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Changes in European Land Use as a result of CAP and EU enlargements

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Report Highlights:

The way land is used in the European Union has changed over time. This has mainly occurred as a result of reforms to the CAP, as well as from markets adjusting to EU enlargements.

Environmental concerns and their consequential agricultural policy choices have further impacted land use. This influence will only increase when future policies to deal with climate change will be decided.

General Information:

Introduction

The increase in world population combined with progressing urbanization, but also threat of global warming, are challenges for which politicians worldwide will need to take tough decisions. Food production will need to increase and several avenues to achieve this are being explored by researchers and economists. Choices will need to be made between more intensive versus extensive agricultural production; new technologies may or may not be implemented; climate change may alter what can be produced where; new global and regional societal concerns may impact production decisions and methods. One thing seems clear: the way mankind will use available land is always changing. In fact, that has always been the case throughout history, but indications are that the speed of changes is increasing. What is happening in other corners of the world is impacting U.S. agriculture through changing world markets and trade flows. Therefore, this report aims at providing some insights on past changes in EU land use and offering some clues to what changes are ahead.

Land use in Europe is very diverse depending on climate zones, geography and culture. Within climate zones, land use differs with soil fertility and even with tradition and culture between EU Member States. As an example, the land use at former collective state farms in the Czech Republic is very different from the land use in neighboring Poland's subsistence farms. Land use has also been influenced by the installation of European Union (EU) Common Agricultural Policy (CAP) in the early 1960's, which enforced some level of harmonization on agriculture between MS.

Consecutive CAP reforms, as well as several EU enlargements, have changed land use in the EU. CAP reforms were frequently designed to facilitate the integration of the agriculture of new accession countries or to accommodate international trade agreements.

History of the Common Agricultural Policy

The European Common Agricultural Policy (CAP) has had the most significant impact on land use because, as a food production management tool, it directly interfered with farmers' management decisions for using their farm land. The CAP was installed as one of the goals of the [Treaty of Rome](#) in 1957, which was the founding treaty of the European Community (EC). The goal of the CAP was to provide food security to the citizens of the European Community after the post World War II famine by guaranteeing sufficient revenues to farmers through shielding the EC market from world market competition, which in turn affected land use patterns. That CAP was so successful in promoting food production that food self-sufficiency was reached for most products in the seventies

and the EC started being confronted with food surpluses. Already in 1968 then Commissioner for Agriculture [Sicco Mansholt](#) [1] sent a warning to his colleagues and the Mansholt Plan to reform the CAP was published in 1970 (http://www.ena.lu/mansholt_plan-020102084.html). As of the 1980s, changes to the CAP were implemented to limit production, including the milk production quota system in 1983, and deal with production surpluses. These initial CAP reforms were needed to accommodate the impact of the enlargements of the initial EU-6 [2] in 1973 (Denmark, Ireland and United Kingdom), 1981 (Greece) and 1986 (Portugal and Spain).

The change over of the CAP started in 1992 with the [MacSharry](#) [3] reform, which reduced commodity prices to expose EU farming to market signals while introducing direct payments. This reform introduced set-aside and also marked a beginning of responding to the EU public's changing priorities. One of the main catalysts behind the 1992 reform was the need to pacify the EU's external trade partners at the Uruguay Round of the GATT trade talks with regards to agricultural subsidies. Austria, Finland and Sweden also gained EU membership in 1993. The [Agenda 2000](#) [4] of 1999 decreased guaranteed commodity prices in the EU further, while broadening direct payments. Also, a budget ceiling was introduced for the CAP. For the first time, this reform also introduced rural development policies.

The [Fischler reform](#) [5] of 2003, originally meant as a Mid Term Review (MTR) of Agenda 2000, greatly decoupled the direct payments. These new "single farm payments" were linked to respect for environmental, food safety and animal welfare standards through the "cross compliance". This 2003 CAP reform prepared the EU for the 2004 enlargement with 10 new Member States (NMS) from central Europe [6], with Bulgaria and Romania acceding in 2007. The 2003 CAP Reform was also designed to facilitate the newly launched Doha Round of WTO negotiations [7].

The most recent CAP reform, the [2008 Health Check](#) [8], is further decoupling almost all remaining direct payments, leaving few exceptions. It is abolishing many of the agricultural production limits that were introduced in the 1980s and 1990s, like abolishing set aside again and preparing the "soft landing" of the milk quota, which are bound to expire in 2015. The [Rural Development Policy 2007-2013](#) [9], which debuted in 2007 under the so called Pillar 2 of the CAP, is being expanded by increased funding being roamed off the direct payments from Pillar 1. This is known as "modulation". At the same time, more flexible spending criteria for Pillar 2 will allow smoother adaptation of agriculture in "Least Favored Areas" (LFA) through better targeted subsidies.

An oversight of the history of the CAP is also available from the EU website at http://ec.europa.eu/agriculture/capexplained/change/index_en.htm. The history of the EU can be

found at http://europa.eu/abc/history/index_en.htm.

Land use changes and trends

EU-27 Land Use (in '000 Ha)	2000	2001	2002	2003	2004	2005	2006	2007
Cereals	61329	61514	61383	59005	61163	59619	57473	57494
Soft wheat	26680	26472	27055	24734	26651	26453	24898	24803
Barley	14067	14103	13993	14051	13726	13790	13835	13851
Maize	8917	9452	8995	9138	9677	9227	8569	8472
Rye	3742	3567	2925	2601	2780	2489	2335	2580
Oilseeds								
Rapeseed	4133	4168	4269	4087	4576	4800	5327	6193
Sunseed	3772	3483	3521	4282	3769	3617	3945	3271
Soybeans	466	437	343	409	394	403	496	364
Potatoes	3253	3021	2665	2538	2480	2288	2252	2230
Sugar beet	2474	2432	2460	2303	2227	2245	1869	1809
Fodder on arable land	19462	17599	17086	18093	17403	18353	18951	19010
Set aside	604	843	644	718	589	699	663	605
Total arable land	112630	113391	112210	110665	110496	106474	100970	105437
Permanent Grassland	58008	58208	57715	57614	57049	57325	56833	56117
Total Farmed land	170637	171599	169926	168278	167545	163799	157803	161554

Source: Eurostat, completed with data provided by FAS EU offices.

The historical series in the table is compiled from EU-15 plus NMS data before accession. That means these historical numbers are somewhat blurred because land use in the NMS was not bound by the CAP before accession. Also, statistical numbers from many NMS have proven to be less reliable in the period before accession. The data in the table focus on arable land eligible for CAP subsidies under pillar 1. Permanent crops like fruit trees, vineyards, olive trees, forest land, but also rough grazing and permanent mountainous pastures, are not included in this survey for lack of harmonization of definitions between MS and lack of comprehensive data.

Nevertheless, clear examples of the impact from CAP reforms are present in the table. As an example, set aside acreage varies between years in line with the level of mandatory set aside fixed for a given year. The clear drop in sugar beet acreage in 2006 as a result of the sugar reform is another example. Rye acreage decreased as a result of the exclusion of rye from cereal intervention in 2005 and the same for corn one year later. Lower subsidies for starch production from potatoes are driving potato acreage down in Poland in recent years. An additional subsidy for energy crops on set aside land and the surge in production of biodiesel have led to increasing rapeseed production.

During the 1990s, similar (undocumented in the table) clear changes occurred as a result of the implementation of the direct payments and price adjustments between crops from the MacSharry

reforms of 1992. In the United Kingdom, burgeoning oilseed flax acreage disappeared overnight with the lowering of the oilseed subsidy to the level of the subsidy for cereals. Similarly, in France, the majority of the pea acreage disappeared in favor of rapeseed planting.

The latest land use survey methodology from Eurostat is explained in a report: [New insight into land cover and land use in Europe](#) [10] .

Recent drivers of land use change and future developments

CAP reforms and market adjustments from EU enlargement or international trade agreements have been the main drivers for changes in land uses in the EU in the past. This will remain true in the future, although the main adjustments from the 2003 CAP reform and the accession of the 12 NMS has already played out and the Health Check will only have a limited impact. A new WTO Doha agreement based on current drafts would likely have little impact as the EU has been negotiating from its 2003 CAP reform base. Therefore, the next important date for this type of drivers is 2013, when new budget rules will reshape the CAP. However, recent and new challenges have the potential to change land use dramatically.

Environmental restrictions have begun playing an important role with the implementation of the [Council Directive 91/676/EEC](#) [11] (known as the Nitrate Directive). The [agro-environmental programs](#) [12] under the [Rural Development policy 2000–2006](#) [13] imposed farm management restrictions and therefore land use. Most agro-environmental measures from this scheme reduced inputs of nutrients and phyto-pharmaceuticals, thus eliminating some crops under this scheme. The [Rural Development policy 2007-2013](#) [14] will further impact land use. In recent times in the EU, more and more recycled soil improvers, like composted waste from food processing and households but also sludge from water treatment plants, are being applied on agricultural land as a cheap fertilizer and for soil carbon replenishment. To protect agricultural land from soil degradation, including the dangers of soil contamination with undesired substances from heavy metals, PCBs to plastic debris, the EC is working on a [Soil Directive](#) [15] . New environmental threats that are likely to impact the way land is used have been gradually surfacing over the past decade. As an example, falling groundwater levels and water shortages have led to restrictions on irrigation, mainly in France and Spain. Resulting farmers crop management decisions have decreased corn planting in water restricted areas. Climate change and EU or national mitigation policies can be expected to lead to further impacts on farmers' land use decisions.

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^[1] http://ec.europa.eu/commission_barroso/president/history/mansholt/index_en.htm

^[2] The founding countries of the EU are Belgium, France, Germany, Italy, Luxembourg and The Netherlands.

^[3] http://en.wikipedia.org/wiki/Ray_MacSharry

^[4] http://ec.europa.eu/agenda2000/index_en.htm

^[5] <http://eur-lex.europa.eu/JOHtml.do?uri=OJ:L:2003:270:SOM:EN:HTML>

^[6] The 10 NMS are Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovenia and the Slovak Republic.

^[7] ACHIEVEMENTS IN AGRICULTURAL POLICY UNDER COMMISSIONER FRANZ FISCHLER (PERIOD 1995-2004) - http://ec.europa.eu/agriculture/publi/achievements/text_en.pdf

^[8] http://ec.europa.eu/agriculture/healthcheck/index_en.htm

^[9] http://ec.europa.eu/agriculture/publi/fact/rurdev2007/en_2007.pdf

^[10] http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-SF-08-033/EN/KS-SF-08-033-EN.PDF

^[11] <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31991L0676:EN:HTML>

^[12] http://ec.europa.eu/agriculture/publi/reports/agrienv/rep_en.pdf

^[13] http://ec.europa.eu/agriculture/rur/index_en.htm

[14] http://ec.europa.eu/agriculture/rurdev/index_en.htm

[15] http://ec.europa.eu/environment/soil/index_en.htm