

THE CRITERIA FOR THE DEFINITION OF SEMI- SUBSISTENCE FARMING IN EU: EXPERIENCE FOR UKRAINE

Reaching a common understanding of what constitutes a family farm is challenging. Across the globe, family farming incorporates farms of many different types and sizes, with both full and part-time farmers, and farmers with and without other gainful activities. For many people, the concept of family farming is synonymous with small, semi-subsistence farms (SSFs). However, there are many large, commercially viable farms that are also family owned and operated. In the context of the FAO definition of a family farm is “an agricultural holding which is managed and operated by a household and where farm labour is largely supplied by that household”.

Using this FAO definition, over 97 percent of the 12 million farms in Europe can be considered family farms, where the vast majority of the labour is supplied by the family [1, p. 14]. Large incorporated farms account for only a small proportion of farms and mainly in formerly centrally-planned economies. Despite its predominance in the structure of agriculture, a number of issues threaten the sustainability of the family farming model in Europe. These challenges can be both internal to the farm, such as issues of family transfer and the engagement of women, and external such as land and market prices, access to credit and availability of off-farm employment [2].

The structure of EU farms is multi-dimensional, comprising amongst others the absolute number of farms in a country or region, the total size of its agricultural area and labour force, as well as the distribution of farms according to their physical and economic size. Striking differences can be observed among Member States for all of these parameters. Some Member States have a large number of farms but a low share of UAA, leading to a small average farm size in physical terms. The opposite – a small number of relatively large farms – can be found in other Member States. In some cases, both extremes exist side by side in a bipolar structure, where a few large farms use the greater part of the land and the rest is divided among

many small holdings.

In 2010 the EU Member States with the greatest number of farms and labour input were Romania (32% of all farms, 17% of total labour input), Poland (13% of farms, 19% of labour input) and Italy (14% of farms, 10% of labour input). In terms of UAA, the most important EU Member States are France (16% of total UAA), Spain (14%) and Germany (10%). More than 70% of the total UAA can be found in the old Member States, while the agricultural labour force is distributed in a much more balanced way between old and new Member States. The average physical farm size in the EU-15 (23.6 ha) is significantly higher than in the EU-N12 (7.1 ha), leading to an EU-27 average of 14.3 ha per farm. Most farms in the EU-27 can be characterised as small in physical terms, since 70% of them have less than 5 ha of UAA and only 6% had more than 50 ha of UAA in 2010 [3, 110].

Semi-subsistence farms produce mainly for their own consumption but also sell a share of their production on the market. Three different criteria can be used for the definition of semi-subsistence farming: physical farm size, economic farm size and market participation. In terms of the physical farm size, it is sometimes put forward that semi-subsistence farms are small farms operating on an agricultural area (UAA) of 5 ha or less. However, depending on the type of agricultural activities, such farms can be highly specialized (e.g. in pig or poultry production, vineyards, flowers or horticulture) and generate a considerable amount of output, of which only a very small part may be for own consumption. The physical farm size is thus no adequate measure for semi-subsistence farming. For market participation, data are scarce in the EU. This leaves the economic farm size as a measure to identify semi-subsistence farms [3, p.119].

The methodology for determining the economic size of farms has changed between 2007 and 2010. Until 2007 the Farm Structure Survey (FSS) and the Farm Accountancy Data Network (FADN) used standard gross margins (SGM) to classify agricultural holdings by type of farming and by economic size. An SGM of EUR 1200 corresponded to one European Size Unit (ESU), and farms with less than one ESU were considered to be semi-subsistence farms. In the FSS 2010 and onward this classification has changed and now uses standard output (SO) instead. The SO is the average monetary value of the agricultural output at farm-gate price, in euro per hectare or per head of livestock. There is a regional SO coefficient for each product, as an average value over a reference period (5 years). The sum of the SO per hectare of crop and per head of livestock in a farm is a measure of its overall economic size, expressed in euro.

The SO threshold thus needs to be higher than the EUR 1200 SGM (= 1 ESU) threshold used before to arrive at a similar economic size for semi-subsistence farms. Based on the available classifications in the Eurostat database, and in line with the economic size classes provided in Commission Regulation (EC) No 1242/2008, semi subsistence farms might be interpreted as farms with less than EUR 4000 SO. This threshold is used in the following to measure the number and share of semi-subsistence farms.

References

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3. Rural Development in the EU. Statistical and Economic Information. Report 2013. – European Union, 2014. – 382 p.
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