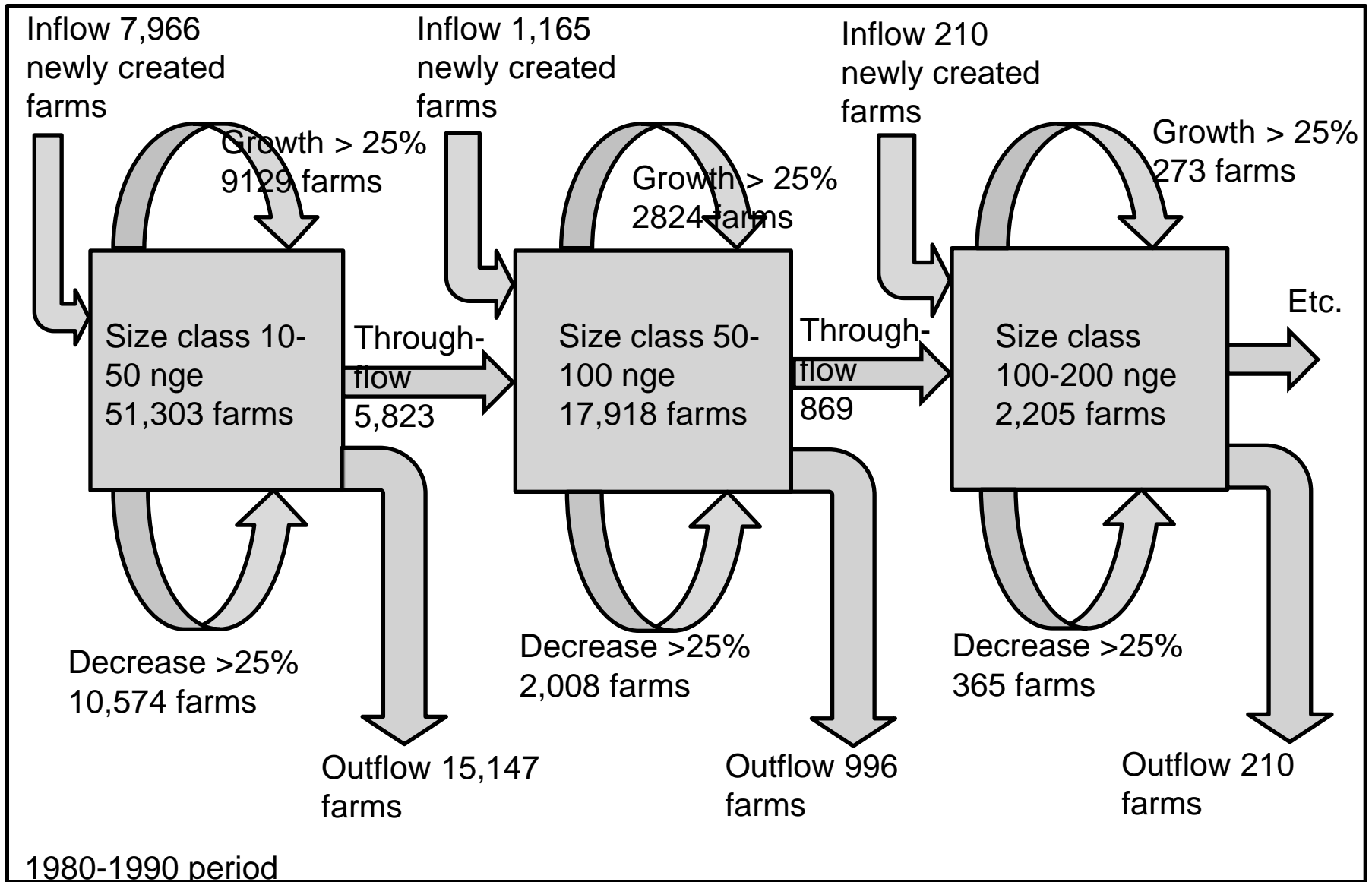
An objective of agricultural policy

2. What are the facts?

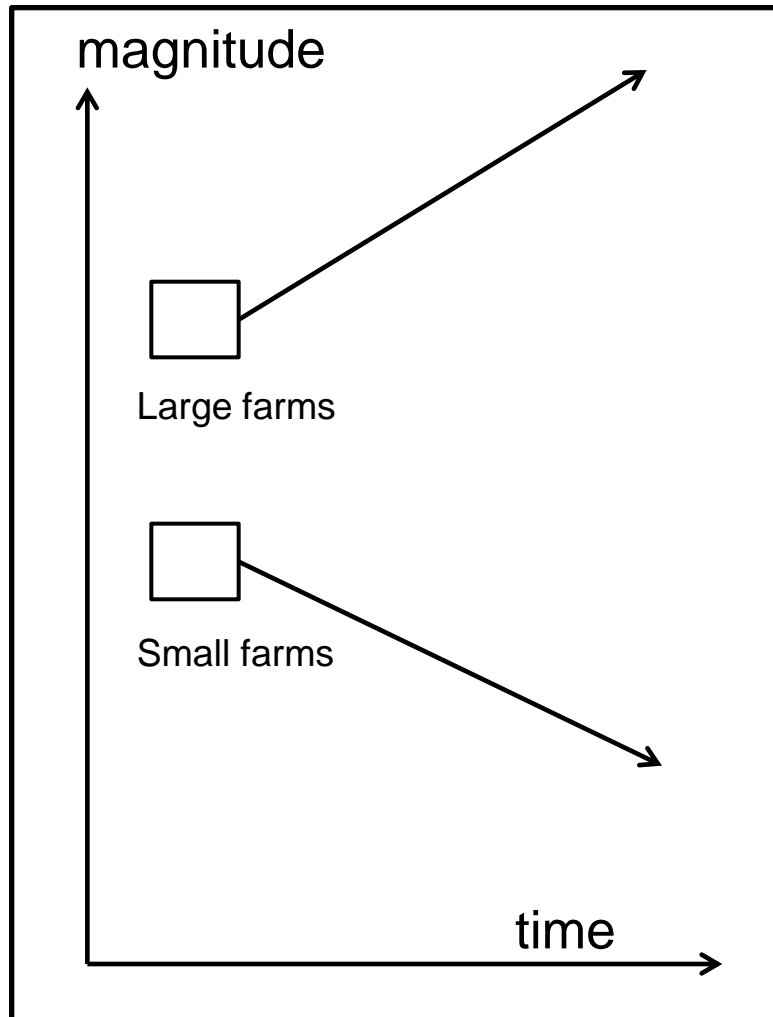
A unique data-base

Size	<50 nge	50-100 nge	100-200 nge	200-400 nge	>=400 nge	Total
Change in nge						
>=25%	9129	2824	273	13	0	12239
0-25%	7298	5336	573	24	1	13232
0	20	3	0	0	0	23
Decrease 0-25%	9135	6751	897	36	1	16820
>=25%	10574	2008	365	27	2	12976
Ended after 1980	15147	996	97	10	0	16250
Total in 1980	51303	17918	2205	110	4	71540
Created after 1980	7966	1165	210	18	0	9359

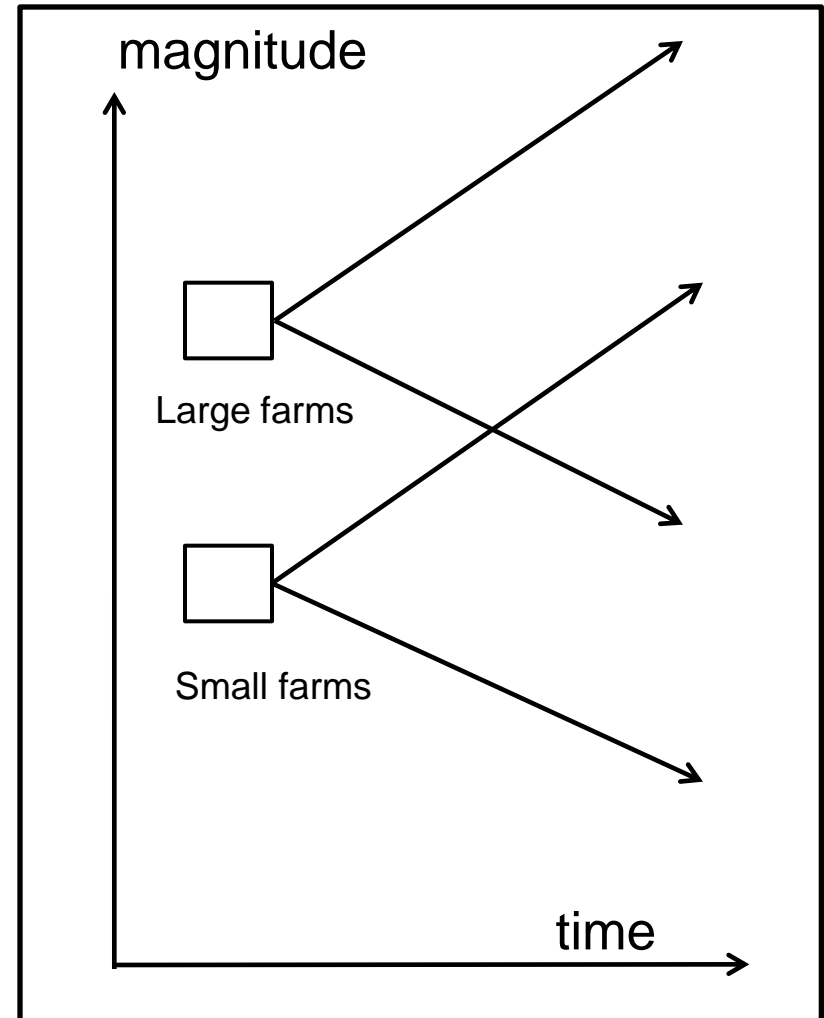
For farms having grazing animals, 1980-1990 period



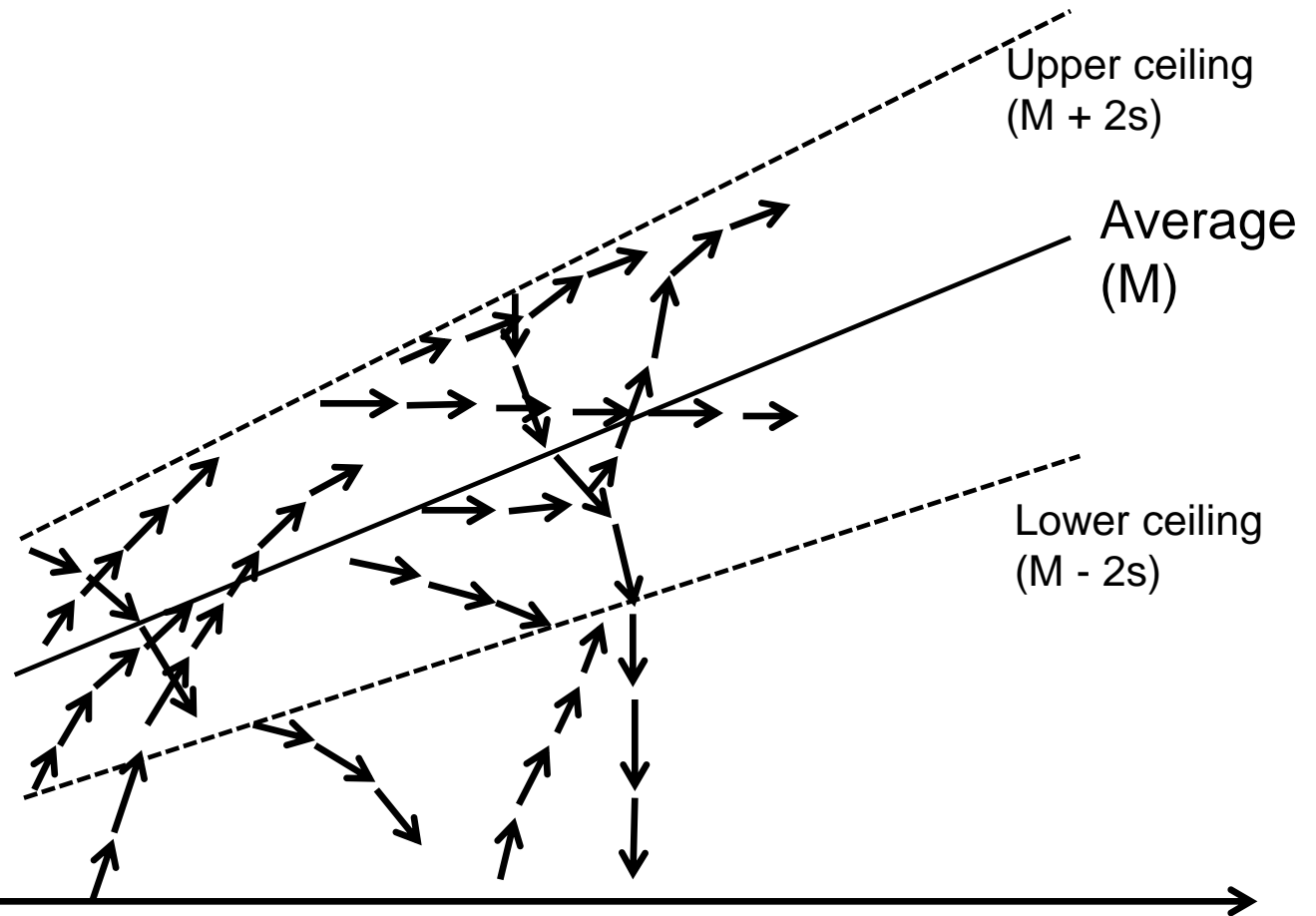
Conventional view



Empirical reality



Magnitude
(in nge)



Time (in years)

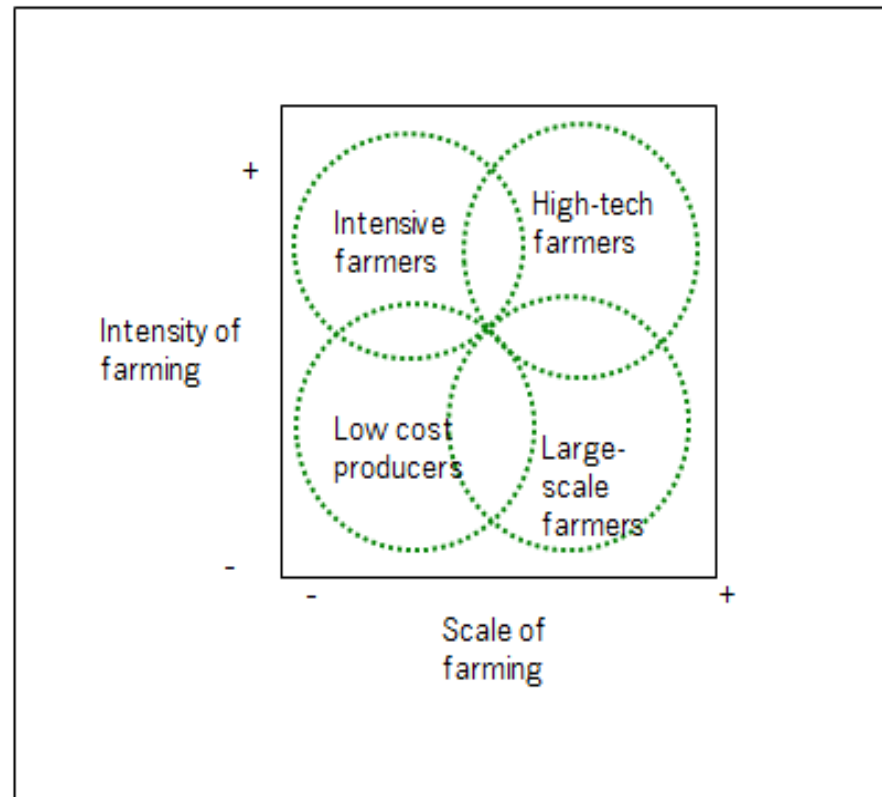
3. The relevance of small units growing

The contribution made to total agricultural growth by different size categories of Dutch farms with grazing animals (1980-2006)

Size category (departing from the 1980 situation) in nge	Net contribution to total growth (measured in nge)
< 50 nge	175,416
50-100 nge	258,913
100-200 nge	37,979
200-400 nge	3,237
>400nge	119

4. From size to style

Farming styles



Lelystad: ASG



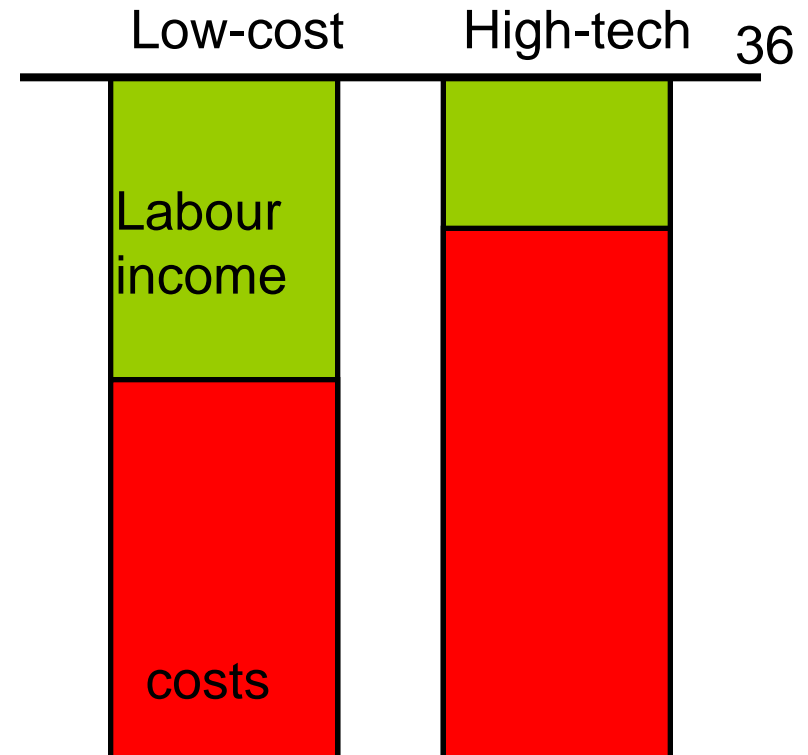
High tech farm



Low cost farm

a comparison between a low-cost and a high-tech farm

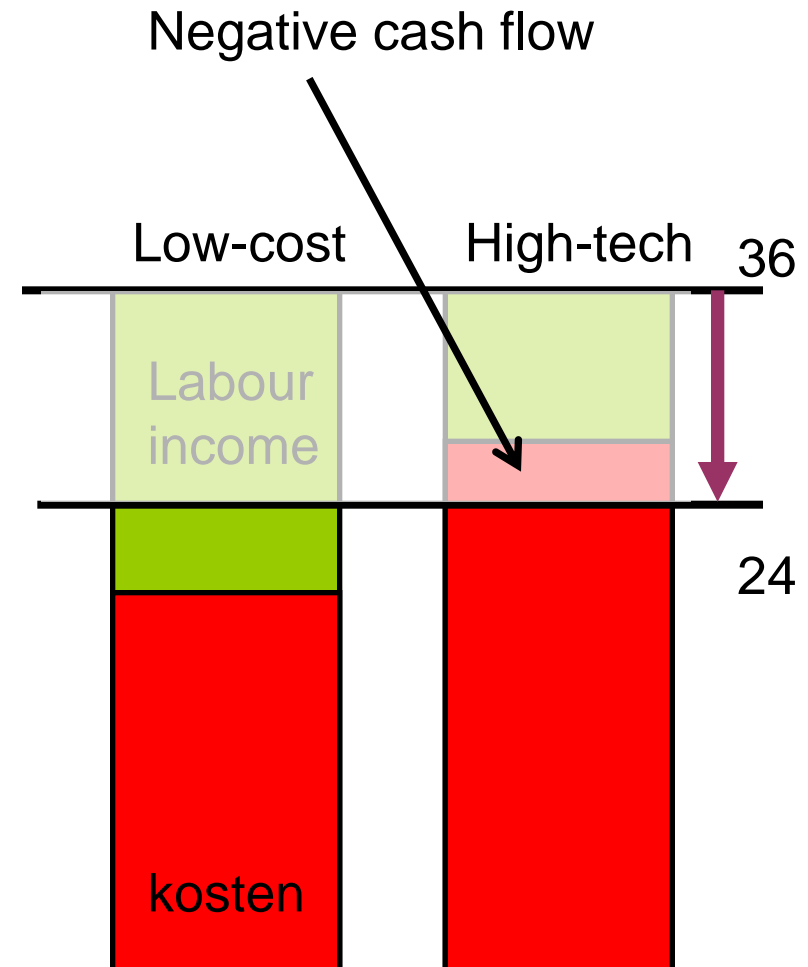
	Low-cost	High-tech
Units of labour force	1.0	1.0
Working hours/man/year	2500	2490
Hectares of land	32	35
Milking cows	53	81
Milk yield per milking cow	7547	9673
Total milk production (kg)	400.000	783.515
Concentrates per 100 kg of milk (in €)	3,8	7,5
Calculated labour cost per 100 kg of milk (in €)	13,0	6,7
Costs associated with technology use per 100 kg (in €)	5,4	7,1
Production costs per 100 kg (in €)	34,5	34,7
Realized income per working hour (€)	19,20	16,36



PR Lelystad

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5. Towards inclusive rural development

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- 1) Despite decades of selective agricultural policies, small and medium farms did not disappear; they are a stronghold for food security.
- 2) In the new era, large high-tech farms represent fragility.
- 3) The political bias towards large farms increasingly represents an anachronism.

New policy framework needed:

- From selective to inclusive
- Incentives for low-cost (agro-ecological) styles of farming
- (movable) upper ceiling for farm size
- Link flat rate payments to maintenance of landscape and bio-diversity (territorial co-operatives)
- Support development of more food markets
- Support multifunctionality of farms
- Support inflow of young people
- Contribute to re-setting agenda's for agricultural R&D

Encapsulate Pillar 1 into Pillar 2