

Worksheet: Master-Thesis about key-factors for the future development of the small farming sector in the European Union

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Abstract:

The development of the European agricultural sector since 1945 was inconsistent and heterogeneous. In particular if all EU27 countries are taken into account.

Anyway there are similarities between the development of so different countries like Germany and Romania. The most farms in these countries are still little. In the mean, European farm areas are about 12 hectares, in Eastern Europe even less. The question how the future of these millions of small farms will look like, is pressing, considering an agricultural industry, increasingly dominating in all European countries and a supermarketization of the European food sector.

This little study has an explorative character and deals with the key factors which possibly can decide the future of small farming in Europe. The future expressions of these key-factors are investigated. They are combined and analyzed in different easy standard scenarios.

Methods:

Beside the research of the key-factors and their categorization in a STEEP-analysis, the public discussion about the new CAP-reform of the European Commission was analyzed. This was used to determinate the most important factors and their possible future expressions for the development of the small farming sector in the EU27. Standard scenarios were built from the key-factors and opposed to principle opinions of different groups of stakeholders of the agricultural sector.

Results and discussion:

None of the principle opinions mentioned in the CAP-discussion corresponded fully with the standard scenarios for the future of the small farming sector. Neither the market principle nor the sustainability or the consumer interests are congruent with the interests of small farmers in Europe. The key-factors which were found for the future of the small farming sector are showing very different future expressions, depending on the policy which the European Union will implement for the next years. None of the lobby-groups represents the small farming sector in an authentic manner, so the politic plays an important role to foster development of small European farms.

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This is a worksheet only for the master-thesis about the key-factors for the future of the small farming sectors in Europe. The complete master-thesis is in German language and not translated yet. Anyway the following thoughts include the core of the thesis, while key factors and their future expressions for the development of small farms are described.

STEEP-Analysis of environmental factors with regard to the small farming sector

The current discussion about the small farming sector in EU is complex. To start a search about the subjects discussed in politics and society seems to be easier with a tool which leads to the main aspects of the discussion. The discussion is influenced by aspects of society, technology, economy, ecology and politics. Besides there may also be cultural aspects which are not included in the category of society, but anyway should be emphasized. The STEEP-Analysis is a kind of a three-sixty-view and helps to find complex approaches to the subject of the small agriculture in Europe. It was utilized in the first instance to analyze the CAP 2013 discussion compelled by the EU-Commission in 2010. A report of this public discussion for the future of agriculture in Europe is available (GAP 2013 report). The most important key words in this context were also proved in with regards to their frequency of use in the web (number of Google matches) The relevancy of the key words in the discussion and their frequency of use in the internet were matched with values of 50% for frequency of use (currency) and 50% importance in the GAP 2013 discussion. A ranking of the most relevant terms was issued and the relationships between the keywords were reflected. Finally the key words were allocated to four different categories, extracted from STEEP-Analysis, as leading principles of the public discussion about the future of European agriculture. These principles are: market (competition), sustainability, consumer principle, social balance.

Society	Technology	Economy	Ecology	Politics	Culture
Quality of life	Research and innovation	Competitiveness	preservation	Finding compromises	Small scaled landscapes
Consumers protection	Automatization	Economization,	Diversity conservation	Equilibration of interests	Conservation of rural structure
Price-stability	pesticides	Productivity	stop soil erosion	Strategies for the future	Conservation of traditions
Environment-protection	machinery	Charges	greening	Interests of the public	
Reducing subsidies	Distribution Logistics	market access	Clean water	Interests of industry	
High food quality	Prices commodities machines	Rentability	Bio-Food	Fostering european integration	
comfort	Investment subsidies	Profit	sustainability		

STEEP-C - The graph shows the result of the STEEP-C Analysis (frequent key words in 6 categories)

The STEEP-C-Analysis translated in principles

Four different principles could be considered:

1. Principle of Consumers (e.g. quality, stability, security, prices)
2. Principle of Sustainability (e.g. environment protection, life-quality, health, bio food)
3. Principle of market (e.g. competition, economization, market access, profit)
4. Principle of social balance (e.g. rural development, conservation of culture, wealth, employment)

Which organizations are standing for the different principles?

1. Consumer organizations, political parties, political institutions
2. Environment organizations, green parties, political institutions, other NGOs
3. Farmers organizations, farmer lobby, food industry, agriculture industry, Investors
4. Political institutions, tax-payers and citizens, people living at countryside, little farmers, middle size farmers

The ranking of key words, are resulting hits from a Google search: (the key words were supplied in English language)

1. Knowhow, Wissenstransfer, Beratung, Forschung und Entwicklung 1.960.000.000 (education)
2. Arbeitsmarktentwicklung 1.720.000.000 (job market)
3. Preisentwicklung Lebensmittel 1.300.000.000 (food price)
4. Marktzugang 1.030.000.000 (market access)
5. Preisentwicklung Produktionsmittel 836.000.000 (production costs)
6. Einkommensentwicklung (Wohlstand) 199.000.000 (wealth), 628.000.000 (income)
7. Verbraucherverhalten 561.000.000 (consumer)
8. Kooperation, Netzworkebildung 207.000.000 (cooperation), 484.000.000 (Networking)
9. Qualitätserwartungen (Verbraucher, legislativ, Normen) 383.000.000 (product quality)
10. Infrastrukturentwicklung 221.000.000 (infrastructure)
11. Finanzierungsbedingungen 198.000.000 (financing)
12. Preisentwicklung Rohstoffe 80.600.000 (commodity prices)
13. Demografieentwicklung 7.770.000 Ergebnisse (demography)
14. Urbanisierungsgrad 7.520.000 (urbanisation)

The matching and weighting of the key words in compare to GAP 2013 discussion (chart)

At the left side of the chart the analysis of the GAP discussion and at the left side the google hits for the key words. On both sides of the chart the raking is already performed, but the lists are not integrated yet.

<ol style="list-style-type: none"> 1. Marktzugang (market access) 2. Qualitätserwartungen 	<ol style="list-style-type: none"> 1. Knowhow, Wissenstransfer, Beratung, Forschung und Entwicklung 1.960.000.000 (education)
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<p>(Verbraucher, legislativ, Normen (product quality))</p> <p>3. Kooperation, Netzwerkbildung (Cooperation), (Networking)</p> <p>4. Preisentwicklung Lebensmittel (Food Price)</p> <p>5. Knowhow, Wissenstransfer, Beratung, Forschung und Entwicklung (education)</p> <p>6. Einkommensentwicklung (Wohlstand) (wealth), (income)</p> <p>7. Arbeitsmarktentwicklung (job market)</p> <p>8. Verbraucherverhalten (Consumer)</p> <p>9. Demografieentwicklung (demography)</p> <p>10. Urbanisierungsgrad (urbanisation)</p> <p>11. Finanzierungsbedingungen (financing)</p> <p>12. Infrastrukturentwicklung (infrastructure)</p> <p>13. Preisentwicklung Produktionsmittel (production costs)</p> <p>14. Preisentwicklung Rohstoffe (commodity prices)</p>	<p>2. Arbeitsmarktentwicklung 1.720.000.000 (job market)</p> <p>3. Preisentwicklung Lebensmittel 1.300.000.000 (Food Price)</p> <p>4. Marktzugang 1.030.000.000 (market access)</p> <p>5. Preisentwicklung Produktionsmittel 836.000.000 (production costs)</p> <p>6. Einkommensentwicklung (Wohlstand) 199.000.000 (wealth), 628.000.000 (income)</p> <p>7. Verbraucherverhalten 561.000.000 (Consumer)</p> <p>8. Kooperation, Netzwerkbildung 207.000.000 (Cooperation), 484.000.000 (Networking)</p> <p>9. Qualitätserwartungen (Verbraucher, legislativ, Normen) 383.000.000 (product quality)</p> <p>10. Infrastrukturentwicklung 221.000.000 (infrastructure)</p> <p>11. Finanzierungsbedingungen 198.000.000 (financing)</p> <p>12. Preisentwicklung Rohstoffe 80.600.000 (commodity prices)</p> <p>13. Demografieentwicklung 7.770.000 Ergebnisse (demography)</p> <p>14. Urbanisierungsgrad 7.520.000 (urbanisation)</p>
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List of key word ranking after integration of the two basic lists:

1. Marktzugang 1.030.000.000 (market access)
2. Qualitätserwartungen (Verbraucher, legislativ, Normen) 383.000.000 (product quality)
3. Kooperation, Netzwerkbildung 207.000.000 (cooperation), 484.000.000 (networking)
4. Preisentwicklung Lebensmittel 1.300.000.000 (food price)

5. Knowhow, Wissenstransfer, Beratung, Forschung und Entwicklung 1.960.000.000 (education)
6. Einkommensentwicklung (Wohlstand) 199.000.000 (wealth), 628.000.000 (income)
7. Arbeitsmarktentwicklung 1.720.000.000 (job market)
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These key words will be used as key factors (, which should be analyzed in their relevancy and their future expressions for the small farming sector in Europe.

Notices about the GAP 2013 discussion

First it is possible to find factors which may be social, technologic, economic or ecologic even cultural in different expressions and affect the future of the small farming sector. The market access for small farms in the EU has economic, but also ecologic aspects and touches culture as well as politics and society in general. Otherwise the discussion is strongly influenced by stakeholders of very different sectors, like consumers-organizations, industry, environment-organizations and -parties, farmers and farmer-organizations, politicians and public institutions. All these actors are using facts as arguments, which should underline their interests. They are seldom analyzing facts and only sometimes they start to reflect their specific sets of arguments, for instance if they still fit to their aims. The stronger the conflicts between these groups, the harder for them to reflect their own arguments with regards to their complexity and contraries. The reflection affords a minimum of objectivity and openness for unexpected results.

These unexpected results, which could be possible, are important. They could stand at the end of an investigation of shaping-factors, creating the future of the small farming sector in Europe. The unexpected can be shown in scenarios, and leads partly to more transparency about the actions we chose to create a normative future, e.g. the results of political programs for the subject of the small farming sector in the future.

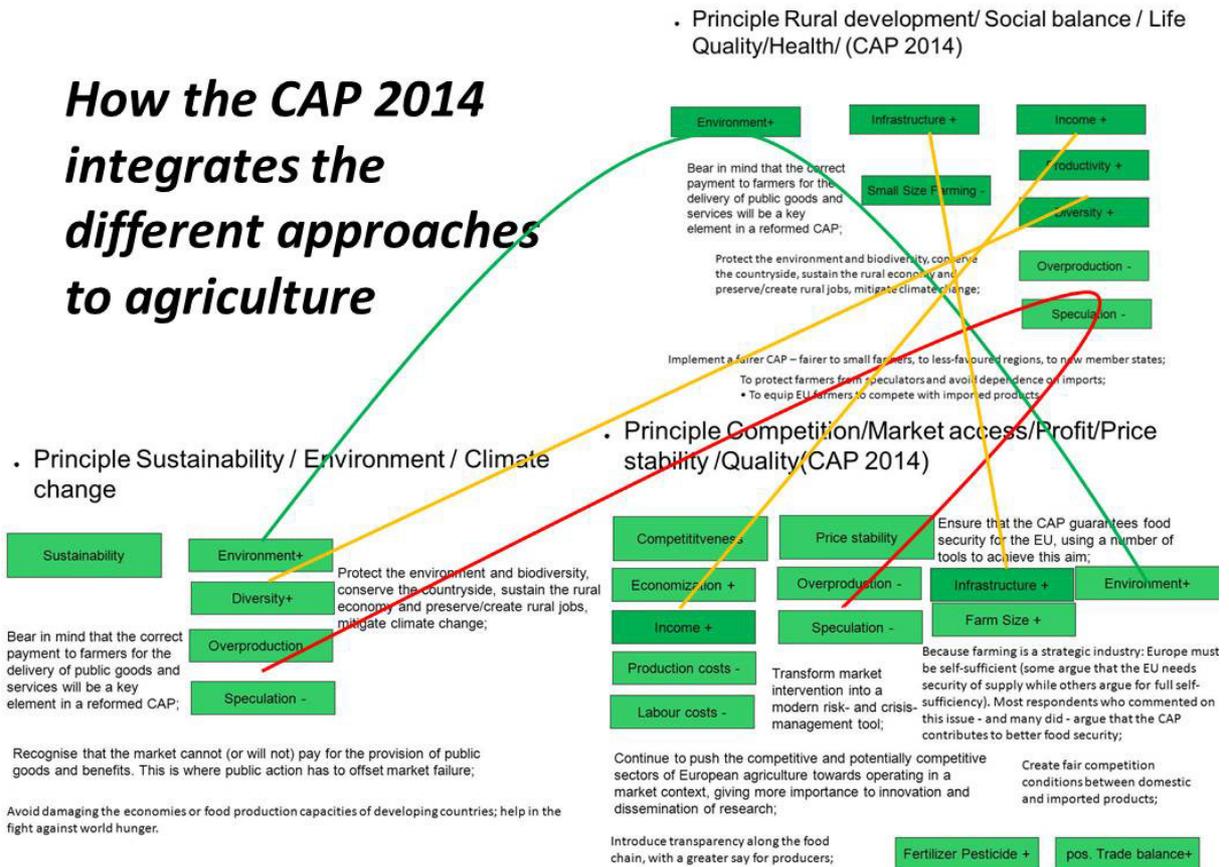
What can be the unexpected?

Arguments of supporters for the small farming sector can be contradictory, e.g. if direct payments for small farmers are paid, but paid ten times higher to the big farmers in their neighborhood.

They can lead to results, which are contradictory to their intentions. Small farmers should be protected from a ruinous competition and at the end the protection is a handicap and demotivates them, because the restrictions are overwhelming the facilitations.

To investigate the facts, serving as arguments for political programs, means to look for these incongruences too, and recommend corrections which could lead to more effectiveness in policy.

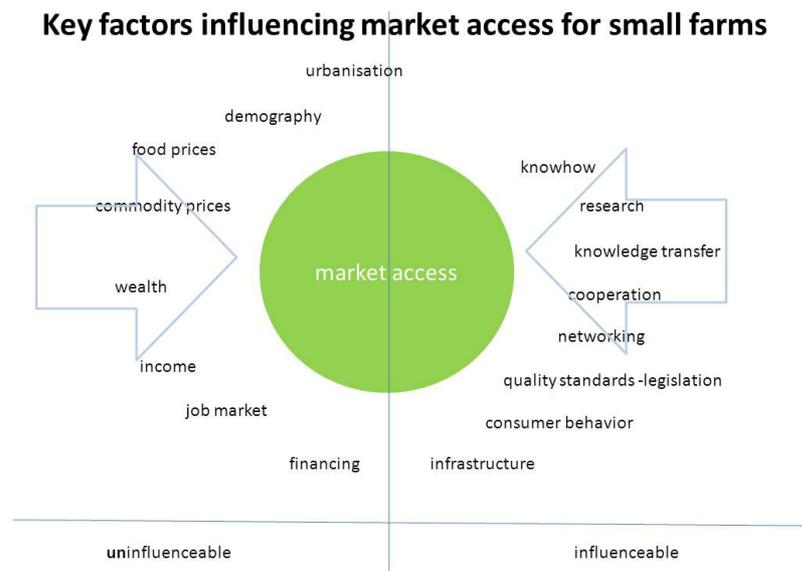
How the CAP 2014 integrates the different approaches to agriculture



The key-words, mentioned in the CAP-Discussion are used as arguments for different principles. Some of them, like environment are used from the most participants of the discussion. They have central positions in the CAP-report.

Key factors and their investigation with regards to future trends.

Most frequent key words in Google are used to build a list of the most important key factors. An analysis of relevancy was performed.



Relevancy analysis of key words:

Investigation of factors influencing the prosperity of the small farming sector in Europe can be affected by different problems:

- The problem of random selection. Many variable factors are able to influence the situation of small farms and their economic prosperity. Which of these factors are really important and determine the future success of this sector? The CAP 2013 discussion was an important step to start with factor evaluation by initiation of a public discussion. But this evaluation was not conducted systematically. For instance most of the opinions were generated from two countries of the EU27 (Germany, France) Although this discussion generated a broad scale of opinions, a lack of representativeness can't be overlooked.
- Key words and factors are used by people, groups, organizations, parties and institutions. Their meanings are subjective and very often are meeting the objectives of the stakeholders and not the objective requirements of the discussed subject. Environment protection can't be the predominant key factor fostering economic prosperity of little farms, but it is the most important argument from environment organizations to foster the small farming sector. The conservation of traditional structures in rural areas is an important factor for tourism, but the shift from small farming in primary agricultural sector to countryside tourism may change the structure of rural areas and destroy this specific foundation of tourism. The attractiveness of rural tourism may not increase if it will be boasted.
- Hypothesizes about the most important key factors for the growth or conservation of the small farming sector in Europe can be overestimated or undervalued, they can find consent in the public or rejection. Anyway they should not depend on clichés about what can be good for small farms in 27 European countries. In each case and because of the variety of the problems the answers will be complicated, unexpected and contradictory.
- Factors can be valued as if they were on equal weight. Despite their different effects the higher number of factors often leads to tendencies, leveling down the relevance of single factors in the sample.

Market access is one of the most discussed questions in economy. Without market access there will not be any business for farmers. This applies for the small farming sector as well. The Market access is the leading key factor in this investigation. How it can be facilitated for small farms?

Other factors may play an important role for this approach.

Key factors

Key factor market access

Thinking about market access of small farm holdings in Europe means at the same time to face the problem that this point has not been investigated fundamentally for the EU yet. Many publications about market access of small farm holdings stress the problems of farmers in developing almost very poor countries in Africa, Asia and Latin-America. Sometimes their conclusions seem to include the countries of transition in Eastern Europe, but very seldom they show examples and case studies of small farm holdings in the European Union.

Anyway the problems of market access for little farmers in Europe are various:

- costs of transport and logistics imply dependencies from local markets
- contract farming with food processors affords standards of quantity and quality in production which are difficult to fulfill
- farmers cooperatives have to be alimented and don't work always efficiently, bigger farmers in the cooperatives and farmers organizations deal for their own interests and become dominant stakeholders
- marketing affords a widespread knowledge from contracting to technological innovation, but consultation is hard to find
- supermarketization means a strong concurrence also in local markets. This trend is going on.
- Standards in quality of products and production and transparency as a result from legislation and consumer acceptance often overcharge the abilities of little farmers

Which are the solution-approaches explicitly dealing with market access for small farms in Europe?

One of the few publications which refers to a project in South-East-Europe was presented at the IAMO-Forum(Leibniz-Institut für Agrarentwicklung in Mittel- und Osteuropa -IAMO) in Halle (Saale) in 2010. This project was conducted by Hamish Gow from the Massey University (New Zealand) and Aleksan Shanoyan from the Michigan State University (USA).

The aim of this project was to investigate and foster the private and public market linkages of farmers in Armenia . *“Based upon a series of long-term qualitative and quantitative analyses of the instrumental case of USDA Marketing Assistance Project in Armenia, we use a grounded theory approach to develop a dual strategic model for the establishment of sustainable third party facilitated market linkages between producers and processors.”*

The basic problem of Market access for little farmers by public cooperatives and private companies is described in the following:

“The research on the impact of public facilitation of marketing linkages (Glover and Kusterer (1990); Porter and Philips-Howard (1997); Coulter et al. (1999); Eaton and Shepherd (2001); Simmons (2001)) indicates that farmer’ marketing cooperatives and producer organizations are often the preferred intervention mechanism of choice (Cook, 1993; 1995; Staal et al, 1997; Cook & Iliopoulos, 1999; Key & Runsten, 1999; Holloway et al, 2000), although recent Central and Eastern European experiences indicate that Foreign Direct Investment (FDI) can be a critical catalyst in the successful development of private solutions to assist farmers (Gow & Swinnen, 1998; 2001; Dries and Swinnen, 2004; Dries et al, 2004; Dries and Reardon, 2005). Both of these alternatives have problems. Cooperatives and producer organizations often face high failure rates during and after the project due to artificial incentive problems, free-rider problems, insufficient trust, and conflicts over governance structures (Gow & Swinnen, 1998; Shepherd, 2007). Similarly, FDI and the related solutions may not be viable due to various incentive, institutional and resource constraints. Moreover, critics often raise concerns about the appropriateness of public funds supporting FDI and multinational firms enter markets due to the potential small-scale producers being excluded from these private marketing channels (Dries and Swinnen, 2004; Dries et al, 2004; Dries and Reardon, 2005; Reardon, 2005). Consequently, governments and international donor agencies are searching to identify appropriate pro-poor intervention mechanisms (or public private partnerships) that can build on the strengths and overcome the inherent weaknesses of these approaches.”

The authors described before the supermarketization of the food market first developing in the EU 15 countries and now changing the market in the EU 12 countries since more than one decade. Remarkable in this project, that the approaches of direct market access and short supply chains don't have same priority, as in the programs of the EU-commission for little farmers. Market access in this study can also mean contract farming with bigger food companies, in which little farmers are organized in cooperatives making enforceable contracts with private food processors. The principle of the facilitating project follows the conditions and possibilities of the farmers and never prescribes the way to the market which little farmers should take. This is a principle of consultation in general. The consultation-model excludes explicitly artificial incentives for little farmers and cooperatives, to avoid dependency from grants and subsidies. The aim is to create sustainable market linkages for little farmers. Of course one of the problems of little farms is their fatal capitalization, making investments in modernization impossible. Here are subsidies strongly needed, but without prescribing the kind of investment. Subsidies for little farmers must be linked with an independent consultation process, which also could be offered by EU.

As political consequences the authors are writing:

“Market oriented public facilitation through simultaneous assistance to local processors (financial, technical, and marketing) and producers (technical and financial assistance) has a potential to imitate the effect of FDI by strengthening local private sector which in turn can lead to improved contractual arrangements with producers, improved reputation of the processors, and can reduce hold up problems. This positive effect has to be complimented by reduction in transaction cost of procurement from small producers through simultaneous facilitation of farmers’ organizations.

This research has important policy implications for international development as private and cooperative-based market linkage initiatives are often viewed as separate and competing alternatives. Our results and model however indicate that if donors pursue a dual strategy of concurrent private and cooperative interventions in the design and implementation of third party market linkage programs, they are likely to achieve higher program impact, improved trust among channel participants, and long-run economic sustainability of market linkages.”

The above mentioned project seemed to be successful. Anyway there are some critical remarks should be mentioned.

The project describes a general strategy transferred to agricultural sector. This strategy was also chosen in different other business-sectors, with the aim to strengthen cooperation and development. As an example I want to mention the problems of social entrepreneurs in Germany. Start-up companies in this sector are getting public facilitation under special conditions. One is, that they need a sponsor or cooperator in the established business sector, like bigger companies and firms, to ensure a sustainable development of the start-ups.

In the consequence these start-ups are getting strongly dependent from their sponsors and often lose their autonomy. Often they are easy shut-off, when the project-time is over, their ideas are partly used by their bigger partners.

Maybe this is one of the worries of small farmers, when they start contract farming with bigger food processors, even when they are in farming organizations. How they can be protected against overcharging or being distressed from their partners? There should be a special legislation to protect

small farmers, but which kind of? Possibly the protection could be knowledge and a very good consultation. The needs for consultation are obvious in the small farming sector.

Labeling can be one of various possibilities to facilitate market access also for small farms. Creating labels, standing for quality, transparency in production, local products, tradition or biological production and many other qualities, products can have, is a question of intelligent marketing. Co-marketing in the farming sector can improve this marketing for each little farmer and should be fostered.

Case studies about successful co-marketing in agriculture are frequent. The Demeter e.V. is one example which includes a raw of good-practice-rules in biological farming, which were developing over more than 80 years of the Demeter-movement since the nineteen-twenties. Now 1400 farms in Germany are members of this movement and hold the label of Demeter. The Demeter-System is very close to a franchising system. It shows a tendency to expand in other European countries.

Another kind of co-marketing shows the case of McDonalds Europe. The image of McDonalds in Europa had over years a public connotation of cheap quality food. Anyway McDonalds succeeded to renew the image of the label with a sustainability campaign which is based on quality-controlled contract farming in different European regions. If the flagship farms for McDonalds are representative for the food production of the label is difficult to prove. But some of these farms show, how successful market access can work also for little farms. The Dex Terra Farm in Germany is an association of 11 farms with a size of almost 50-150 hectares. 50 hectares are not a big size for the German farming sector. With more than 1000 hectares this association is a strong innovative partner in the contract farming system of McDonalds. Biological quality of products is partly defined for these farms, although this case can't be compared with the Demeter-Movement and both cases can't be easily transferred to small farming sector in Eastern Europe.

Anyway market access and linkage to food processors can be strengthened by associations and cooperation of small farmers creating the ability to fulfill conditions of contract farming in a profitable way.

There can be some doubt, also mentioned by the authors of the Armenian study, if artificial incentives potentially foster or restrict the market access for small farms.

CAP 2020 and market access for small farmers

If there are innovative approaches to facilitate the market access for small farmers the new CAP 2020 should be mentioned as well.

The second pillar of the CAP 2014 should be reflected with regards to market access for little farmers. Maybe these kinds of subsidies can lead small farmers into a tangle, how to get money for environmental tasks without paying so much for the prescribed controls instead of using their energy to get a real and sustainable market access. This should be investigated also with regards to efficacy.

Anyway the CAP 2014 reform is also explicitly oriented to the development of small size farming and rural development in Europe. The proposals of European Commissions are various. The mentioned policy options in the CAP 2020 proposal of EU-Commissions were the following three:

1. Continue the reform process by introducing further gradual changes while adjusting the most pressing shortcomings (e.g. more equity in the distribution of direct payments)
2. Capture the opportunity for reform ensuring that CAP becomes more sustainable and balanced (between policy objectives, MS and farmers) through more 'green' targeted measures
3. More fundamental reform focusing entirely on environmental and climate change objectives through rural development, moving away from income support and most market measures (Quelle CAP 2020 Proposals)

In the case of market access the snapshot below shows the intended steps and measures of the CAP 2014 from a presentation of EU-Commission.



Remarkable are two tendencies of the new CAP. Producer-organizations and intersectoral organizations shall get their appreciation under fewer and easier conditions, the private Investors in the supply chains may get more possibilities to interact with the EU-distribution-system. But a market linkage program for the small farm sector is not evident in the new CAP-proposals. Anyway a row of subsidies and facilitations are planned for little farmers. Direct payments that should be easier to get for small farmers, facilitation for producer organizations and networks, short supply chains and local marketing shall be fostered, knowledge transfer and consultation especially for small farms and

young farmers shall be implemented. Incentives for greening, environmental protection, diversity and sustainability will continue.

For the future there are three possible ways to project market access for little farms in Europe.

The first way is, to lengthen the current trend into the future. This means, farms below a capacity to define, have to leave the primary agricultural sector because of problems with quality and quantity plus profitability of their way of production. In this case we will have an ongoing trend to bigger farms with the exception of fewer little farms, producing specialized on high quality products, traditional products or selling their products efficiently in short and small supply chains for local markets.

The second way is a slow and stepwise disruption of the current trend by strengthening the market linkages between small farms, cooperatives and farmer organizations and private food processors, also fostering farm associations until there will be over-regional networks in agricultural productions. The Demeter-Network in Germany is one example for this development in the Bio-Food-Sector. These kinds of profitable networks, including small farms, should also be possible for the conventional food sector, if the EU-policy starts consequently with integrating small farm producers to the general agricultural European market.

The third way is the proposed CAP-reform from EU-Commission after 2014. This approach is a compromise of the past European agriculture policy and a new strategy to foster rural development, market access for little farms and sustainability plus environmental protection in several policy strategies, using artificial incentives, knowledge transfer and consultation for producers, besides implementing different legislations to improve food quality standards in the European Union. This reform seems to be a typical political compromise, which should function in different, partly contradictory directions which seem to be obligate with regards to a diverse European agricultural sector. It seems to be a step forward, but in different directions, while the resources of the CAP will decrease and be limited in the next years as well.

These three alternatives should be proved as expressions of key factors for the development of the small farming sector in future.

Key factor-expressions:

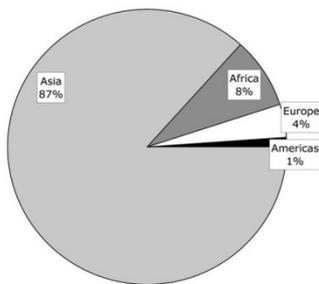
1. Market access of small farms without new policy interventions
2. Market access with a stepwise implementation of a market-linkage-program
3. Market access with the proposed CAP 2014 reform of EU-Commission

Key factor: Knowledge, knowledge transfer, consulting, research

This factor has to be proved in his relevancy for the development of the small farming sector. There are different approaches to find relevant information about the key factor.

In the most common search engines, like google, google scholar and yahoo the key words knowledge and small farming, little farms or small farms induce more than 20 million results. This number reduces to almost a quarter, if the key word “Europe” is filled in at the same time. But this does not mean that the results really touch the small farming sector in Europe. Very often the publications are simply published in the European Union, sometimes by official governmental institutions in Europe, moreover by several NGOs, with seat in Europe. Very few of them deal with the problems of small farming in Eastern Europe.

One of the famous reports about the development of global agriculture, from the International Assessment of Agricultural Knowledge (IAASTD) from 2009, “Agriculture at a Crossroads” shows the regional distribution of small scale farms with less than 2 hectares area in the world. Only 4% of these farms are in the area of the European Union, 87% in Asia, 8% in Africa, but only 1% in America (North and Southamerica together). In the United States, the mean farm size is 178.4 hectares. In Latin America it is 111.7 hectares. In sub-Saharan Africa however the average size amounts to just 2.4 hectares. In Asia this figure is lower still: 1.8 hectares in South-East Asia and 1.4 hectares in South Asia.” In Europe the mean farm size is about 12,4 hectares.



The small size farming problems are mostly described for Asia and Africa, partly for South America, but as well they exist in Europe. Investigations, literature and research with the specific respect to small size farming in European Union are rare and difficult to find. Transfers from other continents are difficult, because of very deviant conditions in nature, climate, culture, wealth, population density and infrastructure.

Anyway research and knowledge transfer, as well, as research how knowledge transfer can be organized with a priority to small farmers in Europe will be important in the next years. Some examples of publications about small size farming in Bulgaria show, how agriculture was destroyed in the nineteen-nineties with the fall of the communism. With the end of the agriculture in collective farms and the deep economic crisis small farms became an alternative for many people to survive under very poor conditions. Agriculture has developed in countries like Bulgaria to an economical sector of deep poverty. The mean income from agriculture averages between 20 and 30% of the mean income in the EU 12 Countries. Some of these countries showed a better recovery from the agricultural disaster, like Hungary and Poland. However, subsistence agriculture rescued many people from hunger. But this is not enough for an economic prosperity in the small farm sector.

Small farmers need a lot of knowledge, education and facilitation to optimize, productivity, market-linkages and market access, to improve product quality and find which profitable products could fit to them.

In a worksheet from New England Small Farm Institute (2003) are defined more than 50 skills, small farmer should have, to work successful on their farm.

Here is a sample of some of these skills sorted in 13 chapters:

1. Whole Farm Planning

- Goal setting
- Market research
- Acquiring land (e.g., rent, lease, purchase)
- Developing production, marketing & financial plans

2. Business Start-Up

- Choosing a legal structure
- Obtaining credit or capital
- Obtaining permits, licenses & insurance
- Setting up bookkeeping & record-keeping systems

3. Business Management

- Collecting payments
- Bookkeeping; paying bills & taxes
- Monitoring cash flow
- Making quick decisions
- Record keeping (e.g., financial, production, sales)
- Managing debt

9. Managing Production

- Managing soil fertility
- Managing pests, weeds & diseases
- Responding to unpredicted weather (e.g., drought, hail)
- Implementing conservation practices

The complete list can be found in the Annex of the master-thesis.

The factor knowledge, knowledge transfer and research, maybe the most important factor next to the factor market access. It can be effectively fostered for the small farming sector in Europe by fostering research and consultation, networking and partnerships for little farmers. The question will be, if the factor will be fostered sufficiently in the future. In this case it will be one of the most important key factors for the development of small size agriculture in the future.

The expressions of this potential key factor could be described as

1. Knowledge Transfer and research show a strong manifestation with regards to small size farming sector by an accelerated effort of EU-policy with implementation of multiple solution-approaches
2. No sufficient manifestation of this key factor for small size farming sector in Europe

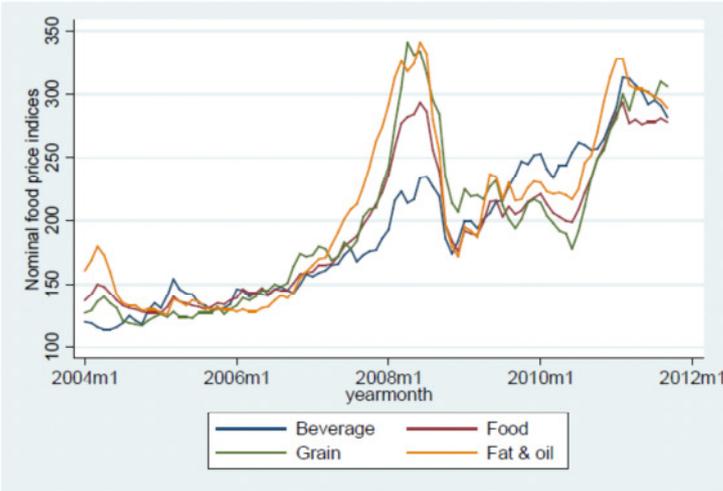
Key factor: Food prices

If market access and knowledge are important key factors for the small farming sector in Europe, why food prices is getting the third priority in this factor analyses?

Economics in general affect the situation of the agricultural market. Food prices showed a different development in the last sixty years. Sometimes there were strongly influenced by policy of EU, like in the sixties and seventies of the last century, later on they were more influenced by global market conditions. Similar in the post-soviet countries, where the market for agriculture was strongly regulated and after the fall of communism were suddenly following the rules of a liberalized market.

In the last decade the food prices were going slightly up, with episodes of stronger volatility. The following graph of the World Bank shows both, increasing food prices and an increasing volatility of food prices. This development may be a phenomenon of globalization and liberalized markets. But as well it is dangerous for the poor, especially in the small size agricultural sectors in developing countries and the eastern countries of transition as well. Especially volatility has serious impacts for the small farmers all over the world, they depend on very small scale ranges of profitability which can be undercut by volatile markets. Future efforts to hold the food prices stable in a market like the EU can be essential for the survival of small scale agriculture. One important question is, how quality restraints and legislation for food imports will change in future. The other question is, how legislation of biological quality and transparency of production will develop. Do we need more high quality and biological food in the EU? The consumers will decide as well and an increasing und decreasing level of income will also be relevant for the development of food prices in EU. At least concurrence and competition at the food market will be more and more relevant.

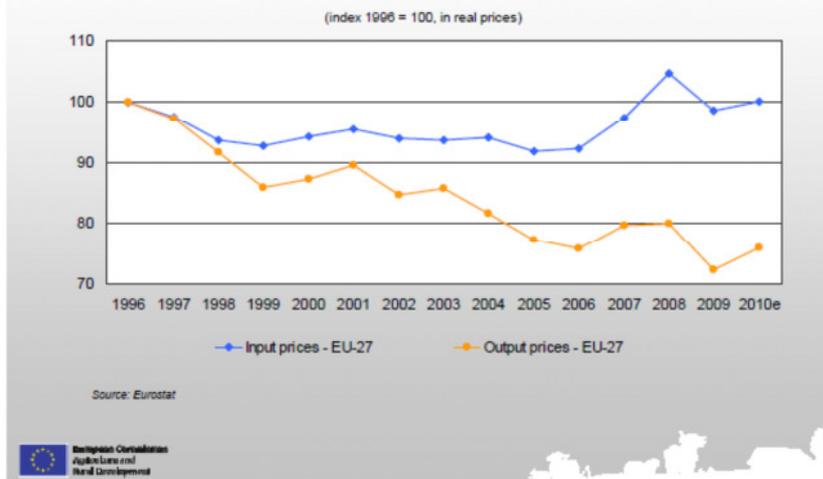
Figure 1 - monthly international food price indices, 2004–11 (2000 = 100)



Source: World Bank, 2011a.

Anyway, consumer prices are not producer prices. The following graph of Eurostat shows, how input- and output-prices diverged in the last years in the agricultural sector of EU.

Recent evolution of agricultural input and output prices



It should be mentioned, that the output prices are not consumer prices, but the prices farmer are getting for their products, including factors like subsidies, direct selling of products and self-consuming of products, while the input-prices tend more in the direction of forward calculated prices in economy, and describe, what farmers should get for their products. For further information the EU has published a “Handbook for EU-Agricultural Price Statistics” (Luxembourg: Office for Official Publications of the European Communities, 2002, ISBN 92-894-4034-1, © European Communities, 2002) The gap between the input and output prices indirectly characterizes some of the income deficits of farmers in EU. An increasing gap in the last years, how the graph is showing.

Anyway an increasing price level for food is predicted for the next years by some studies. The graph below is from the International Food Policy Research Institute (USA) and describes the global development of estimated food prices until 2050. In a baseline projection published by the “von Thünen Institut” (Braunschweig, Germany) estimated food prices until 2021 from different international organizations are compared. In these graphs decreasing food prices dominate the future of the next years. Although we may have a slight increase of energy crop in the following years, prices will go down until 2021. Although in most of the investigations production-costs in agricultural sector will grow continuously the food price development is unsecure to predict. The older prognoses from 2000 show an increasing price level, mostly reasoned by growth of global population, while newer prognoses show more decreasing price levels. The baseline-study of the “von Thünen Institut” conclude at least falling income levels in the German agricultural sector and only slight income increases in mean, as an effect of the reduction of non profitable small farming in Germany. Producer prices will go up, a side effect of increasing commodity prices worldwide. In the consequence of these prognoses there can be some doubt that agricultural sector in Europe will get more profitable prices for their products at the global market. Food price development will probably not be the sustaining factor of a positive income development in agriculture.

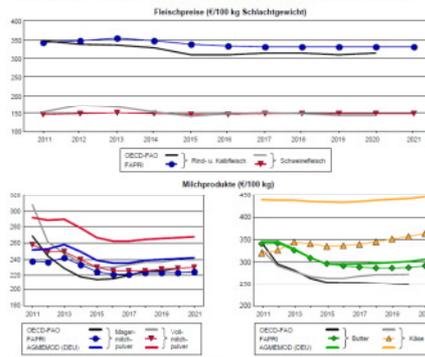
Table 5-10. Selected international food prices, 2000 and projected 2025 and 2050, reference run.

Food	2000	2025	2050
	US\$ per metric ton		
Beef	1,928	2,083	2,691
Pork	878	986	1,142
Sheep & goat	2,710	2,685	3,039
Poultry	1,193	1,192	1,399
Rice	191	223	232
Wheat	99	136	160
Maize	72	108	102
Millet	227	293	289
Soybean	186	216	216

Note: All values are three-year averages.

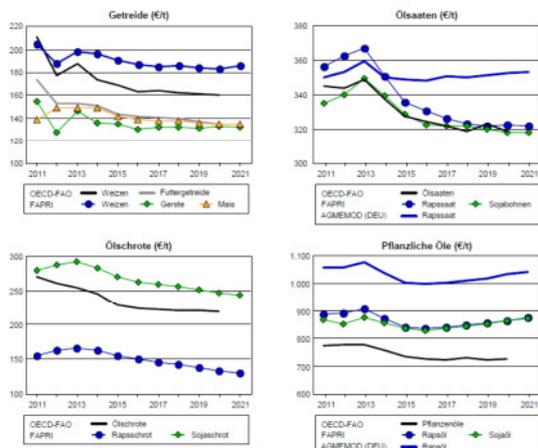
Source: IFPRI IMPACT model simulations.

Abbildung 3.19: Vergleich verschiedener Preisprojektionen für Fleisch und Milchprodukte



Quelle: OECD-FAO, FAO, IFPRI, AGMEMOD, eigene Berechnungen (2011).

Abbildung 3.18: Vergleich verschiedener Preisprojektionen für pflanzliche Produkte



Quelle: OECD-FAO, FAO, IFPRI, AGMEMOD, eigene Berechnungen (2011).

Tabelle A3.1: Erzeugerpreisenwicklung in Deutschland in der Vt-Baselin (Euro/100 kg)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
Getreide	11,46	11,02	10,20	13,36	9,48	8,65	10,00	17,78	19,13	11,45	10,20	10,51	11,76	10,24	10,50	10,22	17,90	17,01	16,02	17,06	17,90	17,90	17,90
Wachstums	10,19	9,96	8,67	9,90	8,75	8,28	10,48	17,75	17,75	11,84	10,38	10,33	14,47	10,26	11,97	12,70	12,96	12,97	13,07	13,07	13,07	13,07	13,07
Mais	11,92	11,62	10,91	12,46	11,80	10,24	10,96	18,28	17,84	12,84	11,52	14,90	15,52	10,50	10,50	10,50	14,34	14,34	14,34	14,34	14,34	14,34	14,34
Hoggen	10,87	10,80	9,52	9,86	10,65	9,19	9,86	13,20	10,80	11,27	12,30	9,90	9,90	12,00	11,20	11,20	12,07	12,07	12,07	12,07	12,07	12,07	12,07
Trocken	10,98	10,94	9,79	9,73	9,73	9,73	9,73	12,00	11,98	14,48	14,75	15,00	14,75	14,75	14,75	14,75	14,75	14,75	14,75	14,75	14,75	14,75	14,75
Raps	45,93	46,47	42,14	58,23	50,28	46,27	70,93	93,67	69,96	79,64	103,85	108,07	107,79	103,97	103,91	106,01	106,46	107,67	102,11	103,97	104,31	103,97	104,31
Sonnenblumen	46,40	46,54	42,61	58,61	49,52	51,24	69,20	103,08	67,75	69,75	91,21	84,00	86,00	86,74	86,30	86,30	86,34	86,30	86,30	86,30	86,30	86,30	86,30
Rapsöl	36,46	40,00	36,47	55,90	46,91	44,61	51,30	69,08	59,51	48,45	67,27	60,00	67,40	60,00	60,00	60,00	60,00	60,00	60,00	60,00	60,00	60,00	60,00
Sojabohnen	270,26	274,90	264,00	390,00	287,00	280,00	310,00	397,00	320,00	314,00	317,20	316,00	316,74	322,00	323,00	323,00	324,00	324,00	324,00	324,00	324,00	324,00	324,00
Sojaöl	144,00	144,00	144,00	214,00	144,00	144,00	144,00	144,00	144,00	144,00	144,00	144,00	144,00	144,00	144,00	144,00	144,00	144,00	144,00	144,00	144,00	144,00	144,00
Hilfsstoffe	139,00	134,00	139,00	144,00	139,00	139,00	139,00	139,00	139,00	139,00	139,00	139,00	139,00	139,00	139,00	139,00	139,00	139,00	139,00	139,00	139,00	139,00	139,00
Milch	28,42	28,40	28,40	28,40	28,40	28,40	28,40	28,40	28,40	28,40	28,40	28,40	28,40	28,40	28,40	28,40	28,40	28,40	28,40	28,40	28,40	28,40	28,40
Milchmehl	342,80	327,61	333,10	398,30	360,30	360,00	343,00	377,00	323,00	374,70	374,70	374,70	374,70	374,70	374,70	374,70	374,70	374,70	374,70	374,70	374,70	374,70	374,70
Volframsäure	284,20	284,20	284,20	284,20	284,20	284,20	284,20	284,20	284,20	284,20	284,20	284,20	284,20	284,20	284,20	284,20	284,20	284,20	284,20	284,20	284,20	284,20	284,20
Erwerbsloste	399,40	408,00	427,00	392,00	370,00	370,00	364,00	364,00	364,00	364,00	364,00	364,00	364,00	364,00	364,00	364,00	364,00	364,00	364,00	364,00	364,00	364,00	364,00
Stärke	510,00	510,00	510,00	510,00	510,00	510,00	510,00	510,00	510,00	510,00	510,00	510,00	510,00	510,00	510,00	510,00	510,00	510,00	510,00	510,00	510,00	510,00	510,00

The key factor food prices may show three expressions in future:

1. Food prices stay stable because of a balance between growth of population and increasing agricultural production worldwide.
2. Food prices go down following a more intensive global competition of agriculture.
3. Food prices go up because of an increasing demand with growth of population and industrialization in the developing countries and countries of transition which reduces the capacities of agriculture (especial small agriculture) in diverse countries and is accompanied by a trend of urbanization. Besides there will be a stronger competition between food- and energy crops, which will trigger the prices of food crop also for animal production.

Key factor: Job market

To estimate the development of European job markets the economic development has to be predicted. We know from diverse studies in this field, that results are very often uncertain and even contradictious.

Current quality of job markets in EU27

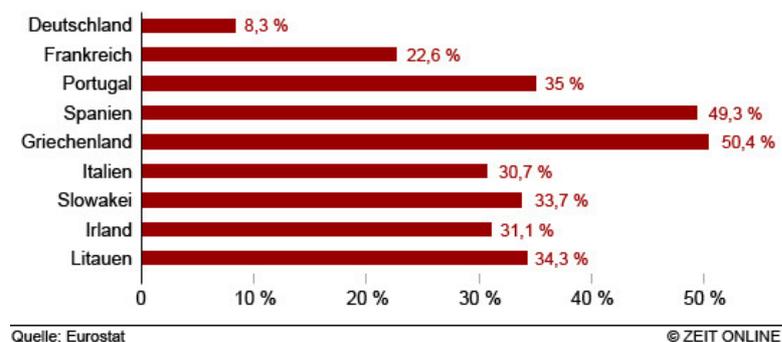
Anyway the job market in the EU12 countries is growing since many years, while the mean incomes are showing a slight increase, which can be even stronger for some countries like Poland and Hungary. These two countries also show a stronger development of their agricultural sector in compare to Bulgaria and Romania and the Baltic states. The most important shaping factor of

economic development is the industry in the EU 12 countries. The transition to a dominating service sector, like in many countries of the EU15 can be a hidden trend also for the EU12 countries but does not stand in the foreground yet.

The current crisis in the EU27 is combined with a high unemployment rate of young people, who even can be high educated, like in Spain, Italy and Greece and don't find jobs anyway. At the other side there were reported problems of little crafting firms, can't find trainees for their business. Often especially the food sector is hit by this shortage of skilled labor in the crafting sector. These problems were reported from Germany and France, partly from Italy and Spain. The agricultural sector with an averaged income of 60% of the mean income in the EU15 and 30% of the mean income in EU12 has problems, to find skilled workers over years. For horticultural sector diverse reports show that mechanization is also a result of the shortage of skilled workers, who either can't be paid like e.g. industrial workers or in general are hard to find. Agricultural work seems not to be attractive, if there are other possibilities to earn. German farmers had over years seasonal workers from Poland e.g. for harvesting asparagus. In the last decade these workers were more and more replaced by workers from other EU12 countries with a lower level of income or a higher unemployment rate. In Bulgaria many people were going back to the countryside while strong economic crisis after fall of communism. They lived from horticulture and little farming to survive. While times of growing economy and higher employment rates people tend to go back to industrial and service employments. This means, that agriculture does not have a stable job market and is often hit by shortage of skilled workers. At the other side this sector has problems to offer stable working places, because of seasonal working conditions and high volatility of the generated profits, while the mean income is anyway low in this sector.

Jugend ohne Chance

Arbeitslosenquoten der 15- bis 24-Jährigen in Europa



Perspectives of labor market in agriculture

The labor market in the agricultural sector, as shown before, diverges. Common tendencies in the EU 27 are slight increases of wages in compare to a higher general mean level of wages in the different countries. Between different EU Countries there are strong differences of wages in general and in the agricultural sector.

Which are the important factors can induce a growth or decline in agricultural labor market in future? Of course the most important factors are productivity, profitability and availability of labor force. But besides also flexibility of labor market can play an important role for the agricultural sector as for economic growth and labor market in general.

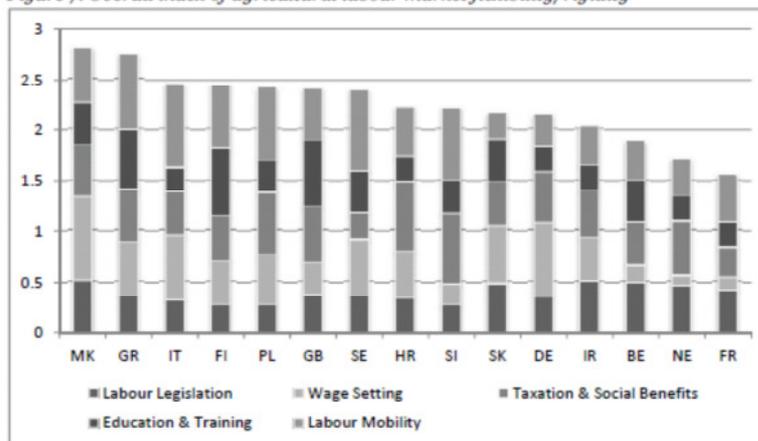
A comparative analysis of labor market flexibility for agriculture across the member states of EU27 from June 2013 (Factor Markets) shows a balanced approach to flexibility of agricultural labor market.

The aim of the study was the construction of an agricultural labor market flexibility/rigidity index. Basing on a survey from the University of Kent (Ireland) different EU-countries were compared in different categories of agricultural labor market.

1. Labour Legislation
2. Wage Setting
3. Taxation & Social Benefits
4. Education & Training
5. Labour Mobility

A value of 0 tends more in direction of labor market rigidity, while a value of 1 shows a stronger flexibility.

Figure 7. Overall index of agricultural labour market flexibility/rigidity



The graph shows also the sum of the indices implying more and less flexible labor markets in the countries. Macedonia and Greece followed by Italy have the most flexible labor markets in this study. Less flexible are Belgium, Netherlands and France. Labor legislation seems not to be a very flexible factor in agricultural sector, no country reaches an index higher than 0.5. Flexibility of wage setting is much higher e.g. in Macedonia and varies strongly over the EU countries. Germany is one of the flexible countries in wage setting yet. The Poland agricultural sector is developing, although it has a high prevalence of small farms. The country shows a low index for flexibility in labor legislation and in Education and Training, while wage setting and taxation are in the middle field of the countries. But Poland shows a high index of labor mobility, like Italy, Sweden and Slovenia.

Anyway, the authors of this study emphasize the factor labor mobility as the most variable factor and strongly expressed in the countries with a more flexible agricultural labor market. This factor includes geographical flexibility and sector flexibility as well. As an example part time farming with several incomes not from primary farming sector was seen as a sign for sectoral labor mobility. In fact there must be other employments or incomes for a farmer, otherwise part time farming is part time unemployment.

Anyway part time farming is a very flexible approach if the labor force is only used in the time when it is really needed on the farm. Seasonal workers are also part of this labor mobility in the farming sector.

At least the authors conclude that very different situations in labor market flexibility in regions and countries will need differentiated policies to develop agricultural labor market in the future. There can't be one common approach for 27 countries.

The key factor labor market in agriculture is inconsistent over the regions and countries and Europe. That's why it can't show a common expression in the future. Anyway it seems that there are some factors which show high relevance for the future development of labor market in primary agricultural sector:

1. Increase or decrease of wages and incomes in primary agricultural sector
2. Labour market mobility, including real part-time-farming (not part time unemployment)
3. Employment or unemployment rate in general in the EU27

Besides there are other sociologic factors, which may affect the labor market in this sector:

1. Demography
2. Urbanization
3. Rural development in general
4. Agricultural industrialization and economization in the EU27

Having these factors in mind, three different future expressions are probable:

1. Labor market in agriculture will show a significant decline in all European countries, as implicitly predicted for Germany by the baseline study 2021 of the "von Thünen Institut" (Braunschweig) Wages and incomes from agricultural sector will only increase slightly and the general unemployment rate will decrease, because of a growth in the other economic sectors. Labor market mobility may also increase in a geographical and sectoral meaning, but the agricultural labor market will not be affected by it, or will not improve strongly. Urbanization will go on, as well as social and economic infrastructure in rural regions will decline and agricultural industrialization will proceed.
2. Labor market in agriculture will stay stable in the mean of EU27. In some regions wages and incomes from agriculture will grow significantly in other regions they may stay stable or even decline. The general unemployment rate will not push the agricultural sector down nor pull it up. An increasing labor market mobility will only compensate the slight decrease of working force in agriculture. The other factors too will only show slight changes.
3. Labor market will show a significant growth, triggered by one or more of the mentioned factors, income and wages, labor market mobility, increasing general unemployment rate (which may lead more people to work in agriculture) A slower trend to urbanization in the EU27 will be stronger accompanied by regionalization and better rural infrastructures. More short supply chains and regional agricultural networks will improve the competitiveness of small size agriculture as well. More people will work in agricultural sector or will have "green jobs". A sustainable lifestyle will be more popular.

The probability of these three expressions can be roughly estimated. The current trends in society, economy and agriculture will foster the first expression and a declining labor market in agriculture. The probabilities of the second and third expressions may be strongly influenced by EU-policy.

Second variant may follow a politic of compensation in agricultural development, while third variant may be the result of stronger interventions developing agriculture as relevant employment sector in the EU27.

Key factor quality standards

The quality standards of agricultural products are determined by prescriptions and legislations in the EU, the behavior of consumers and the competition in markets.

The EU legislation affects the transparency of production, use of pesticide, prescriptions of hygiene, the transport and storage of products and veterinary medical controls. These legislations restrict the ability of little farmers to produce food in their traditional way. Complaints from farmers are often heard, as for example in blogs and discussions. One German farmer writes in a blog about the problems of small farmers and the future of this sector:

„Eine große Hilfe für mich und andere Betriebe dieser Größe und Ausrichtung wäre es, wenn die bürokratischen Auflagen für die eigene Schlachtung, Verarbeitung und Vermarktung der Erzeugnisse deutlich reduziert würden. Es ist für mich z.B. völlig unwirtschaftlich einen eigenen Zerlegeraum nach EU-Vorschriften einzurichten, von einer eigenen Schlachtstätte ganz zu schweigen. Könnte, wie es früher üblich war, aus einfacher Hausschlachtung Produkte verkaufen, könnte ich meine Einnahmen für die erzeugten Produkte mindestens verdoppeln (damit wäre natürlich auch mehr Arbeit verbunden).

Und ich keine einen Menge Leute, die gerne solche Produkte aus einer normalen Hausschlachtung (ganz ohne den EU-Schlacht-Hygienekram) kaufen würden.

Die Eurokraten sind aber der Meinung, dass die Verbraucher derart dumm und unselbständig sind, dass sie nicht selber entscheiden dürfen, welche Produktions- und Hygienestandards die von Ihnen gekauften Produkte zu erfüllen haben.

Dabei wäre gerade diese kleinbäuerliche Erzeugung völlig transparent. Die Kunden könnten sich ja selber ansehen, was und wo mit ihren Lebensmitteln bei mir auf dem Hof passiert.

Und wer unbedingt seine Lebensmittel nach Eurokratenstandards erzeugt haben will, der kann doch jederzeit solche Lebensmittel kaufen. Niemand zwingt einen Verbraucher, sich mit mir auf dem Hof einzudecken. Es gibt im Nachbarort 3 Discounter und Edeka baut auch gerade wieder einen gigantischen Markt. Dann sind es 4 auf einem Haufen, die alle wunderbare EU-Ware verkaufen würden, auch wenn ich diese Standards nicht einhalten müsste.

Das wäre die einzige wirkliche Zukunftsperspektive für die Kleinbetriebe: Sie müssten wieder von dem Leben können, was sie produzieren.

Und die ständig neuen staatlichen Auflagen erreichen genau das Gegenteil. Die Betriebe rutschen immer tiefer in die Abhängigkeit vom Staat und dem Goodwill irgendwelcher Naturschutzorganisationen, etwas in kleinen Mengen zu produzieren wird immer unwirtschaftlicher und das Produzierte selber zu vermarkten wird ebenfalls immer unwirtschaftlicher...“

These complaints of a farmer, who owns a farm with the size of 40 hectare are not exceptional. Even in the EU-offices these problems are well known, but not really accepted. In this example the farmer has the opinion, that the food he is producing will be accepted by consumers, even if he can not

guarantee the high European production standards. But the question is, if consumers really will accept e.g. meat which was worked up in a traditional way, with traditional hygienic standards.

Anyway there will stay the suspicion that EU legislation in food production and procession fosters big farms and a well determined, but not always harmless, industrial way of agricultural production. The policy of the big industrial EU countries like Germany and France underline this suspicion. The mentioned baseline-study of the "von Thünen-Institut" has some remarks about the future of small farming in Germany with perspective of 2021:

"Die reale Senkung der Erzeugerpreise wird dabei aufgefangen durch
– *den andauernden Strukturwandel mit Aufgabe gerade kleinerer Betriebe mit relativ geringen Einkommen,*
– *das dadurch ermöglichte Wachstum der verbleibenden Betriebe,*
– *die durch technischen Fortschritt ermöglichte Reduzierung des Arbeitsbedarfs,*
– *Ertrags- und Leistungssteigerungen."*

In another quotation they say:

"Durch das Ausscheiden vor allem kleinerer Betriebe mit relativ geringerem Einkommen steigt das durchschnittliche Einkommen je Betrieb im Sektor an."

This sounds like a description of policy which counts on the elimination of small farms from the European market as a part of reorganization of the European agriculture. In this context also quality legislation can be proved, if it is really necessary for food security and satisfying consumers, or if this could be a strategy to clean the agricultural market from small size farms via restriction and legislation. Many small farmers, discussing in weblogs for small farming and subsistence farming, are thinking like this. At least it can be supposed, that EU legislations and quality prescriptions foster the linkage of supermarketization and industrial agriculture and disqualify little farms from these market linkages.

EU quality standards and their realization by little producers are not well investigated for the EU12 countries. The complaints of little farmers about quality legislations are heard in the EU15 countries from farmers with an average income of 25 000 Euros a year. What about farms in Eastern Europe, which have averaged incomes of less than 1200 Euros a year. How they can fulfill the European quality standards in food production, e.g. hygienic standards? An unknown field without any bigger investigation yet.

In the consequences this key factor of quality standards and EU quality prescriptions can be a strong restriction for further development of the small farming sector. It has the power to disqualify little farmers from market access in the food sector, possibly particularly in the small farming sector of some EU12 countries with a very low profitability.

One important question is, how quality restraints and legislation for food imports will change in future. The other question is, how legislation of biological quality and transparency of production will develop. Do we need more high quality and biological food in the EU? The consumers will decide as well. At least concurrence and competition at the food market will be more and more relevant.

This key factor could show two future expressions:

1. EU quality standards, prescriptions will follow the trend of supermarketization in EU27 and will even aggravate. It will be impossible for little farms to fulfill these conditions of the EU market and will limit the chances of the small farming sector in a fatal way. This regards particularly the small farming sector in EU12 countries.
2. The EU will adapt the conditions for market access and differentiate the quality standards in regard to the problems of small farms in EU27, particularly in the EU12 countries.

Key factor cooperation and networking

Starting the description of this key factor with the above mentioned problems of little farmers to fulfill the quality standards of EU legislation, cooperation and networking are very important to take influence on the EU agricultural policy. The described problems of a German farmer to produce and work up his own meat under EU legislation can be subject of an organization which represents the interests of these kinds of farmers, taking information for them and give consultation. In Germany exists already an association of farmers working their meat products up for the market . The “Vereinigung der fleischverarbeitenden Landwirte” (vhf) is a small and new organization with few members, trying to take influence on EU policy. In UK, Ireland, Spain and France these kinds of small farmers associations with political ambitions already exist for many years and they try to take a modest influence on their governments and the EU policy (small farms association in UK and Ireland). Anyway the most powerful organizations partly representing interests of the small farming sector are the organic food organizations like the International Federation of Organic Agriculture Movements (IFOAM), NGOs with the aim of nature conservation and political parties like the greens in Germany, France and other European countries. These organizations strengthen the small farming sector by lobbying in European countries and EU. At least a strong lobby for small farmers does not exist yet and the organizational level of the small farming sector is poor in many European countries, particularly in eastern European countries. The current process of the CAP-reform shows two facts:

1. The discussion of the EU-Commission, of NGOs and political parties with ecological programs, of consumer organizations and a broad public demands a basic change in EU agricultural policy facilitating organic food production and nature conservation in rural regions in the next years.
2. A strong lobby of the agro-industrial complex which has dominance in the EU parliaments agricultural committee and in the parliament as well is organizing a strong counteraction against the proposals of above mentioned organizations.

A kind of blockade is resulting and there can be some doubts, that the reform changes the situation of small size agriculture, environment and organic food production in a positive way. What is missing, is a strong and powerful political network of small farmers in Europe.

The situation of lobby-work for small farms in Europe is described by XY from the greens. In an article of greenpeace-magazine it was supposed, that only the big farmers in Germany have enough time to go into politics, e.g the president of the german farmers association Sonnleitner, who owns a 100 hectare farm.

Networking does not mean only political networks. There are also regional and local farmer networks. The challenge is, to bring these networks together and let them work for their interests efficiently. To foster and facilitate rural networks is one of the aims of EU-commission. The LEADER

approach is a successful example to foster regional and local networks. But the level of higher integration can't be reached by this program, it is a bottom up project.

An example to foster higher integration of rural networks is the European Network for Rural Development (ENRD), as an example the Romanian National Rural Network will be mentioned in the following.

The aims and priorities of this network are described in a list:

“The specific priorities include:

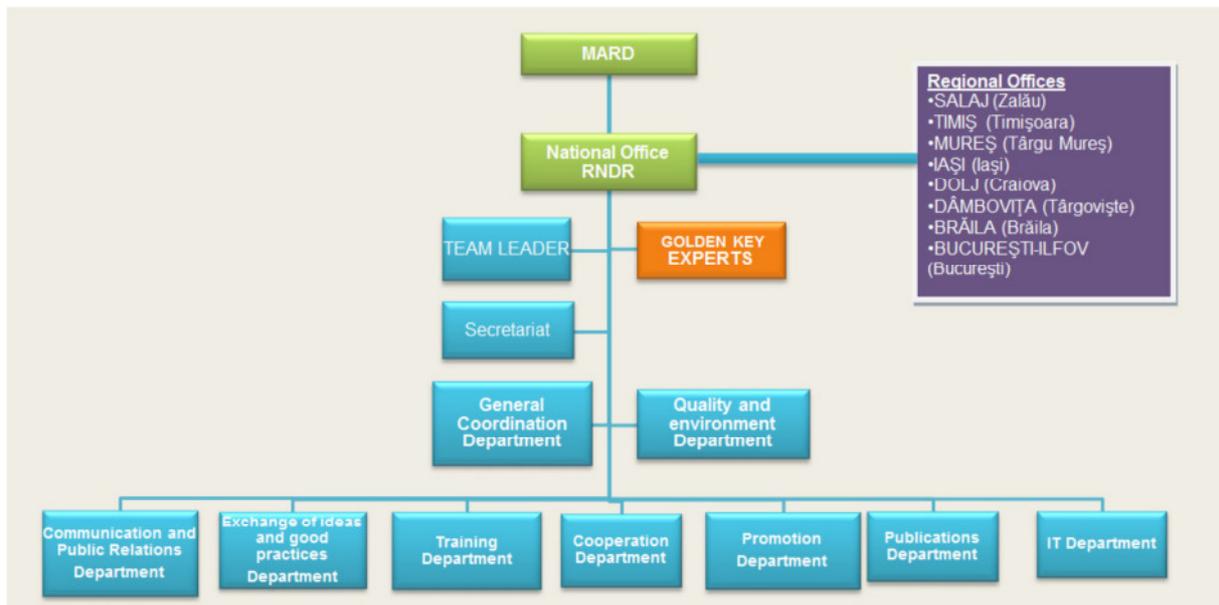
- Develop general operating procedures.
- Support for institutional and administrative development of the NRN.
- Coordination with institutions and other bodies.
- Creation and maintenance of information channels.
- Support the setting-up and operation of Thematic Working Groups and Expert Working Groups.
- Animation of NRN members' activities.
- Consultancy and training services for stakeholders.
- Support for continuous incorporation of new “actors”.
- Support for inter-territorial and transnational cooperation projects.
- Ensuring connection with ENRD and other networks.

NRN's activities to implement its priorities:

- Technical assistance for the management and functioning of the Rural Network.
- Organization and secretariat for National Steering Committee, thematic and Leader working groups and experts' meetings.
- Thematic expertise on Rural Development.
- Training services for LAGs.
- Organization and participation of meetings, seminars and conferences.
- Support for transnational and inter-territorial cooperation.
- Exchange of ideas and good practices.
- Cooperation with the ENRD and other NRN.
- Promoting producer groups, traditional products and rural tourism.
- Dissemination of information and communication.
- Monitoring and evaluation of the Network.

The Network Support Unit (NSU) is outsourced to the company Innovación y Desarrollo Local, S.L. The NSU operates at national level (centralized system), with it's headquarter in Bucharest. The network has representations at regional level through 8 Regional Offices (in brackets the name of the town/city) in: Bucharest-Ilfov (Bucharest), Centre (Târgu Mureş), North-East (Iaşi), North-West (Zalau), South-East (Brăila), South- Muntenia (Târgoviste), South-West (Craiova), West (Timișoara).

The activities developed are: General Coordination, Support to the National Steering Committee and NRN Members, Thematic Expertise, Information about NRDP, Management of Virtual Community, Support for Exchange of Knowledge and Good Practices, LAGs Training & Counselling, Support for Inter-territorial and Transnational Cooperation, Management of participation in events, Management of Information Exchange with ENRD, EENRD and other NRN, Promotion of Groups of Producers, Traditional Products and Rural Tourism, Monitoring & Evaluation of NSU, Website Management, Organization of Events, Elaboration of Publications and Public Relations.”



In monthly newsletters new groups, corporations and networks in rural regions of Romania are presented, the success of this EU-Commission network facilitation has to be waited, but may be comparable to the LEADER project, because it facilitates bottom-up-networks.

The key-factor cooperation and networking may have four different expressions for the future:

1. The competition will motivate little farmers in Europe to found cooperatives and networks, so it may result a slight increase of networking and cooperation in the next years.
2. Networking and cooperation in the small farming sector will be an accelerating trend, it will be fostered by different factors. Competition, EU-legislation producing pressure mainly to fulfill quality standards in production, EU-programs facilitating new networks and cooperation, market linkage programs for little farmers may also initiate more networking initiatives of little farmers. Besides social networking can have a stimulating effect in direct marketing for little farmers and may lead as well to networks and linkages e.g. between farms and customers.
3. The policy will strongly change priorities to agricultural industry and loose interest in the small farming sector, supermarketization will bypass the small farming sector also in future and small farmers are not willing to cooperate in networks in which level ever, local or regional. Networking will decrease.
4. Only the CAP 2014 reform will bring a modest growth of cooperation and networking to the small farms over Europe. Anyway the motivation of small farmers is deadened by few success, direct payments by EU and quality standards, which can't be fulfilled.

Scenario-building

Methods:

Foresight scenarios are built by factors which may have strong influence on future developments. We call these factors “key factors” which can be stable or dynamic. The very dynamic factors show high probabilities for changes, while other factors may stay more stable, we call them givens.

The key factors for the small farming sector as described can have influence to each other factor. Factors which show strong effects to other factors are called shaping factors. As well stakeholders, powerful institutions, politicians and the crowd of customers are examples for shaping actors, which take influence to the subject as well.

The above described factors show different future expressions, but are not described in their impact for other factors. They are not categorized as shaping factors, as dynamic or stable and they don't have any explicit allocation to special shaping actors, like lobbies, politicians and organizations. Instead a new approach, which is following principles, discussed in the public, was chosen. The factors are organized with regard to the principles they are belonging to, e.g. stable food prices are belonging to the principle of stability for consumers. Anyway stable food prices have influence to producers, retailers and politics too, but in most cases they are discussed as an important condition for consumers. That's why they are subsumed to the principle “stability and security for consumers”.

Where is the advantage to organize key factors with regard to principles which are discussed in the public?

Future scenarios can fulfill the condition as foundation for negotiations between different stakeholders in the public and administrative sectors. From the Harvard principle of negotiation we know that good compromises often result from a couple of principles, which can help to find win-win-situations for contrarious parties. One principle is, to separate people from problems. The other principle is, to avoid fixed positions.

Important supporters for the small farming sector are e.g. parties and organizations like the greens in Germany and France and different NGOs for environmental protection. Sustainability is one of the most important principles of these organizations. But who can be sure, that sustainability is the factor, which will help the small farming sector in Europe to survive in the future? Some small farmers are angry about the rules and prescriptions from EU and are convinced, that they would earn more, if they could get a market access with less regulatory restrictions. This is an argument, which follows the principle of free market access and a free competition. Which small farmer who realizes, that a big farm is getting 300 000 Euros a year as grants and subsidies while he is getting for his farm only 5000 Euros, considers this as a free market and a fair competition? Anyway he will not be convinced, that these are fair rules for competition.

So it could be a mistake to think, that in the public and politics small farms are positive associated with the principle of sustainability and on the other side big farms only benefit from liberal market rules and a free competition. From these reflections may also result, that the stakeholders and lobbies supporting small farming sectors in Europe might be the wrong advocates for small farmers in Europe. Maybe even the EU-commission is a wrong advocate for this sector and tends to compromises, which seem to foster small farms but in the result suppress them? These are questions which may be discussed, if principles are essentially reflected in their positive and negative effects for the small farming sector in Europe.

This work can't offer solutions for the small farming sector in Europe. The aim is, to produce thought-provoking impulses for new solution approaches.

The scenario construction will follow other pathways as usual and will emphasize the underlying principles of the shaping factors as well as these of the shaping actors in this field.

Standard-scenarios

Standard Scenario-construction

Scenario Development of „Small Farming Sector“ in EU

market access	knowledge transfer	food prices	job market	quality legislation / standards	cooperation networking	
no changes	no changes	stable	stable	no bigger changes	slight increase	extrapolated Scenario
market linkage program	priority program knowledge	raise	unemployment	differentiation	accelerating trend	taylored suit for little farms
chances worse	programs stopped	fall	employment	go up	worsening for little farms	worst case scenario
CAP 2014 slight increase	CAP 2014 modest facilitation	CAP 2014 slight increase	CAP 2014 slight increase	CAP 2014 modest increase	CAP 2014 modest increase	CAP reform scenario

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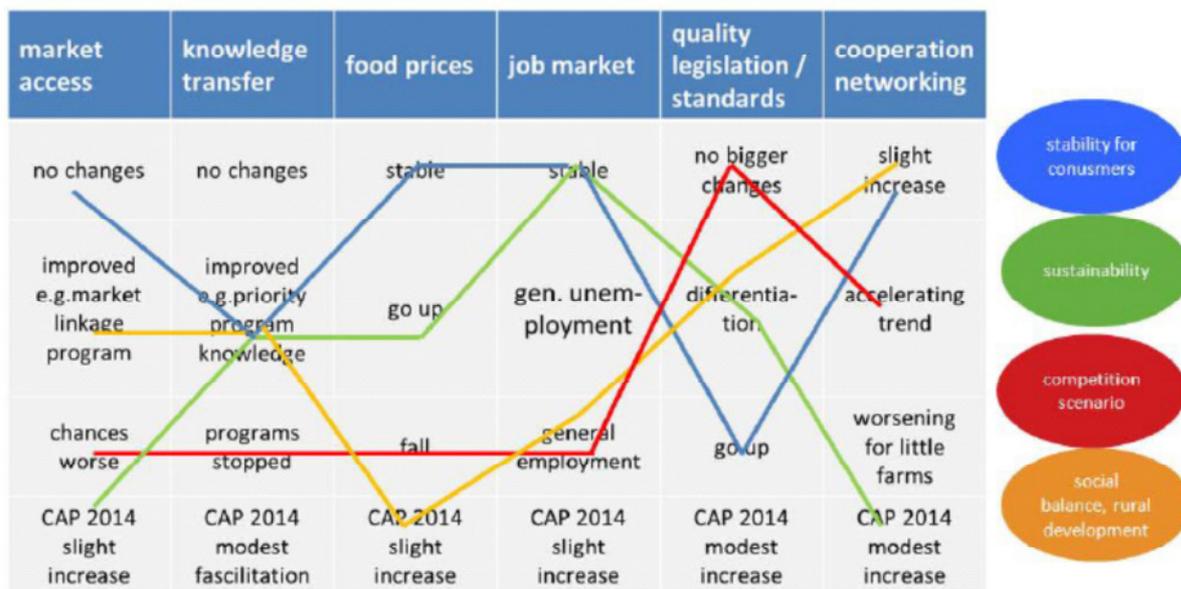
The first, **extrapolated scenario** shows, how future may become for small farms, if current situation is easy extended with time. The market access will not improve significantly and the knowledge will stagnate or slightly improve. The current trend of networking and cooperation at the small farming sector may go on, and little steps forwards particularly for small farms in the EU15 countries may result.

The second scenario (tailored suit) is the **best-case-scenario** for the small farming sector. With special programs, implemented by the European Union, the market linkages of small farms are fostered extensively. The current approach of the new CAP to facilitate knowledge transfer for small farmers will be expanded and quality legislations will be strongly differentiated and adapted to the needs of the small farming sector. Networking will become an accelerating trend, although the most friendly situation for the small farmers will reduce pressure to organize themselves and to look for intensive cooperation. This may be a loss with regard to the “best-case” for the small farming sector.

The third scenario shows the **worst case** for small farms in Europe. There will be no programs facilitating market access or knowledge transfer. Otherwise quality legislations and standards will be more pressing for little farmers. The concurrence in the price sector and the working sector will get stronger. So little farmers only have the possibility to cooperate closely together, create networks to hold and get market access. This means, that cooperation and networking will be a must to survive. Anyway, most farms will probably not survive under these conditions.

The last scenario shows, what can be waited after the new **CAP reform**. In this scenario all key factors show a slight or modest increase. The scenario reminds to the extrapolated scenario, how things will go on, if they will not change strongly. Anyway this scenario is quite a little bit more optimistic, then the first scenario.

Scenario-construction (Principles) Scenario Development of „Small Farming Sector“ in EU



Scenario construction with regard to the discussed principles

Is there a change of view, while regarding the principles of argumentation from different lobby-groups in the new CAP process?

The graph shows, that none of the groups is meeting one of the scenarios fully. No Lobby has a concept, that fits exactly for the best-case-scenario for the small farming sector. There is always a deviation in one or more key factors, even in the case of the sustainability principle. There can be some doubt, that environment organizations and green parties, protecting the diversity and the nature, are also protecting the small farming sector with their political demands.

Anyway, even the lobby for a free market principle may foster the development of small farms in one key-factor expression. The strong concurrence may lead small farmers to more cooperative thinking and networking. This could lead to an accelerating trend of local and regional networking in the small farming sector.

One important question seems to be, where quality legislations and standards will go in the future. May be they will be more pressing for small farmers, may be there will develop more differentiation and different categories of food quality. This seems to be a trend in some EU15 countries with a growing market for BIO-food. The consumers principle in times of supermarketization will only be good for small farmers, if there can be a segregation of different quality expectations in the European food market. May be the development of direct market access and short supply chains will lead to graded quality expectations of the consumers and the EU administration.

This differentiation of quality standards, which also can be fulfilled by the small farming sector is a question of the right social balance in agriculture and the food sector. Food prices should slightly

increase and special programs should facilitate the market access and the knowledge transfer for little farmers. May be, the principle of social balance is the most promising approach, which could help little farms in EU to survive.

Results

1. The key-factors for the development of the small farming sector lead to the most important question, how the market access will develop for small farms in Europe.
2. The discussed changes in the CAP reform do not necessary meet the interests of small farmers in Europe.
3. The arguments of the lobbies in the food-agriculture-sector are not congruent with the best-case-scenario for the small-farming sector.
4. The small farming sector indeed does not have a strong lobby in the EU27 countries. The policy should support small farms in the European Union with market access programs and differentiation of quality legislations for agricultural products. This could help small farms to fulfill quality standards and to get stable connections to the market.

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