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**PEAK PERFORMANCE**

**New Insights into Mountain Farming in the European Union**

## Acronyms and Abbreviations

<b>AEM</b>	Agri-Environmental Measures
<b>AT</b>	Republic of Austria
<b>AWU</b>	Annual Working Unit
<b>BG</b>	Republic of Bulgaria
<b>CAP</b>	Common Agricultural Policy
<b>CAP-IDIM</b>	Rural Development Monitoring Data System for the programming period 2000- 2006
<b>CY</b>	Republic of Cyprus
<b>CZ</b>	Czech Republic
<b>DE</b>	Federal Republic of Germany
<b>EAFRD</b>	European Agricultural Fund for Rural Development
<b>EAGGF</b>	European Agricultural Guidance and Guarantee Fund
<b>EEA</b>	European Environmental Agency
<b>EL</b>	Hellenic Republic (Greece)
<b>EP</b>	European Parliament
<b>ES</b>	Kingdom of Spain
<b>EESC</b>	European Economic and Social Committee
<b>EN RD</b>	European Network for Rural development
<b>EU</b>	European Union
<b>EU-15</b>	Member States which joined the EU before 2004
<b>EU-10</b>	Member States which joined the EU in 2004
<b>EU-2</b>	Member States which joined the EU in 2007
<b>Ha</b>	Hectare
<b>FADN</b>	Farm Accountancy Data Network
<b>FI</b>	Republic of Finland
<b>FR</b>	French Republic
<b>FSS</b>	Farm Structure Survey (Eurostat)
<b>IT</b>	Italian Republic
<b>JRC</b>	Joint Research Centre of the European Commission
<b>LAG</b>	Local Action Group (within the Leader Initiative)
<b>LEADER</b>	Liaisons Entre Acteurs du Développement Rural
<b>LFA</b>	Less Favoured Area
<b>MS</b>	Member State
<b>NSP</b>	National Strategic Plan
<b>PDO</b>	Protected Designation of Origin
<b>PL</b>	Republic of Poland
<b>PGI</b>	Protected Geographical Indication
<b>PT</b>	Portuguese Republic
<b>RD</b>	Rural development
<b>RDP</b>	Rural Development Programme
<b>RO</b>	Romania
<b>SE</b>	Kingdom of Sweden
<b>SI</b>	Republic of Slovenia
<b>SK</b>	Slovak Republic
<b>TSG</b>	Traditional Speciality Guaranteed
<b>UAA</b>	Utilised Agricultural Area

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## 1. FOREWORD

The Common Agricultural Policy (CAP) was the first policy to specifically address mountain regions at European level, through Directive 75/268/EEC on mountain and hill-farming in less favoured areas (LFAs)<sup>1</sup>. Since 1975, the CAP instruments promoting the sustainable development of mountain agriculture and the well-being of mountain rural areas have significantly developed, responding to society's requirements and to the changing circumstances of the areas concerned.

The attention given to the sustainable development of mountain areas by international fora has increased significantly since the 1990s and during the first decade of this century, with the designation of 2002 as International Year of Mountains and with the inclusion in the Lisbon Treaty of a specific mention to mountain areas, together with other areas presenting specific characters such as northernmost regions, island and cross-border regions<sup>2</sup>.

Even if there is no stand-alone European Union (EU) mountain agriculture policy, the EU has developed specific instruments which are particularly relevant to mountain rural areas, both under the first and the second pillar of the CAP.

The present Commission Staff Working Paper intends to provide an updated insight into the situation of mountain farming in the EU and to increase the visibility of the support tools available. It is meant to make a contribution to the debate launched by the European Parliament Resolution of 23 September 2008 on the situation and outlook for hill and mountain farming<sup>3</sup> and to the forthcoming discussions on the CAP after 2013 as well as to the wider debate on territorial cohesion.

Agriculture and its related activities remain key components of the mountain rural economy and of land use in mountain areas. Whilst the analysis presented in this document focuses on the agricultural sector and does not bring forward specific policy options, the inter-linkage with non-agricultural sectors and with other EU funds is mentioned in the last chapter, together with an outline of possible avenues to be explored to make the EU support to mountain rural areas more effective.

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<sup>1</sup> Council Directive 75/268/EEC of 28 April 1975 on mountain and hill farming and farming in certain less- favoured areas, *OJ L 128, 19.5.1975, p. 1–7 (DA, DE, EN, FR, IT, NL)* .

<sup>2</sup> Article 174 "[...] *particular attention shall be paid to rural areas, areas affected by industrial transition, and regions which suffer from severe and permanent natural or demographic handicaps such as the northernmost regions with very low population density and island, cross-border and mountain regions.*"

<sup>3</sup> <http://www.europarl.europa.eu/oeil/FindByProcnum.do?lang=en&procnum=INI/2008/2066>

## 2. FACTS AND FIGURES

### 2.1. Definition of mountain areas

The analysis presented in this document refers to the areas designated as mountainous LFAs according to Article 18 of Regulation (EC) No 1257/99, namely:

*"Mountain areas shall be those characterised by a considerable limitation of the possibilities for using the land and an appreciable increase in the cost of working it due:*

- to the existence, because of altitude, of very difficult climatic conditions, the effect of which is substantially to shorten the growing season,*
- at a lower altitude, to the presence over the greater part of the area in question of slopes too steep for the use of machinery or requiring the use of very expensive special equipment, or*
- to a combination of these two factors, where the handicap resulting from each taken separately is less acute but the combination of the two gives rise to an equivalent handicap.*

*Areas north of the 62nd Parallel and certain adjacent areas shall be treated in the same way as mountain areas.*

Article 18 definition appears the most adapted for the present analysis, since it has been designed for agricultural purposes and allows using statistical data specifically referring to mountain areas both from the Eurostat Farm Structural Survey (FSS) and from the Farm Accountancy Data Network (FADN).

Areas north of the 62nd Parallel in Finland and Sweden are assimilated to mountain areas since, even in the absence of high altitude, low temperatures limit crop growth and development and therefore severely affect the agricultural activity.

It should be noted that other definitions of mountain areas have been developed in the framework of recent studies not focussing on agricultural issues. In few cases, areas which are not delimited under Article 18 may be defined as mountainous by these studies. This can be explained either by national choices (some Member States decided to delimit all less favoured areas under Article 19 of Regulation 1257/99 even where a designation under Article 18 could have been considered) or by the non-agriculture-related indicators used for the definition within the study concerned (such as distance from university/hospital, etc.).

Finally, it should be mentioned that the designation of mountain LFAs is not concerned by the on-going 'LFA review exercise'<sup>4</sup>. The review aims in fact at setting up a new delimitation of 'intermediate LFAs' based on common and objective biophysical indicators. As seen above, the designation of mountain LFAs is already based on common biophysical indicators (altitude and slope) and has not raised specific concerns since it was established in 1975.

The map in Annex 1 shows the three categories of LFAs delimited in the EU, with mountain areas indicated in brown.

### 2.2. Mountainous less favoured area in the EU

Sixteen Member States include mountainous LFAs in their territory (Table 1). With 7.40 million hectare (*mio ha*) of mountain LFAs, Spain is by far the Member State with the largest mountainous agricultural area, followed by Italy (4.30 mio ha), France (3.99 mio ha)

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<sup>4</sup>Commission Communication COM(2009)161 of 21.04.2009, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2009:0161:FIN:EN:PDF>

and Romania (2.71 mio ha). These four countries include 69% of the total mountainous LFAs of the EU.

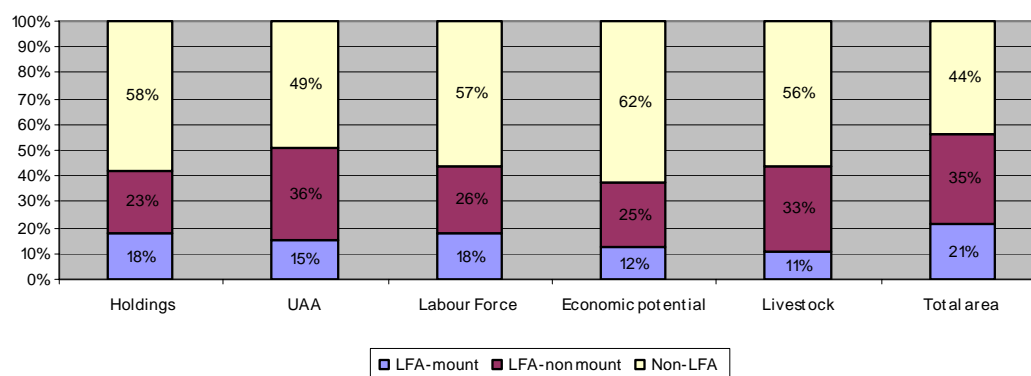
Table 1. LFA mountain area in the EU27 (FSS 2007)			
Member State	LFA mountain UAA	In % of total national UAA	In % of total EU Mountain UAA
	(x 1 000 000 ha)		
Spain	7,40	30%	28%
Italy	4,30	34%	16%
France	3,99	15%	15%
Romania	2,71	20%	10%
Austria	1,74	55%	7%
Greece	1,53	38%	6%
Finland	1,21	53%	5%
Portugal	1,00	29%	4%
Slovakia	0,66	34%	2%
Czech Republic	0,63	18%	2%
Sweden	0,34	11%	1%
Germany	0,31	2%	1%
Poland	0,27	2%	1%
Slovenia	0,26	53%	1%
Bulgaria	0,24	8%	1%
Cyprus	n.a.		
<b>EU27</b>	<b>26,60</b>	<b>15%</b>	<b>100%</b>

*N.B. FSS data may differ from data reported by MS in other contexts for the reasons explained in footnote 6. However it is homogeneous at EU level and allows using time series.*

The relative importance of mountainous areas at the national level varies from clearly dominant (more than 50% of farms and UAA in Finland, Slovenia and Austria) to very marginal (less than 5% of farms and UAA in Germany and Poland). Mountain areas cover entirely or almost entirely some regions<sup>5</sup> and are present from the North to the South and from the East to the West of the EU.

At EU-27 average, mountainous LFAs account for 18% of the agricultural holdings, 15% of the utilised agricultural area and 18% of the agricultural labour force.

**Graph 1: Importance of mountainous less favoured areas – EU 27 -FSS 2007**



<sup>5</sup> Valle d'Aosta, Bolzano, Trento, Tirol, Pohjois-Suomi, Mellersta Norrland, Övre Norrland, Madeira.

### 2.3. Main features of agriculture in mountainous areas

This section provides a brief overview of the situation of agriculture in mountainous areas on the basis of statistics from FSS<sup>6</sup> and from FADN<sup>7</sup>. A more detailed and comprehensive overview, including data on the structure of the economy in the regions where the majority of the UAA classifies as mountain LFA, is presented in [Annex 2](#). The key highlights are summarized in Box 1 below.

#### **Box 1: Key highlights of mountain agriculture in the EU**

- Mountain farms have on average the same **physical size** (11ha) than in non disadvantaged areas. However this is smaller than in non-mountainous LFAs (19 ha).
- The **area productivity**<sup>8</sup> is on average higher in mountainous LFAs (857 €/ha) than in non-mountainous LFAs (761 €/ha), although both these values are significantly lower than in non disadvantaged areas (1 370 €/ha).
- The average **labour productivity**<sup>9</sup> is lower in mountainous LFAs (28% lower than in non-mountainous LFA and 40% lower than in non disadvantaged areas).
- Between 1995 and 2007 the average **structural evolution** followed the same patterns of non disadvantaged areas, i.e. an increase of the average farm size arising from a reduction of the number of holdings (on average -18% in mountain areas compared to -21% in non LFAs) not accompanied by significant changes in the UAA (0% change on average in mountain areas compared to -7% in non LFA).
- The average mountain **farm income**<sup>10</sup>, at around 13 777 euro per annual working unit (€/AWU), is comparable to the average in LFA-non mountain (13 730 €/AWU), although below the average income registered in Non disadvantaged area, at 18 878 €/AWU. The situation is however quite diversified among Member States.
- In eight Member States the average mountain farm income is higher than the average farm income in non disadvantaged areas of the Member States which joined the EU in 2004.
- Compared to non-disadvantaged zones, mountain areas are characterized by a **high proportion of permanent grassland** – reflecting difficult conditions for arable land – and also by a higher proportion of permanent crops.
- **Livestock and cattle breeding** are the main agricultural activity in mountain areas. Livestock density is lower than in other areas, although the density of grazing livestock per hectare has remained stable since 1995.
- **Permanent crops** cover 9% of mountainous LFAs against 6% in other types of areas. Almost the totality (97%) of mountain permanent crops is found in the old Member States. The main mountain permanent crops are olive trees and fruits and berries. .

#### ***Farm characteristics***

In half of the Member States with mountains (EL, ES, IT, PT, RO and SK), a higher **physical size** in mountainous areas compared to non disadvantaged areas compensates a lower **productivity** per ha. In CZ, DE, FR, AT, PL, SI and SE both physical size and productivity are lower in mountainous areas<sup>11</sup>.

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<sup>6</sup> FSS does not cover very small farms below the threshold applied in some MSs for the survey as well as common land not managed directly by individual farms. This may reduce the relative importance of mountain agriculture, where farm size is usually low and common land is often used for pastures. Data for MS with high proportions of small farms and common land (e.g. BG and RO) should thus be taken with caution.

<sup>7</sup> FADN covers only the farms exceeding a minimum economic size and which represent at least 90% of the total standard gross margin (SGM) covered in FSS. The analysis based on FADN has therefore the limit that does not cover the smaller farms. At the same time, FADN covers 94% of the EU UAA in 2005/2006 and is the only source of micro-economic data that is harmonized throughout the EU.

<sup>8</sup> In terms of standard gross margin per hectare.

<sup>9</sup> Potential gross value added per labour force unit

<sup>10</sup> Farm Net Value Added per Agricultural Working Unit.

<sup>11</sup> In Finland, there is no "non LFA". When comparing with "Non-mountain LFA", physical size in LFA mountainous is lower, but the potential economic productivity per hectare is higher..

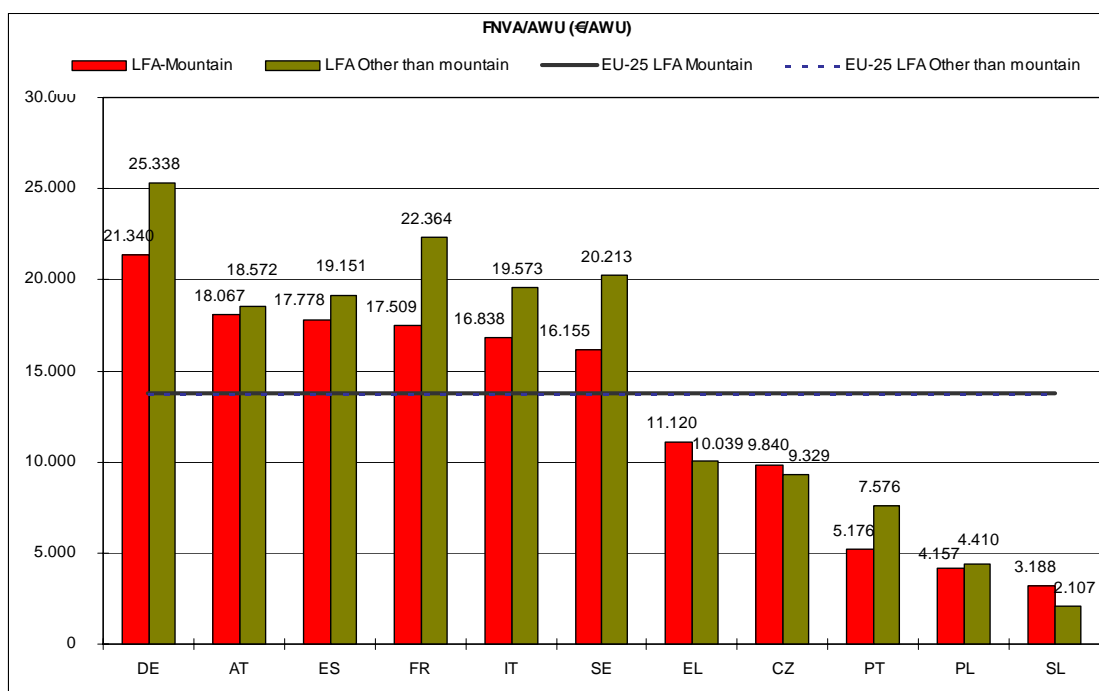
Between 1995 and 2007, the **structural development** in mountainous LFA has been better than in non disadvantaged areas: the average physical size increased by 23% against 17% in non disadvantaged areas and the area productivity grew by 38% against 26% in non disadvantaged areas<sup>12</sup>.

In terms of farm net value added per agricultural working unit (Graph 4), the average mountain **farm income**, at around 13.777 €AWU, is comparable to the average in LFA-non mountain (13 730 €AWU), although 27% below the average income registered in non disadvantaged area, at 18 878 €AWU (FADN, average 2004/2005).

The situation is however quite diversified among Member States. In AT, CZ, ES and PL income levels in mountain areas are quite close to those in non-mountainous LFA. In DE, FR, IT, SE and PT mountain income levels are lower than in non-mountainous LFA. In EL and SI the income of mountain farms income is larger than in non-mountainous LFA. In most cases income levels in mountain areas are higher than those observed in non-disadvantaged areas in the EU-10, whose average accounted for 5 731 €AWU in the period considered.

It should however be mentioned that the average income of milk specialized farms in mountain areas is significantly lower than in non-mountainous LFA and in non disadvantaged areas both in EU-15 and in EU-10, due to higher production costs<sup>13</sup>.

**Graph 2: Farm Net Value Added per Annual Working Unit (FADN average 2004-2005)**



### *Agricultural land use*

When natural conditions become more difficult, arable crops are often replaced by permanent grassland and meadows or by permanent crops. Therefore arable land represents

<sup>12</sup> Due to methodological changes in FSS in IT, FI and UK between 1995 and 2007 and the absence of information for DE in 1995, the comparison has been made without these 4 Member States.

<sup>13</sup> See [http://ec.europa.eu/agriculture/analysis/fadn/reports/sa207\\_milk.pdf](http://ec.europa.eu/agriculture/analysis/fadn/reports/sa207_milk.pdf).

only 32% of the UAA in mountainous LFA, significantly lower than 54% in non-mountainous LFA and 75% in non-disadvantaged areas. It should also be noted that an increasing share of the total area of farms is devoted to non-agricultural production (forestry, natural areas, unused, etc) progressing with the less favoured character: 12% in non disadvantaged area, 17% in non-mountain LFA and 42% in mountainous LFA.

A dominant share of permanent pastures in mountainous areas is observed at regional level in most Member States with some exceptions. In only four countries, arable crops cover the majority of the UAA in mountainous regions. It occurs in FI and SE where animal feeding usually does not come from meadows but from some arable crops used for the production of forage which grow in a very short period of time and in most Italian Apennine regions.

Between 1995 and 2007 the share of permanent pastures increased and the share of arable crops decreased in mountainous and non-mountainous LFA, while the opposite evolution occurred in non disadvantaged areas. However, this global picture hides different developments in land use in some Member States: the share of permanent pastures decreased slightly in mountainous LFAs in FR and AT and increased in EL, ES, SE and particularly in PT.

### ***Livestock production***

As mentioned, permanent grassland and meadows dominate the agricultural land use in mountain areas. In several Member States, the natural conditions of mountain areas led to a higher specialisation of farms in grazing livestock production<sup>14</sup>.

In AT, CZ, DE, FR and SI more than half of the holdings are specialised in cattle and sheep and goats productions. In economic terms, the most important sectors in these specialised farms are milk and beef production. In EL, PT and RO sheep and goats are prominent.

Livestock stocking density is lower in mountainous LFA than in the other type of areas, especially for the stocking density of grazing livestock and for EU-15 where 80% of the animals are raised. The decrease of the stocking density of grazing livestock with less favourable conditions is observed in all Member States.

### ***Permanent crops***

Only 9% of the total mountainous agricultural area is devoted to permanent crops. EU-15 holds nearly the totality (97%) of this surface.

Olive trees and fruits and berries are the main permanent crops in LFA-mountainous, reaching 59% and 24% respectively. The share of fruits and berries in total permanent crops is the highest in mountainous areas of 7 Member States (BG, CZ, PL, RO, SK, FI and SE).

Vineyards and citrus are grown on marginal shares of mountain LFA and the total surface devoted to these crops has dropped between 1995 and 2007.

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<sup>14</sup> Grazing livestock covers cattle, sheep and goats. Forage area corresponds to permanent grassland (pastures and meadows) and forage crops area (temporary grass, grass & maize silage, etc).

### BOX 2: Pastoralism and transhumance

Pastoralism and transhumance are an integral part of traditional farming in most European mountains, and play an important role to promote the sustainable development of mountain rural areas. These practices contribute to maintaining biodiversity as well as a wide range of traditional products (cheese, meat products) which can be the pillar of quality-oriented development activities, enhancing also the touristic potential of the area.

**Pastoralism** corresponds to the extensive breeding of herds of various species (cattle, sheep, goats, horses) requiring periodic migration to reach the pastures. Pastoral systems in mountain areas are often characterized by the seasonal grazing of domestic livestock at low densities in large open areas, often on common land dominated by semi-natural vegetation. Agricultural use of common land is generally managed by pastoral land use associations. Professional shepherds are often recruited for big herds, while small herds are in general watched over by the breeder. Many stockbreeders practice '**sedentary pastoralism**': the animals are kept on widespread grassland or rangeland, all areas used being integrated into the farm and not requiring seasonal migration.

**Transhumance** is the regular movement of herds between fixed points to exploit the seasonal availability of pasturelands. The herds are taken for a given period at such a distance so that returning daily is impossible. Shepherds live for this period with their herd in a hut or a secondary farm, or regularly travel between their distant farm and these pasturelands to watch over their animals. Throughout Europe, more than 4 million ha of agricultural land depend on transhumance.<sup>15</sup>

In the case of **summer transhumance** while the livestock are away, the lower ground is mown for hay to provide winter fodder – in the process creating an unenclosed mosaic of mixed habitats. Forage can be grown and stored for use when natural grazing is not available.

The **large transhumance** (long distance summer migration that can reach several hundred km) is practiced primarily for sheep in the Mediterranean region. The seasonal pastures are linked by ancient drovers' roads running between the plains and the mountains. The **small transhumance** or **local transhumance** (summer migration of the animals for short distances, in general < 20 km) is often a vertical migration, from the valley where the farm is located and where the animals winter, to the higher, but closer, zones.

The **winter transhumance** is the: migration of the herds (especially sheep) towards regions of low altitude, in particular towards the coastal regions, where they will spend the winter.

## 2.4. Forestry in mountain areas

Forests are the dominant land cover in EU mountain areas (Nordregio, 2004). They cover over 80% of the Jura and Vosges (France) and of the Dinaric mountains (Slovenia). In other mountain ranges, such as the Pyrenees, the Cantabrian Mountains, the Eastern Alps, the Apennines, the Bothnian Arc (Finland) and much of the Carpathians and the Bulgarian Balkans, the cover ranges from 61% to 80%. Within the mountainous LFA, only in Greece and in Sicily the forest cover drops below 20%.

Forest plays a significant role in many mountain economies by providing employment in planting maintenance, harvesting, wood processing and paper production and by contributing to recreation and tourism opportunities. Forests provide habitats for fauna and flora and protection against natural hazards. They also contribute to landscape value.

In connection with agriculture, forest activity plays a key role in integrating farms' income and in protecting the farmed land from harsh climate and extreme climate events. On the other hand, an increase in forestry land use up to very high levels (up to 90% in some mountain municipalities) can affect the agricultural land use and underpin the tendencies towards marginalisation in the area. However, agro-forestry systems like mountain pastures could provide additional opportunities.

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<sup>15</sup> TRANSHUMOUNT project EU 5<sup>th</sup> framework EVK2-CT-2002-80017).

The EU Forest Action Plan (2007-2011) contains a set of measures that can be directly related to mountain forests, such as maintaining and enhancing the protective functions of forests, exchanging experiences on measures taken to enhance the protective function of forests as well as preventing natural hazards.

The Commission has scheduled the adoption of a Green Paper on forest protection and information in the EU for the beginning of 2010, with the aim to launch a debate on options for an EU approach to forest protection and information.

### 3. PEAK PERFORMANCE: STRENGTHS, WEAKNESSES, THREATS AND OPPORTUNITIES FOR MOUNTAIN AGRICULTURE

It is not the ambition of this paper to develop an in-depth SWOT analysis of mountain rural areas at the EU level. The statistics presented in the previous section indicate that mountain rural areas and their agricultural sector do not form a homogeneous unit throughout the EU; a proper analysis could therefore be carried out only at a lower level (e.g. per mountain range or per region within the same massif). Broad common features can however be identified on the basis of literature, statistics and expert hearings, as well as of the contributions made by different EU institutions (EP, EESC) with regard to mountain agriculture.

<i>Weaknesses - Threats</i>	<i>Strengths - Opportunities</i>
Permanent natural handicaps	Cultural landscapes & High eco-system values
Dependency on grazing production	Quality products
Land abandonment – urban & tourism pressure	Pluriactivity & Farm diversification
Low accessibility, distance from the market & digital divide	Innovation & local cooperation potential
Climate change	Climate change

These elements are summarized in the following sections of this chapter. The most 'classical' among them relate to socio-economic hardship and physical constraints for agricultural activity. The uncertainties linked to the effect of climate change on the fragile mountain environment represent a more recent important concern.

It is however worth highlighting the increasing accent put both by experts and stakeholders on the strengths and the potential of European mountain areas, which is closely linked to the sustainable development of their agricultural sector as a provider of quality products and public goods. Mountain agriculture is in general associated with valued landscapes and quality products and benefits from a widespread positive image in Europe.

Some European mountain areas have achieved high standards of well-being while maintaining their natural assets and cultural values, and are now considered as a model for cooperation and sustainable development at the global level. Such achievements are closely linked to the maintenance, despite objective handicaps, of a viable agro-forestry sector.

#### 3.1. Weaknesses and threats

##### *Permanent handicaps, natural hazards and climate change*

At high **altitude** and in northernmost areas, low temperatures limit crop growth and development through the impact on important physiological processes such as photosynthesis and leaf appearance. Land in which thermal-time accumulation systematically is not sufficient for crops to complete the production cycle is unfavourable for agriculture. Negligible growth occurs for most agricultural crops at temperatures below 5°C. When crops are grown under lower than optimal temperatures, yields can be reduced by various mechanisms including: limited light interception, inefficient conversion of intercepted light into biomass or direct damage to plant tissues caused by early or late frosts.

**Slope** is the angle the soil surface makes with the horizontal. The form of the slope may be important and influence the moisture status of the underlying soils. The steeper the slope the more difficult it becomes to manage the land and to grow crops. In particular mechanisation

is hampered and may require specific equipment, while access to land and all agricultural operations become more time consuming. Steeper slopes are also associated with shallower soils and with a higher risk for soil erosion and landslides.

The handicap for agriculture resulting both from a limited length of the growing period and from steep slope are not easily overcome by capital investment; if possible the investment would be either prohibitively expensive (e.g. green-houses) or would entail permanent expenses (e.g. terraces).

In general, **soils** at high elevations are also different from soils in lowlands in terms of temporal development, stability and thickness of topsoil. These features make soils in mountain more sensitive to degradation and require adapted land-use patterns which are often met by traditional silvo-agro-pastoral practices. Mountain soils are in particular highly sensitive to erosion because of the shallowness of soil layers, the long time frame for their development and the risks of natural hazards due to increasing soil erosion. The extreme environment makes high mountain areas prone to **natural phenomena** such as landslides, rockfalls, mudslides, avalanches, floods and earthquakes which affect farmed mountain areas also at lower altitude. On the other hand, from a quality perspective mountain soils as well as high altitude could be an asset for agricultural production.

As a reflection of natural conditions, mountain agricultural areas are in general characterized by **low-input, low-output** farming systems. Not only the productivity of the area is reduced, but also the choice of the farming activity is quite limited, so that the areas affected by these handicaps tend to be predominantly livestock producing regions; if market problem for one sector arise it might be difficult to switch into another enterprise.

In several Member States, the agricultural economy in mountain areas is highly **dependant on a few sectors**: milk, beef and sheep & goats meat. This situation could be at risk if the economic development in these sectors is not favourable, since agricultural production alternatives are limited by natural conditions. For instance, in the case of the milk sector, the viability of farms is often affected by higher production costs (before public support) and the cost of collection of this perishable product is higher in mountainous areas with a risk to relocate the plants in areas with lower collection costs. In this context, the existence of a successful marketing channel for quality products linked to the area (PDO) is particularly important as it provides higher prices to producers and tends to secure the collection of milk

Mountain areas in Southern Europe are also particularly subject to large-scale **forest fires**. Mountain agriculture can play an important preventive role against fire as the maintenance of extensive livestock systems reduces the spread of scrub and therefore the incidence of wild fires.

In some European mountain areas the presence of **large predators** (wolf, bear and lynx) protected by the Bern Convention on the Conservation of European Wildlife and Natural Habitats may affect the working conditions of farmers and create constraints on agricultural practice. Local integrated action is necessary in some cases, with the involvement of all the interested stakeholders.

Finally, recent studies (EEA, 2009) and expert hearings emphasize the double fold impact that **climate change** can have on mountain areas. An increase in temperature and sufficient water supply may prolong the vegetative period resulting in a short-term increase in agricultural yield. Furthermore, the increase in atmospheric CO<sub>2</sub> levels will have a fertilising effect on crop growth for certain species and on grassland productivity. On the other hand, global warming will exacerbate the intensity and frequency of extreme weather events (such as intense droughts, heat waves and torrential rainfall), and their consequences (including forest dieback, large-scale fires, and soil erosion and floods, respectively). In

turn, climate change may also represent a threat for tourism activities, and particularly for winter tourism, on which a number of mountain farmers rely to supplement their income.

The risk of farmland abandonment in association with climate change is also particularly sensitive in mountain areas because of increased exposure to natural hazards (e.g. glaciers' melting), low productivity and reduced possibilities to adapt to new farming practices. Drastic changes in the agricultural sector are considered as a threat for the overall socio-economic and environmental balance of mountain and surrounding areas, namely in relation with tourism and bio-diversity.

### ***Change in land use: risk of abandonment and other pressures***

Mountain farmland is in general characterised by extensive practices, whose abandonment has negative effects on biodiversity, soil and landscape values.

There is no evidence of higher risk of land abandonment in mountain areas compared to other types of areas. Data available from FSS reveals that, in the old Member States, the area of land under agriculture has been maintained in the mountain LFAs over the period 1995-2007 and that the structural change in the number of mountain holdings was very close to the trend in other types of areas (table 2).

A recent JRC study<sup>16</sup> has also shown with three case studies in countries with large proportions of agricultural surface (France, Poland and Spain), that the areas most at risk of farmland abandonment are non mountainous (see maps in [Annex 3](#)).

**Table 2: Total rate of change of the number of agricultural holdings and of UAA 'EU-11' – Eurostat Farm Structure Surveys 1995 and 2007.**

	Holdings				Utilised Agricultural Area			
	Total	LFA-mountainous areas	LFA- non mountainous	Not LFA	Total	LFA-mountainous areas	LFA- non mountainous	Not LFA
BE	-32%		-39%	-31%	1%		4%	1%
DK	-35%			-35%	-2%			-2%
IE	-16%		-15%	-19%	-4%		0%	-13%
GR	7%	4%	18%	4%	14%	15%	33%	-3%
ES	-18%	-23%	-26%	-2%	-1%	0%	-5%	4%
FR	-31%	-23%	-17%	-38%	-3%	5%	16%	-13%
LU	-28%		-28%		3%		3%	
NL	-32%			-32%	-4%			-4%
AT	-25%	-19%	-25%	-34%	-7%	-11%	5%	-4%
PT	-39%	-35%	-37%	-46%	-12%	-13%	-6%	-28%
SE	-18%	-23%	-15%	-19%	2%	1%	4%	1%
<b>EU-11</b>	<b>-19%</b>	<b>-18%</b>	<b>-17%</b>	<b>-21%</b>	<b>-2%</b>	<b>0%</b>	<b>3%</b>	<b>-7%</b>

Despite the status quo at EU level, a more in-depth analysis of the changes occurring in agricultural area should be made, for the following reasons:

<sup>16</sup> *Analysis of Farmland Abandonment and the Extent and Location of Agricultural Areas that are actually Abandoned or are in Risk to be Abandoned*", 2008.

- (1) The statistics available do not cover the change in UAA in all the Member States. The lack of reliable data covering significant time-series concerns in particular (but not only) the Member States which joined the EU in 2004 and in 2007;
- (2) the changes in UAA in the Member States for which statistics are available indicate that the situation is not homogeneous among mountain massifs, Member States and regions in the same Member State;
- (3) the statistics available hide local phenomena of land abandonment, which have been detected through case studies and may have negative consequences on the land management and on the economy of the whole area (IEEP 2006; Dax, 2008).
- (4) most of the causes of land abandonment identified by the above mentioned JRC study of 2008 are present in mountain areas, although not in all of them. They are summarized in Box 3 below.

Finally, it is worth noting that the above considerations can be made also for non mountainous LFA.

### **BOX 3: Various causes of land abandonment in mountain areas**

#### ***Geographic***

- Distances from roads (when roads are at a distance of > 800 m from the parcels)
- Accessibility for machines and vehicles to the parcels (fields are only accessible by paths)
- Low size area of the farm/field (e.g. in Tatras mountain the main cause of farmland abandonment is the farm size).

#### ***Ecological***

- Mountain climate (e.g. forest re-growth is observed above 1400 m in the Alps, abandonment is present where average heat sum/degree-days is lower than 1000 degree days and in steep slopes (above 20-25°).

#### ***Agronomic***

- Poor soils (below soil depth of 40cm; size of farms can increase but poor land is abandoned)

#### ***Socio economic and demographic***

- Farming systems: pastoralism and transhumance are not commercially viable if not related to quality production.
- High cultivation costs and low yield potential that provokes a decrease of farms viability
- Old farm working population (In nearly all Member States the proportion of the population over 60 in mountain areas is either very similar or higher than in lowland areas. Some mountain areas have significantly ageing populations, particularly in the Balkans (Bulgaria and Greece), northern Portugal, major parts of the Alps and the mountain areas of France, the UK, Ireland and the Nordic countries.)
- Working conditions of shepherds: there is a lack of manpower and absence of specific training in many MS
- Low density of population; there is a loss of infrastructure (schools, shops, processing facilities) and a loss of agricultural services (veterinary, slaughterhouse, dairy)

An opposite threat to land abandonment is represented by the competition for the use of the land by different users, particularly at lower altitude, in areas with lower slope and/or close to communication infrastructure, which often happen to be also more adapted for agricultural purposes.

The spaces used in valley and mid-altitude areas are especially threatened by **urbanisation** and the growth of the transport network. These phenomena can have more or less direct impacts on the farming activity. For instance, a reduction in the size of herds because of the

lack of sufficient areas at low altitude in winter has been reported, with the consequence of an insufficient maintenance of high altitude pastures in summer.

On the other hand, closer urban areas represent an opportunity in general for the development of the mountain area concerned and for farmers to market their products and diversify into non-agricultural activities, in order to complement their income.

The attractiveness of mountain areas for tourists can also create competition for the land and increase the price of land, making it more difficult for farms to expand their size and for new farmers to settle down. Buildings likely to have an agricultural usage are also repurchased as main or secondary homes, to the detriment of the farmers needing new buildings.

### ***Accessibility, distance from the market and digital divide***

The study of accessibility indicators, such as the distance in minutes or in km from cities with at least 100 000 inhabitants (Nordregio 2004) has shown that only few mountain areas – except those with a major tourism industry – have levels of accessibility comparable to those in lowland areas. Particularly low accessibility is found in the Fennoscandian mountains and in mountain areas located on islands (e.g. Corsica, Sardinia, Crete and other Greek islands).

Distance from the market and high transport costs heavily affect the viability of mountain farms, as they may significantly increase the cost of mountain products. Difficult access to the farm, especially in winter may also hinder the agricultural activity and in some cases lead to the abandonment of the most peripheral parcels. It is also reported that slope areas traditionally used as intermediate pasture before or after the high altitude summer pasture are less and less mowed and grazed.

Modern communication technologies have a strong potential for reducing the distance gap of mountain areas and to foster the competitiveness of mountain farms. However, the lack of an adequate connectivity can further exclude mountain areas from social, economic and technological development. Technologies which offer connections to Internet with a high transmission capacity (broadband) are in fact, decisively inferior in mountain territories compared to urban areas.

Broadband allows the sharing of information and knowledge among economic actors, thus easing the development of business activities. In the agricultural sector, which today is very active in promoting typical products, new information and communication technologies are taking up a strategic role thanks to their ability to support the recovery of costs tied to allocation of services on-demand. Broadband can help identify and reach new markets for agricultural products, including international markets.

## **3.2. Strengths and opportunities**

### ***Quality products***

There is a wealth of traditions and know-how relating to food production and processing in mountain areas and the mountain image is associated in the eyes of consumers with goods of a certain added value. A degree of homogeneity is discernible as far as production methods are concerned, especially when it comes to animal husbandry. Examples of specific traditional mountain farming features include: extensive rearing, feeding from comparatively large free-range pastures, preference for natural food, longstanding traditional know-how (pastoral systems, transhumance, etc.).

On the other hand, the vast majority of processing systems - while quite often considered traditional or even specific to individual areas - are more diverse when it comes to processing types and methods. Farmers often face difficulties in valorising this potential marketing advantage and so get a fair return for their products that reflect the mountain attributes.

The EU-funded EuroMARC project<sup>17</sup> on mountain agrofood products in Europe, indicated that the price differences between products identified by researchers as mountain quality products and other products, vary according to the type of product and country. Thus, for fruits, cooked meats and water the price differences were either not significant or negative for mountain products in comparison with products not originating in mountains. Cheeses on the contrary were sold at a higher price (except in France).

The reasons why mountain products are not sold at higher prices, according to researchers, can be that they are sold locally and therefore bought by rural population with a lower income, compared to urban population. However, since mountain products have up to now an unclear image, consumers are not ready to pay higher prices for them.

There is a potential for quality product to better contribute to the sustainable development of mountain areas. Farmers will be able to profit from these opportunities on condition that a strong mountain image linked to specific high quality products is promoted and communicated to consumers, who shall be able to identify mountain products meeting clear and transparent requirements in the market.

### ***Mountain agriculture, the environment and public goods***

Agriculture in mountain areas has created unique landscapes including region-specific features and meadows, often depending on traditional livestock management. Landscapes such as terraces, alpine pastures, Coltura Promiscua in the Appennines and in Portugal, hedge-dominated landscapes such as the 'Egartenlandschaft/Haglandschaft' in the Bavarian Alps or Chestnut woods in the southern Alps and Cévennes, give a distinctive character to regions or local areas.

Well managed agricultural landscapes have not only high eco-system values; with their scenic and recreation feature they are a key asset for other businesses, such as the tourism industry. Such attractive landscapes managed by agriculture constitute important comparative advantages for mountain territories, since they are highly specific to their location and cannot be transferred to other places like other assets.

A very high proportion of Natura 2000 areas is located in mountain massifs<sup>18</sup>, and many valuable habitats and a wide range of wild species rely for their survival on extensive farming practices, which are often found in mountain areas as a result of natural handicaps. However, agricultural practices can also have an adverse impact on natural resources. Erosion of soil, pollution of water and air, fragmentation of habitats and loss of wildlife can be the result of inappropriate agricultural practices and land use.

The public goods<sup>19</sup> provided for by mountain farming are as important as the food production and are well recognised. The preservation of the rich bio-diversity and habitat

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<sup>17</sup> [http://www.mountainproducts-europe.org/sites/Euromontana/EuroMARC\\_Project/Origins\\_and\\_methodology.aspx](http://www.mountainproducts-europe.org/sites/Euromontana/EuroMARC_Project/Origins_and_methodology.aspx)

<sup>18</sup> 43% of the EU27 total, according to an on-going study of the EEA.

<sup>19</sup> A public good is a good that, even if it is consumed by one person, is still available for consumption by others. As the individual readiness to pay for public goods is frustrated by free-rider options of others, markets do not function

values of mountain areas is very much depending on well adapted farm management practices. The same holds for the important function of land management for combating erosion and landslides. In addition, open traces in the landscape such as alpine meadows contribute to the prevention of forest fires.

Whilst such positive outcomes emerged over centuries as free-of-charge side effects of profitable farming, nowadays the management practices that brought about those valuable outcomes are not necessarily profitable anymore.

### ***Pluri-activity and diversification***

In mountain areas there is generally a strong link between agriculture and other economic activities (tourism and forestry in particular). The combination of income sources from agriculture, tourism and diversification activities is an important element against marginalisation trends. These interactions open opportunities both for the farmers (e.g. tourism on the farm close to ski stations) and for the actors of the interlinked sectors (e.g. touristic attractiveness of the area maintained by agricultural landscapes). Other activities act as a safety net when crisis prevails in one sector.

Section 6 of Annex 2 presents FSS data available as regards farms pluriactivity and diversification in mountain areas. The main conclusions are summarized below.

At EU-27 level more than one third of farm managers in mountainous areas have another gainful activity (called pluriactivity) that can be a diversification of the holding or an activity not related to the farm that can take place on the farm or off the farm<sup>20</sup>. There is however a large variability between Member States, as this frequency ranges from 81% in SI and 73% in SE to 20% in EL and 22% in PT. It can also be noticed that this phenomenon is more frequent in the mountainous areas than in other type of regions in 9 out of 16 countries.

At regional level, the highest frequencies are observed in the Slovenian regions (more than 80%), in Baden Wurttemberg (76%) and in the Northern regions of Sweden (between 70% and 75%) while the lowest frequencies (less than 15%) are found in the Italian regions of Molise (11%) and Piemonte, in the Greek regions of Ipeiros and Dythiki Ellada, Bourgogne and Limousin for France and in the Spanish region of Asturias.

The diversification of the economic activity of agricultural holdings<sup>21</sup> is less frequent than the existence of another gainful economic activity (possibly not related to the farm). Whereas 35% of farms in mountainous regions developed "other gainful activity" which envisages both diversification and pluriactivity, only 10% of farms carry out a diversification activity (table 5). In mountainous regions of BG, EL and ES farm diversification it is very marginal (less than 5%), but in DE, FR, FI, AT, and SE is more common (> 20%). In AT, DE, FR PL, SK and SI, the diversification occurs more frequently in mountainous areas than in other areas.

Due to limited data availability, it is difficult to assess properly the type of diversification occurring in mountainous farms. However, it seems that there are large differences among Member States:

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with respect to ensuring a satisfactory supply of goods. Thus, the delivery of public goods, in line with society's demand, requires policy intervention.

<sup>20</sup> This information is only collected for sole holder managers ("family" farms) and therefore does not cover group-holdings and holdings operating with a status of companies.

<sup>21</sup> For the information on diversification, all holdings are covered (i.e. it is not limited to "family" farms as it is for the existence of other gainful activity).

- The processing of farm products, that is globally the most common diversification activity, arrives in first position in RO, PT, EL and FR, due probably to the importance of vineyards and olive trees in the 3 last countries;
- Farm tourism is more important in AT, CZ and DE;
- Performing contractual work is the first diversification domain in FI, SE and SK.
- It should be noticed that farm tourism and wood processing are more frequent in mountainous areas than in other regions in most Member States.

### ***Potential for local cooperation and innovation***

There are no doubts about the richness and the variety of the know-how of mountain areas, and of the capacity of some EU mountain areas to serve as a sustainable development model for other areas in Europe and in the world.

Several EU mountain areas, namely in the Alps, experienced interesting forms of cooperation and innovation based on human resource, organizational and governance development supported through modern forms of capacity building<sup>22</sup>, adapted to the different situations found in the EU mountain areas.

Mountain areas potential for innovation and capacity building is a key element to continue facing harsh natural conditions and problems linked to peripherality, depopulation and marginalization. Adaptation to climate change also requires innovative approaches adapted to mountain areas, for instance in relation to water management and natural hazards.

It focuses on enhancing the individual capacities of mountain local actors (e.g. through training, exchanges, access to modern communication technologies) and promoting the cooperation between the different organizations and sectors within appropriate forms of local governance.

As highlighted by a number of case studies and expert hearings, women play an important role in fostering innovation and cooperation processes in mountain areas. This aspect should be duly considered in the capacity building process. A forthcoming study on employment in rural areas (commissioned by DG Agriculture and Rural development) will provide further evidence based insights on gender aspects in rural employment relevant also for mountain areas.

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<sup>22</sup> See for instance the IMALP project within the 5<sup>th</sup> Research framework Programme [http://ec.europa.eu/research/agriculture/projects/qlrt\\_2001\\_01099\\_en.htm](http://ec.europa.eu/research/agriculture/projects/qlrt_2001_01099_en.htm)

#### 4. THE EU SUPPORT TO MOUNTAIN AGRICULTURE

Mountain policies are in general part of wider policies addressing issues related to socio-economic development, infrastructure and environment. As regards agriculture and rural development, mountain farms and other rural actors have access to all the tools to be found in both the 1<sup>st</sup> pillar and the 2<sup>nd</sup> pillar of the CAP.

Some of the policy instruments available address specifically the needs of farms in mountain areas, while the wide majority of the other instruments can be tailored to meet the particular features of mountain areas, even if applicable in all types of zone. The rationale behind this policy approach is based on the acknowledgement that European mountain areas are quite different each other and that a good degree of flexibility is needed for the Member States to adapt EU policies to the peculiarities of their territory.

- Under the **first pillar** of the CAP mountain farmers have in general access to the Single Payment Scheme or the Single Area Payment Scheme.

Unsurprisingly, the average amount of the single payment (613 €AWU on average in mountain LFA) is significantly lower than in other areas (1 303 €AWU in non mountain LFA and 1 540 €AWU in non LFA), due to past production patterns. However this is not the case in MS applying SAPS, where the aid is a flat-rate per hectare.

As an additional support under the first pillar, MS have the possibility under Article 68 of Regulation (EC) No 73/2009<sup>23</sup> to use up to 10% of their national budget ceiling for direct payments to grant specific support to farmers facing specific disadvantages in sectors which are particularly relevant in mountain areas, such as dairy, beef and veal, sheep meat and goat meat in economically or environmentally sensitive areas [Article 68(1)(b)]. Also other specific measures under this Article can contribute to viable farming in mountain areas, e.g. in the case of areas with restructuring and/or development programmes [Article 68(1)(c)].

- **Rural development** measures have been targeted at supporting mountain regions since 1975 and remain the principal means to help sustain farming in mountain areas.

60 rural development programmes 2007-2013 (RDPs) cover mountain areas. Member States have implemented the following measures in a way that specifically addresses the situation of mountain areas (e.g. by giving them a priority, or higher grants, or by defining specific action for mountain areas). *N.B. In the remaining RDPs mountain farms are also eligible for these measures, but with no special treatment compared to non-mountain farmers.*

- Measure 211 (Natural Handicap Payments in mountain areas) used in 60 RDPs<sup>24</sup>
- Measure 214 (Agri-Environment payments) used in 35 RDPs;
- Measure 121 (Modernisation of agricultural holdings), used in 27 RDPs;
- Measure 112 (setting up of young farmers), used in 21 RDPs;
- Measure 311 (Diversification into non-agricultural activities), used in 19 RDPs;
- Measure 122 (Improvement of the economic value of forest), used in 17 RDPs;
- Measure 125 (Improving agriculture and forestry infrastructure), used in 16 RDPs;
- Measure 221 (First afforestation of agricultural land), used in 15 RDPs.

The popularity of these measures appears to indicate a general strategic trend in support of mountain farm/mountain rural diversification and the development of the forestry sector (though there are some notable exceptions to this trend e.g. ES, which appears to favour farm and forest modernisation over diversification). MS vary in terms of the number of explicitly targeted measures to mountain areas.

<sup>23</sup> Premia for sheep and goat production in LFAs and for farmers practising transhumance are also foreseen under Articles 101&102 of the same Regulation; they are generally incorporated into the single payment.

<sup>24</sup> In 11 RDPs measure 211 is used jointly with measure 212, natural handicap payments in non-mountain LFA.

In terms of number of measures identified, IT and ES show the highest number of measures (7) followed by PT (6). In addition, the following measures represent a supplementary potential for addressing mountain needs, although they are not directly targeted to mountain areas in the RDPs:

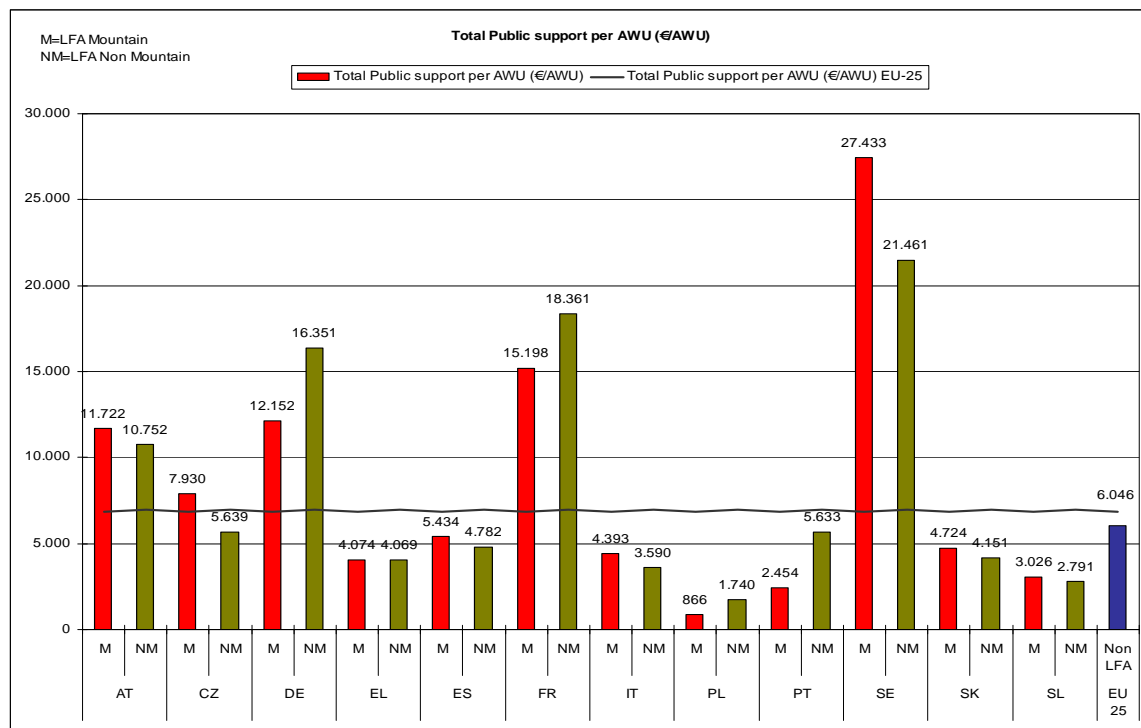
- Measure 123 (Adding value to agricultural and forestry products)
- Measure 216 (Support for non-productive investments)
- Measure 226 (Restoring forestry potential and introducing prevention actions)
- Measure 227 (Support for non-productive investments in forestry)
- Measure 313 (Encouragement of tourism activities)

➤ The instruments of the EU **quality policy** are available for products originating in mountain areas, or having characteristics derived from mountain production.

While Protected Designation of Origin (PDO), Protected Geographical Indication (PGI), and Traditional Speciality Guaranteed (TSG) are not specifically geared towards mountain farming, there are several PDO-PGI products entirely or partly produced in mountain areas for which registration has been granted. Some examples are listed in [Annex 4](#). Further to its Communication on agricultural product quality policy<sup>25</sup> and the following Council conclusions, the Commission is examining the feasibility of establishing an optional reserved term for 'product of mountain farming'. In terms of policy options, besides possible introduction of reserved term 'product of mountain farming' within the CAP, other options e.g. 'status quo' (no EU action), and guidelines for 'self-regulation by stakeholders', will be considered.

#### 4.1. Total public support to mountain farms

**Graph 3: Total public direct support, €/AWU (FADN data - average 2004-2005)**



When considering the average total public direct support<sup>26</sup> received by the holding, **FADN data** show that the annual amount received in LFA-mountain in 2004-2005<sup>27</sup> accounted for 6

<sup>25</sup> Quality Communication (COM(2009)234).

<sup>26</sup> Excluding subsidies on investments and Axis 3 support under rural development.

826 €/AWU (euro per annual working unit), somewhat higher than the EU-25 average public funding to non LFA farms of 6 046 €/AWU and comparable to the average public support in non-mountain LFA (6 988 €/AWU)(Graph 3).

In 9 Member States out of 14, the level of public support is higher in mountain areas than elsewhere, while in DE, FR, PL and PT public aid is on average lower in mountain than in non mountain LFA<sup>28</sup>.

The **CATS database** provides more recent data referring to the aid amounts received by CAP beneficiaries. Starting from 2007 it is possible to identify CAP beneficiaries who received a mountain LFA payment and to distinguish them from the beneficiaries of non-mountain LFA payments as well as from CAP beneficiaries who do not receive any LFA payment. The comparison between the average aid amounts received by these three types of CAP beneficiaries provides therefore an indication of CAP support levels in mountainous LFA, non-mountainous LFA and non-disadvantaged areas<sup>29</sup>.

Annex 5 provides tables indicating the total amount of CAP support received by the three types of CAP beneficiaries per each Member States. They confirm that in general mountain beneficiaries receive higher levels of support than beneficiaries in other areas, with the exception of Finland and Italy where the aids received by mountain-LFA beneficiaries are quite close and sometimes lower than non-mountain LFA beneficiaries.

#### **4.2. Overview of the EU Rural Development support to mountain beneficiaries**

Annex 6 contains the results of an analytical review of the National Strategy Plans (NSP) and Rural Development Programmes (RDP) 2007-2013 of Member States/regions having mountainous LFAs in their territory. The screening suggests that the availability and use of EU rural development measures in support of mountainous areas is widespread in many Member States.

EAGGF Guarantee section **monitoring data for 2002-2006** confirm this, with just under 30% of total EAGGF Guarantee expenditure allocated to mountain LFAs.

The break-down by measure shows that the biggest share of public expenditure to mountain areas in 2002-2006 are found, in decreasing order, under the following measures:

- LFA measure;
- forestry measures (other than the afforestation of agricultural land);
- setting-up of young farmers;
- investments in agricultural holdings;
- agri-environment and animal welfare.

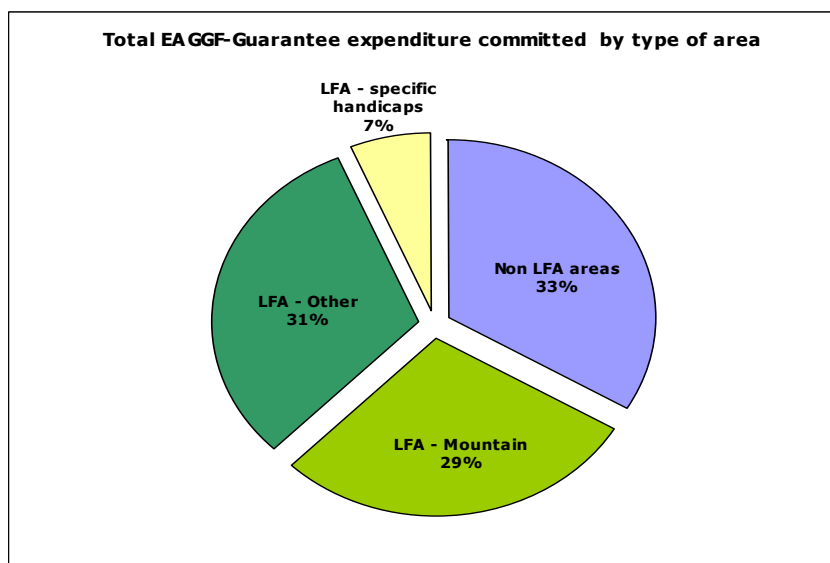
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<sup>27</sup> More recent periods were not chosen to avoid the inclusion of the first year of the programming period, which is general not representative as only partial amounts are paid to beneficiaries.

<sup>28</sup> In DE and PL, two countries where mountainous areas represent very small percentages of the total agricultural surface, the difference is due either to higher decoupled payments (PL) or to higher environmental payments (DE) in non mountain LFA compared to mountain areas. In PT, both decoupled payments and environmental payments are higher in non mountain than in mountain LFAs. In FR, decoupled, environmental and LFA payments are all higher in mountain than in non mountain areas. The difference is therefore due to pillar one coupled payments, which are higher in non mountain LFA than in mountainous areas.

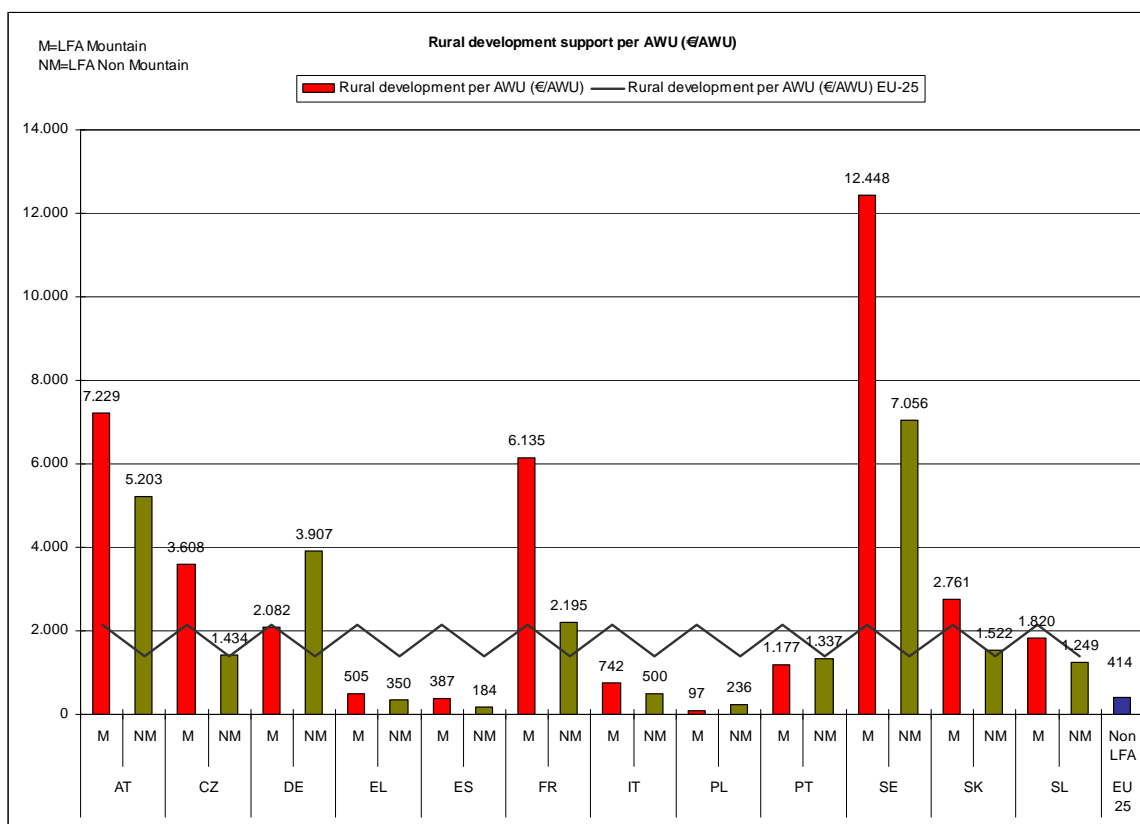
<sup>29</sup> It should however be considered that not all farmers in LFAs benefit from the LFA payment; the proportion of LFA beneficiaries in each type of area differs among MS and is in general higher in mountainous LFA than in non-mountainous LFAs.

**Graph 4: Rural Development EAGGF-Guarantee expenditure 2002-2006 – EU 25 - CAPIDIM data**



According to **FADN data**, rural development payments received by mountain farmers in the EU-25 totalled around 2 100 €AWU, on top of which additional subsidies on investments, at 291 €AWU, were also disbursed. These amounts are significantly higher than the funding received by farmers in LFA-non mountain (1 400 €AWU in terms of rural development payments and 169 €AWU in terms of subsidies on investments) (Graph 5).

**Graph 5: Rural development support per AWU (€AWU)**



Regarding individual Member States, summing up rural development payments and subsidies on investments, the amount of support provided in SE and AT to mountain farmers reaches around 12 400 €AWU, well above the average payments received by LFA-non mountain areas in those countries (around 6 000 €AWU in AT and 7 000 €AWU in SE). The third highest

value has been observed in FR, with about 7 000 €AWU. At the lowest end of the spectrum is PL with 113 €AWU, followed by ES (517 €AWU) and EL (577 €AWU).

### **4.3. The application of rural development measures in mountain areas**

The screening of 2007-2013 National Strategic Plans (NSPs) and RDPs shows that the range of support offered and its application in specific mountain regions varies greatly across the EU, both in terms of the types of measures used and the eligibility criteria applied to them.

Screening at country level reveals that most NSPs, in regions where there are extensive mountain areas, acknowledge the challenges facing mountain areas. However, in some regions the identified problems and constraints are not addressed through specific funding and measures. The presence of a detailed analysis of mountain areas and their challenges is often reflected in the range and sophistication of the measures included (or excluded) within individual RDPs.

#### **Measure 211: Natural handicap Payments in mountain areas**

The LFA-scheme is the key policy instrument targeting mountain areas. In the EU-25 the average LFA payment in mountain areas (2 455 €AWU) is considerably higher than in non-mountainous LFAs (1 448 €AWU). It accounts on average for 19% of the FNVA of the beneficiary farms, this percentage being much higher in some Member States (71% in SK, 37% in FI, 34% in SE and around 30% in CZ, FR, and SI). Sweden and Austria are well above the EU-25 average (5.100 €AWU and 2.700 €AWU respectively), together with France and the Czech Republic (4.100 €AWU and 2.800 €AWU respectively).

All RDPs 2007-2013 include support measures for Less Favoured Areas (Measures 211 & 212). A detailed description of the criteria applied in the RDPs 2007-2013 for the implementation of the LFA scheme in mountain areas (measure 211) is given in Annex 6.

In general, the criteria applied for eligibility and the calculation of the level of payment vary enormously throughout the EU, up to 750 €/ha in Madeira. There appears to be no direct correlation between the amount of support provided and the percentage of mountainous areas that could benefit from such support within a country. However, results also indicate that the eligibility criteria used under measure 211 appear to become more sophisticated where there is a higher proportion of mountain areas within a region, reflecting what appears to be an underlying objective to improve targeting of the measure, increasingly directing support towards those areas where the need is greatest.

The on-going LFA review (COM(2009)161 of 21 April 2009) does not affect mountain areas, insofar it focuses on the delimitation of non mountainous LFAs. The criteria for designating mountain areas are in fact not questioned, since they are already based on objective natural handicaps (length of the growing period because of altitude and slope) and are consistent with the land management objectives of the scheme, as revised by the Council in 2005<sup>30</sup>.

However, some of the aspects discussed within the review are of interest also for mountain areas, in particular the exclusion of some farms from the aid because of their small size or because the farmer does not practise farming as his/her main occupation. Given the high proportion of small farms and the relatively high degree of pluriactivity in mountain areas,

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<sup>30</sup> Namely to maintain the countryside and to promote sustainable farming systems (Recital 33 of Regulation (EC) No 1698/2005).

such exclusions could affect the impact of the measure and should be carefully assessed when designing the implementation of the measure.

### **Measure 214: Agri-environment payments**

Measure 214 is the most frequently used amongst the other measures explicitly addressing the needs of mountain areas. According to the results of the screening it is included in this capacity in 35 (57%) of the RDPs. The analysis reveals a highly varied approach in the design of this measure for mountain areas.

Five main types emerge, all of which have tended to be used with equal frequency, namely: (i) Environmental sensitive areas, which include Nature 2000 and vulnerable areas; (ii) Specific crops, when the measure has been applied to support a particular kind of crop (for example rye, wheat, barley) including endangered local crops; (iii) Animal species at risk, targeted at preserving native species (iv) Mountain pasture; wetlands, grasslands and meadows and specific holdings, for example those located in environmental sensitive areas; and, (v) Organic farming and environmentally friendly practices.

According to FADN data 2004-2005, agri-environment payments made a significant contribution to mountain farms income (between 19% and 40% of total farms' income) in DE, FI, AT, SI and SE. On the other hand, this contribution was zero or very low – between 0 and 5% - in EL, ES, IT and PL.

### **Measure 121: Modernisation of agricultural holdings**

In 27 RDPs (4 MS in total: FR, IT, ES, CZ) this measure is explicitly linked with mountain areas and mountain farming activities. 15% of the RDPs indicate specific priority for mountain farmers/holding, including also specific priorities for sectors that are relevant and/or exclusive to mountain areas. In practical terms this usually translates in a higher level of payment granted to these subjects.

The application of differentiated payment criteria and levels is applied by the majority of the RDPs (69%) which explicitly set different payment criteria and level according to the location of the holdings (e.g.: LFA/non LFA areas). These different payment parameters include different min/max eligible amounts, % of total investment supported, etc. In a few cases, the measure is completely implemented in mountain areas (e.g. IT-Trento). The levels of payment (expressed in terms of % of total eligible investment cost) vary between RDPs, ranging from 45% to 75%. Usually the percentages applied for mountain area holdings are 5 to 10% points higher compared to the percentages in non-mountainous areas. In RO a higher priority is given to LFA farmers in the selection procedure.

### **Measure 112: Setting up of young farmers**

In 21 RDPs this measure is explicitly linked to mountain farming areas. The majority of the RDPs (14 out of 21) set different payment levels depending on farm location, where the support for farms in mountain areas (and other LFA areas as well) is higher than the reference payment level (on average, +10%). When this mechanism is not applied, RDPs indicate that consideration should be given to giving priority to young farmers setting up in mountain areas in the selection of the applications (in particular, this applies in several Spanish RDP).

## **Measure 311: Diversification into non-agricultural activities**

This measure is directly linked to the support of mountain areas in 19 RDPs (among which 16 Italian RDPs, FR-Reunion, Navarra and Cataluña for Spain). In practically all cases, the link is provided by an explicit targeting to mountain areas or areas where mountains are relevant such as disadvantaged areas and LFA that suffer of depopulation.

This targeting action has been translated to ensuring a priority for the actions to be carried out in these areas or even more through an exclusive application of the measure. This means that either farmers on other areas are excluded for the support, or the farmers in mountain areas are given priority during the selection of the projects.

From the economic support point of view, in those cases in which priority is given to mountain areas, farmers (or farmers' family members) can receive a higher % of total investment expenditures supported (e.g. 50% in LFA areas against the 40% in other areas or 45% in disadvantaged areas against the 35%). When the measure is exclusively applied in mountain areas the support percentage varies from 30% to 75% according to different factors such as area, type of farmer (e.g. young farmer), type of project.

### **4.4. Further RDP potential for mountain areas**

The analysis undertaken on 60 RDPs indicates that many other RDP measures are considered to have a relevant role in supporting mountain areas even if no explicit reference is made about mountain farming in the RDPs. 30 measures considered relevant to mountain areas have been identified at least once in the analysed RDPs, revealing a considerable potential for increased visibility and targeting of existing measures to mountain areas.

Some of these measures are the same mentioned in the previous section, with measure 214 being identified in 40 RDPs. Other measures of Axis 2 considered to be of particular relevance are measure 216 Non-productive investments in farmland and the forestry-related measures 226 and 227.

The importance of the forestry sector is confirmed by the high frequency of measure 122 as being relevant to mountain areas in Axis 1. In this axis the other most relevant measures are the ones related to investments (121 and 123) together with the measure on cooperation for the development of new product, processes and technologies. Among Axis 3 measures, measure 313 is relevant in mountain areas in many RDPs, followed by measures 311. Independently of the RDP screening, it can be considered that other measures in Axis 3 are relevant for mountain areas, namely those related to rural roads (321), village renewal (322) and tourism (312).

In certain MS, for example, IT, RO and SE 6 or 7 different measures have been identified as being of relevance to mountain areas even if no specific reference to mountain areas is made in the RDP, 5 in ES and FR.

### **4.5. The Leader approach in mountain areas**

Axis 4 of the Rural development Policy has been widely used in mountain rural areas to design and implement hundreds of local development strategies.

LEADER views local people as the principal asset of rural areas, and aims to find innovative and integrated or multi-sectoral solutions to rural problems, through partnerships with key public and private local development actors (LAGs) and by stressing the importance of national and trans-national networking and cooperation. Particularly

important LEADER projects are those that reinforced local identity; linked local sectors such as farming and tourism; commercialised cultural and environmental assets; developed new applications of information and communication technologies.

Several hundreds local action groups are active in mountain regions. Local development strategies encompass several sectors and many successful examples can be found in mountain areas. One of the Leader+ best practices in mountain areas is presented in Box 3.

**BOX 3: THE ALMO CULINARY REGION: ALMENLAND RESTAURANTS AND REGIONAL (BEEF) MARKETING**

The Leader+ region "Almenland Teichalm – Sommeralm" is located in a part of Styria which ranks among the largest contiguous areas where traditional alpine pastoral agriculture prevails. From spring to autumn the herds roam on pastures and traditional farming practice is rewarded with excellent quality meat. The basis of the farmers' livelihood is about 5,000 oxen on a total of 3,600 ha of alpine pastures. The beef made from the oxen has become an essential part of the local development strategy for the area.

Under Leader+ the LAG's strategy began to focus increasingly on production of quality meat as the central theme of the region. The Almo, i.e. the ox raised on the areas' alpine pastures, is now a registered trademark and the product is being certified. The main idea is to promote and develop the market position of the Almo-region as 'Genussregion', which literally means 'the region of leisure' for tourists and as the origin of a series of high-quality products.

The whole development process is based on the municipalities as 'institutional' stakeholders, the farmers and regional providers of tourism services etc. Throughout the whole development process continuous information of the population and the open and direct contact between all major stakeholders has been a key asset of the strategy.

A regional cluster of quality restaurants has emerged who offer specialities made from regional products. The major economic step has been initiated when the cattle producers entered into cooperation with a regionally based producer of 'delicacies' (in German: Feinkost): The farmers, the regional slaughterhouse and the producing company have joined an alliance for quality production. The key point is that the producing company has sales stands in about 250 outlets of a supermarket chain, which are spread all over Austria. The regional initiative Almenland was founded in 1995 under Leader II. The cooperation between farmers, gastronomy and other providers of tourism facilities has been developed and intensified continuously.

## 5. PERSPECTIVES: ENSURING A FUTURE FOR MOUNTAIN AGRICULTURE

### 5.1. Main conclusions of the analysis

A mixed picture of mountain agriculture emerges from the analysis.

Mountain farming has an excellent record in adding value and producing quality products. It is a key asset for maintaining valuable habitats, unique landscapes and cultural heritage from north to south and east to west of Europe. It faces however specific permanent handicaps which limit its capacity to adapt and rationalise its economic activity. As a result, mountain farms have a lower economic potential<sup>31</sup> than in other areas. However, natural hardship has not resulted in a situation of immobility or resistance to change.

Since 1995 mountain farms have been more dynamic than farms in non disadvantaged areas in enlarging their size and in improving their area and labour productivity. They are on average bigger than in non LFAs in half of the Member States concerned. In France, Greece and Sweden mountainous agricultural area has increased since 1995, contrary to Austria and Portugal where it declined.

Recent case studies<sup>32</sup> suggest that in France, Spain and Poland the areas most at risk of farmland abandonment are generally non-mountainous. Other case studies<sup>33</sup> show a progressive withdrawal of agricultural management on permanent pastures and steeper slopes particularly in Portugal and Italy.

Mountain rural areas in the Fennoscandian mountains and on islands suffer from particularly low accessibility; in Austria, more than 86% of mountain pastures are accessible by truck.

Agricultural areas in mountain valleys may suffer from urban and tourism pressure, but closer urban areas and renowned touristic centres represent an opportunity for farmers to market their products and diversify into non-agricultural activities.

Farm pluriactivity and diversification are in general well established in mountain areas; however the percentage of mountain farmers having another gainful activity varies from 81% in Slovenia and 73% in Sweden to 22% in Portugal and 20% in Greece.

Mountain farm income is on average lower than in non disadvantaged areas, but quite similar to the average in non mountainous LFAs. It is also higher than the average income in non disadvantaged areas of the EU-10.<sup>34</sup>

In 9 Member States out of 14 the level of public support received by the farms is higher in mountain areas than elsewhere, while in Germany, France, Poland and Portugal public aid is on average lower in mountain than in non mountainous LFAs.

In summary, the average situation of mountain farming in the EU does not appear extremely critical in comparison with other areas, but should be better studied, in particular in the Member States which joined the EU in 2004 and 2007. EU mountain areas present also considerable strengths and some of them already constitute a model of sustainable development for other mountain areas in the world.

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<sup>31</sup> Standard gross margin per annual working unit.

<sup>32</sup> JRC 2008.

<sup>33</sup> IEEP 2006

<sup>34</sup> With the exception of PL, PT and SI - Data without BG and RO.

As highlighted by previous studies<sup>35</sup> EU mountain areas are very different from each other and considerable differences characterise also the agricultural sector in these areas. A 'one size fits all' approach is not a good recipe for them.

## **5.2. Improving the policy tools for mountain agriculture**

Mountain rural areas are an important asset for the EU as a whole and their importance is recognized by the policy framework in force. A full set of instruments is already in place and they are well adapted to address all the diversified needs of mountain areas.

The 'Resolution on mountain agriculture' signed in Krün, Germany on 10 July 2009 by seven Alpine regions (see Box 4) corroborates the view that all the required policy tools are already in place, since it insists more on detailed elements of the current measures (e.g. increase the maximum amounts for LFA and AEM, simplify the administrative requirements) than on the need for new policy instruments. Some of the suggestions made in Krün such as fostering the quality policy for mountain products will be fed into the on-going debate on the quality policy for agricultural products.

It is important that the national authorities make the choice to preserve and make the most of their mountain asset. The key aspect for improving policy effectiveness lies in a coherent strategy, which makes use of all the instruments available and implements them in a targeted way. Several Member States/regions limit their 'mountain targeting' to the implementation of few classical instruments, like the LFA payments, whereas a wealth of opportunities exist to stimulate innovation and diversification, and close the digital divide.

Analysis results suggest that the availability and use of EU rural development measures in support of mountainous areas (both direct and indirect) is widespread in many Member States. It is also clear that the type of support offered and its application in specific mountain regions varies greatly across the EU, both in the types of measures used and the eligibility criteria applied to them.

This finding suggests that the current EAFRD Rural Development policy framework and range of measures (and sub-measures) available are not a constraint to the development of mountain areas but rather it is the use and application of these policies and measures in individual member states and regions that remains critical to mountain areas support effectiveness and overall impact.

Understanding of the various problems, constraints, strategic priorities, approaches and methods of supporting mountain areas within the EU appears to vary greatly within and between countries.

Where NSPs are less well elaborated in defining the problems and opportunities in mountain areas, or lack a well developed framework of policy responses, they tend to result in more varied and inconsistent RDPs, in terms of the approaches taken in the selection and design of specific measures and sub-measures in support of mountain areas.

Whereas, when there is greater analysis and definition in the NSP's of the mountain area issues and policy responses, there tends to be a greater coherence and consistency in the approach and choice of measures within RDPs.

There also appears to be a large variance in the level of funding and range of support available between regions, and that their correlation with the amount of mountainous areas within a region is limited.

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<sup>35</sup> Nordregio (2004)

### The Krün Resolution on mountain agriculture

Following an initiative of five mountain regions of the EU a framework for analysing the needs of mountain agriculture and for suggesting policy improvements was established in spring 2009. The results of this joint work are presented in a "Resolution on mountain agriculture" signed in Krün (DE) on 10 July 2009 by seven Alpine regions [Tirol and Vorarlberg (AT), Bavaria (DE), Bolzano, Friuli Venezia-Giulia, Trento and Valle d'Aosta (IT)].

The suggestions made in Krün represent an interesting input for the development of the CAP approach to mountain areas. Some of them fit inside on-going policy processes such as the **CAP simplification** and the fostering of the **quality policy** for agricultural products. These will therefore be considered in the framework of the forthcoming EU initiatives in these domains. It should also be looked whether existing difficulties originate from the EU legislation or from its national implementation and if the eligibility criteria fixed by the national authorities could be optimised with a view to the specificities of mountain farms.

Other requests raise more reserves. The setting up of a specific **premium for ruminants** - aiming at ensuring a sustainable management of grassland - has already been put into question by the national authorities of some of the proposing regions. It should be considered that the additional aid under Article 68 of Regulation (EC) No 73/2009 and the agri-environmental payments can already be used for the purposes indicated in the resolution and represent a more targeted tool for fostering a sustainable land management, without jeopardizing the CAP architecture.

As regards a possible increase of the **maximum amount of** the compensatory allowance under the **LFA** scheme, it should be noted that:

- a. The maximum amount of the LFA payment allowed in mountain areas was already increased from 200 to 250 €/hectare during the programming period 2000-2006, while the maximum rate in non-mountainous LFAs is set at 150 €/hectare;
- b. The above maximum amount is the average not to be exceeded at the level of the Member State. Higher payments are already possible and are made in some mountain regions if they are justified by objective circumstances;
- c. The amount of the aid should always be based on an objective calculation of the additional costs and income foregone related to the handicap for the agricultural production in the area concerned;
- d. Finally, the need for an increase of the average maximum amount could be analysed in the framework of the impact assessments preceding the relevant legislative proposals for the post 2013.

The consideration under d. above is also valid for the payments made under the **agri-environmental measures**, for which the maximum amount of aid can reach up to 600 €/ha for annual crops, 900 €/ha for specialised perennial crops, 450 €/ha for other land uses and 200 € per livestock unit in the case of local breeds in danger of being lost to farming. It should also be mentioned that following the health check of the CAP, it is now possible to increase these amounts for operations of interest for mountain areas such as those related to climate change, renewable energies, water management, biodiversity and the restructuring of the dairy sector.

As regards the request for higher **aid intensities for investments**, under the rural development programmes the intensity of the aid for the modernisation of agricultural holdings in mountain areas is already 10% higher than in non-disadvantaged areas and can reach 50% of the amount of the eligible investment; in addition, if the beneficiaries are young farmers in mountain areas, the intensity can reach up to 60%. Similarly, state aids for farm investments related to the safeguard of the environment in mountain areas can also benefit from a higher aid intensity (75%) compared to non-disadvantaged areas (60%). The current findings of the analysis of the situation of mountain farms compared to other areas do not provide a justification for these percentages to be raised.

It is also worth mentioning that following the outcome of the Council meeting of agriculture ministers of 7 September 2009, the Commission on 28 October 2009 amended the Temporary framework for State aid measures to support access to finance in the current financial and economic crisis, in order to give Member States the possibility to grant aid not exceeding a cash grant (or gross grant equivalent) of up to EUR 15 000 per undertaking active in the primary production of agricultural products until 31.12.2010.

How can the above conclusions serve the purposes of the development of the EU policy for mountain rural areas? In particular, how can the CAP contribute more effectively to set up a significant development dynamic in those mountain areas which are most at risk of

marginalization? And how can it accompany the sustainable development of the most performing ones?

While the answer will depend on the overall policy architecture for the 2020 perspective, it is already possible to indicate the following six points as the prerequisites for an effective support to mountain rural areas.

### *Start from an in-depth territorial analysis*

All experts converge on the need of an in-depth and detailed territorial analysis before applying the instruments available for mountain areas. The Member States having mountain areas on their territory could include a specific SWOT analysis of these areas in their rural development strategies, also in relation with the surrounding zones and with the other types of rural areas present in the Member State.

The territorial diagnosis may then be used as a basis for the rural development strategy, including the allocation of the financial resources between measures and the appropriate calibration of the weight given to the measures most adapted to each type of area.

### *Tailor the 'top down' measures available according to the territorial analysis*

LFA and agro-environmental payments represent on average 27% of the mountain farms' income. Together with forestry measures and with support to farm investments and to the setting up of young farmers, these 'top down' measures are essential for the viability of mountain farms.

When appropriately tailored to the specificities of the areas where they are implemented, these measures achieve a better targeting and visibility, as shown by the RDPs of some Member States/regions with high percentages of mountain territory (e.g. Austria) or with a clear characterization of mountain areas (e.g. some Italian regions).

A specific tailoring of agri-environmental measures to be applied in mountain areas could highlight and enhance the potential that have these measures in remunerating the public goods offered by mountain farming.

The possibility to set maximum amount payments specific for mountain areas in the Community legislation could also be considered, while keeping the principle that the amount of the aid should always be based on an objective calculation of the additional costs and income foregone related to the handicap or to the environmental commitment.

The tailoring should in any case be made at the national or regional level, leaving a high degree of flexibility to the Member States to respond to the local needs. It could take the form of a specific mountain section in the description of the measures within the rural development programmes or of a specific mountain section (or box) within the programme, depending on the RDPs' architecture that will be defined for the next programming period.

Regionalised Member States could also consider the option of setting up a national framework for mountain areas, including the main elements of the measures to be applied in mountain areas and a harmonized monitoring of their application.

### ***Improve the coordination between measures, funds and areas***

Individual measures or measures of sector policies alone cannot tackle the problems of the most marginalized mountain areas nor can adequately support the potentialities of the most performing areas. Two types of interactions should be taken into account to support sustainable and innovative development approaches in mountain areas:

- Firstly, there is a strong complementarity and interdependence between agriculture, forestry and other economic sectors.
- Secondly, mountain areas' development is interlinked with the situation and the policy implemented in the surrounding zones.

It is therefore advisable to establish integrated approaches and appropriate coordination mechanisms at all levels of governance, so that the instruments in place in the different sectors and areas can interact harmoniously, where possible create synergies and avoid as far as possible unintended effects.

In particular, the EU Structural Funds may provide a complementary source of funding directly for the mountain areas as regards for example basic services and training. Several common domains of intervention have to be coordinated: basic services, network infrastructure (transport, water), natural heritage, economic diversification, communication technology, renewable energy, risk prevention, research and innovation and training. Frequently used demarcation criteria (not specific to mountain areas) are types of economic sector (agricultural, non agricultural), type of beneficiary (farmer, non farmer), size of project, maximum amount of project, location of the project (rural, non rural), territorial impact of the project (regional, local) and type of investment.

Each rural development programme for 2007-2013 includes already the coordination mechanisms and demarcation lines between the EARDF and the structural funds. The establishment of detailed coordination lines applying to specific areas – or to types of areas - could be considered when future development strategies will be designed.

Finally, the interactions and possible cooperation of mountain areas with other types of areas is crucial for the viability of mountain farms (e.g. affirmation of mountain quality products on the markets of urban and peri-urban areas), but also for the overall sustainable management of the natural resources, in particular water management and renewable energies.

Inter-area cooperation plays also a key role in the tourism sector, whose potential for the green growth of mountain areas remains high, provided that the tourist offer is adapted to the ecosystem of the area.

### ***Enhance innovation and capacity building in mountain areas, involving the local population***

There are no doubts about the richness and the variety of the know-how of mountain areas, and of the capacity of some EU mountain areas to serve as a model for other areas in the world. Still, mountain rural areas continue to face harsh natural conditions and problems linked to peripherality, and are more exposed to the risk of depopulation and marginalization. Adaptation to climate change also requires innovative approaches adapted to mountain areas, for instance in relation to water management and natural hazards.

Face to these problems, human resource, organizational and governance development play a key role and should be adequately supported through modern forms of capacity building,

adapted to the different situations found in the EU mountain areas. These forms of capacity building should aim at enhancing the individual capacities of mountain local actors (e.g. through training, exchanges, access to modern communication technologies) and promote the cooperation between the different organizations and sectors within appropriate forms of local governance.

As highlighted by a number of case studies and expert hearings, women play an important role in fostering innovation and cooperation processes in mountain areas. This aspect should be duly considered in the capacity building process. A forthcoming study on employment in rural areas (commissioned by DG Agriculture and Rural development) could spread more light on gender aspects in rural employment relevant also for mountain areas.

***Promote integrated bottom-up approaches based on public-private territorial cooperation (include transborder)***

If appropriate top down measures are considered essential for the viability of mountain farms, they need to be complemented by integrated bottom-up approaches, which take into account the high level of integration of the farming population in off-farm labour markets and of the interlinks with the neighbouring areas.

The Krün resolution advocates for a strengthening the support to public-private territorial cooperation and there is consensus about the crucial role that collective and integrated approaches play for the long-term sustainable development of mountain areas. Examples are provided by integrated projects based on the valorization of quality products through the whole production, processing and marketing chain, in connection with the tourism activities in the area.

It is also important to allow for transborder cooperation mechanisms when the mountain ranges lie on the border with other countries.

Leader-type approaches can provide a long-term vision to mountain communities and their development in connection with top-down area related payments appears essential to most mountain experts and stakeholders.

***Maintain flexibility for Member States***

Maintaining a high degree of flexibility for the Member States when implementing and tailoring the CAP instruments to their mountain areas is of the utmost importance.

The need for flexibility results first of all from the differences of mountain areas, by their relative importance and by the institutional rules and practices in place in each Member State.

Secondly, there should not be trade off between an increased policy visibility and the administrative burden linked to the policy implementation.

Last but not least, the implementation of rural development measures in mountain areas should take account of the relative situation of other types of areas in the Member State, and be inscribed in a consistent territorial development strategy, in coordination with the other funds.

Member States where mountain areas cover a significant part of the territory and have common features, could consider the option of establishing specific regional or inter-regional strategies and rural development programmes covering the area of a mountain massif (as it is for instance the case for regional development programmes in France).

### **5.3. Next steps**

The indications mentioned above intend to make a contribution to the forthcoming discussions on the CAP after 2013 as well as to the wider debate on territorial cohesion. They could be better articulated when defining the policy options for the CAP architecture in a 2020 perspective.

In the short term, and within the existing policy and regulatory framework, there are a number of steps that can be taken by the Commission to improve mountain areas support effectiveness and overall impact:

- a. Give more visibility to the support instruments currently available for mountain farming;
- b. Examine possible ways to better inform consumers and other actors in the food chain about the products of mountain farming, as well as assess the feasibility of establishing an optional reserved term for 'product of mountain farming';
- c. Develop the study of land abandonment in the EU with the identification of common specific indicators;
- d. Examine whether the maximum amounts of the aid under the LFA scheme and the agri-environmental measures are appropriate, considering the different types of areas concerned;
- e. Seize the opportunity of the RDPs mid-term evaluation to appraise the targeting on mountain areas of all the potential offered by the current rural development policy, in close cooperation with the Member States. The mid-term evaluation could also examine how to make sure that the mountain farming is properly addressed in the RDP's and whether it is possible to simplify the implementation of the measures in place within the current legal framework;
- a) Contribute to the discussion about innovation and rural development in mountain areas in the context of the Convention of the Alps, with the aim of identifying key concepts and best practices which could be useful for all the EU mountain ranges.

Mountain areas will continue to have an important place within the CAP. Future enlargements, climate change and the greater accent on quality products and public goods offered by agriculture will keep policy focus on mountain rural areas. The basis of knowledge and the level of awareness on their needs are wider than ever in the past. The time is now for developing the debate leading to policy options in a 2020 perspective.