

Olga Kujáni Katalin¹
Szent István University
Gödöllő, Hungary

The French multifunctional model and the short food supply chain as adaptable examples in the case of small and self-subsistence farms in the EU new member states

Abstract. For the countries of the Central Europe, the regional policy measures which concentrate on the maintenance of the small and medium sized producer's units and are trying to find solutions to the worsening negative circumstances for the family farms (in the EU-12, 68.5% of farms are regarded as being semi-self-subsistent [Statistical... 2010, p. 85] are particularly important. It is unanimously acknowledged that for these farms it is not the support through supplementary income found in the 1st axis that gives a chance of survival (it rather piles difficulties up on them because of the additional cost of administration and protection of the environment), which is rather helpful for the producers of large quantities in complying with the processes of world markets, but it is the support given for the maintenance of the environment and the programmes serving to strengthen connection to the local and regional markets that can produce results (presently 2nd axis). The endeavours mentioned above provide some possibilities of protection and long-term survival of multifunctional, small size family farms, which at the same time produce quality goods, and warding the hectic changes in the free markets off. Among the countries of Western Europe, it is France that could provide especially useful examples in the course of reformation of the European support system, because the French government and the rural stakeholders have been following their aim, almost for two decades, of the effective development of direct selling (in French *vente directe*) and short food provision systems (in French *circuits courts*) through which they preserve those agricultural structures that are built on family connections. The subject of this paper is adaptation possibilities of the French direct marketing model, which evolved for the preservation of multifunctional family farms and warding of the hectic changes in marketing conditions off. It provided proof in the past decade that it is not only the intensive industrial production that can be competitive and viable, but also the small size, multifunctional farms, close to nature, that support one or two families, can provide effective perspectives for the renewal of the prime sector and the agriculture of Europe. If the good practices of Western Europe, and within it France, can be employed in the region of the Eastern and Central Europe, this will contribute to the reduction of distances between country areas, to the uplift of those areas that lag behind and are subdued to a measure of poverty.

Key words: multi-functionality, semi-subsistence farming, family farms, rural development policy, short-distance food supply chain.

Introduction

Through the discussions around the balancing of interests about the reform of the Common Agricultural Policy (CAP) taking place these days, the basic concepts are beginning to crystallise, and these will be able to be channelled into the same path after 2013. The new policy supports competitiveness and multiplicity, the preservation of the natural resources that small farms are able to maintain. All this can be summed up in three basic principles: security of food supply; utilization of the natural resources, and

¹ PhD student; address: Szent István University, Hungary 2103 Gödöllő, Práter K. u. 1, e-mail: kujanikatalin@gmail.com.

maintenance of the regional balance. However, the above listed aims still hold an important quandary: what kind of an European agricultural model we would like to see; the support of which types and sizes of farming could result in the maintenance of viable agriculture, which ensures feeding and security of food supply for the people in Europe. The results of the EU enlargements by new countries in 2004 and 2007 have made possible by today the realization of those challenges that the Central and Eastern European agricultural integration brought about. The dual property structure and the increase in number of small farms, the greater role played by the primary sector in the rural regions have proved that in the common European agricultural strategy of the 27 states, a place must be given for the provision of self-subsistence farmers and those who supply the local markets, who are responsible not only for their own livelihood but also for the country life, the many-hued culture, the traditional groceries and other common goods (for example an ordered upkeep of the environment).

The aim of the research is to obtain and to show examples of success that can be examined for adaptability and that might contribute to the formation of a common European standpoint, which would take care of the long-term upkeep of family farms beyond the support through income supplements. In the countries of Western Europe, the traditional programmes built on social contacts have been operating for decades and these contribute to the building and improvement of contacts between town and country. Spreading in ever widening circles of the direct marketing systems is such a demonstrably good practice, which is built on the already working agricultural tourism and farm markets. Beyond the introduction of the different Eastern and Western European family farm structures, the aim of the research is to examine the possibilities of the integration of the French programmes.

Why should we deal with the different farm structure in the Central-Eastern Europe?

During discussions of the CAP, a question surfaces many times about the possibility of preservation of small farms; what kind of future could there be for the semi-self-subsistence family farms which are not competitive from the point of view of economics and their productive value is not included in the GDP, the contributory value of their production is not measurable. Is there a need to take into account these people, these farms in the policy at a communal level? What kind of social and economic functions could the small family farms in country areas fulfil? And the great dilemma: would they get greater attention if their cause could get back into the national social politics or the country development programmes?

At the conference that took place in Romania in 2010 from April 21 to 23 on the subject of 'Semi-subsistence farming (SSF) in the EU: current situation and future prospects', the European Country Network highlighted the question of the farmers of the Central-Eastern Europe, indicating that it is very important for Europe to find a place in communal politics where those questions relating to the 4.7 million farms (Statistical... 2009, p.58) could be dealt with and their problems treated by different methods. One of the common characteristics of the area of the Central-Eastern Europe is that, following the political change, the agricultural structure has become dual, that is, beside the large, competitive, intensive farms, the small, self-subsistence farms continue in existence.

Following their joining to the EU in 2004 and 2007, the large percentage that these farms represent has rearranged the farm structure of the EU and brought new challenges in the CAP.

At present, there is no uniform European standpoint regarding the role and place of these small, self-subsistence and semi-self-subsistence farms, although several studies have already been done in order to clarify the various concepts and to tell apart the Western European and the Eastern European family style farms.

In approaching the circle of questions, we differentiate the two schools of thought. One of them regards the small farms as something undesirable as well as hindering the development of the country areas. It is said that their farming is not competitive, they use old-fashioned machinery and that those natural and material sources of energy that they use could be distributed much more effectively among the lucrative farms. In fact, they speak of this group as of the poverty of the countryside (Kostov & Lingard 2004; pp. 567). The so-called semi-subsistence farms, for which the multifunctional strategy would be one of the possibilities, are placed where there is a source of adequately trained people and potential consumers. However, those programmes that support diversity received only minimal communal financing in the CAP between 2007 and 2013. One of the most useful characteristics of the semi-self-subsistence farms is that they contribute to the survival of the environmental resources and public assets. In spite of this they are locked out of the financing of agrarian environmental economics.

From the other viewpoint, these farms mean the strategy of sustaining the countryside under the economic recessions, especially in the moderately developed EU member-states (Brüntrup & Heidhues 2002, p. 18). We can list here those family self-subsistence farms where beside the social contacts there is an enterprising attitude and capital. There is no agreement in its exact naming, because if we call family farms those enterprises that operate under family control (Allaire 2011, p. 21) and at least two family members are employed full time in the farm, then in fact the major portion of the European farms fall within this category. For this reason, in those countries that have recently joined the EU, the small farming or miniature-farming expression is more recommended. These farms, according to Hubbard (2009, p. 3), could be smaller than 10 hectares, or not exceeding 8 ESU (European Size Unit), or not exceeding 2 AWU (Annual Work Unit). Small farms make up three-quarters of the farms in Europe and, what's more, those smaller than 10 hectares make up 80% of the European farms, while at the same time they make use of only 15% of the arable land in proportion to the cultivated arable land as a whole.

It is difficult to characterise under one heading the self-subsistence and the semi-self-subsistence family farms because they are of many colours and their economic potentials are also very varied in different countries. In fact, it could be said that we would find them among the maintainer farms, those producing on the basis of the full market prices, and those that produce entirely for self-sufficiency, and in character they appear in both groups. In the process of a statistical approach it is worth applying the definition of the EU Farm Structure Survey, according to which under the name of the semi-self-subsistence farms those farms should be understood, which, besides family consumption, put on the market at least 50% of their products. Beside this, a large proportion in their expenses is taken up by transactional expenditure. According to the European statistical approach, they are those family farms, characteristic to the region, which found their way into the European market economy, at the same time preserving their traditional family and home farming models.

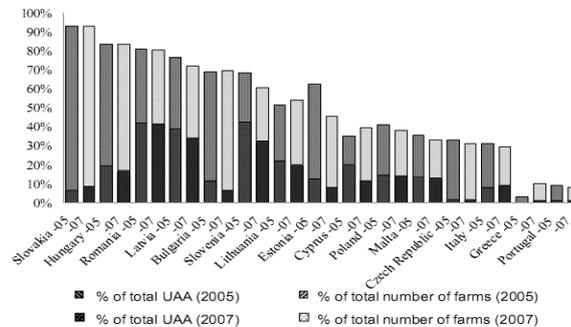


Fig. 1. Share of agricultural holdings producing primarily for their own consumption and the share of UAA they manage by MS, 2005 and 2007 (excluding all holdings <1 ESU), %

Source: [Statistical... 2005 and 2007, p.58].

Although the expression ‘semi-self-subsistence’ does not cover every type of the small family farms of Eastern Europe, this approach is still useful for the statistical demonstrations and analyses (Davidova et al. 2009, p. 3). In the new member states, the proportion of these farms is 68.5%, while in the EU-15 this number is only 15.7% (Figure 1).

The CAP and the small farms in Western Europe before 2004

After World War Second, the agriculture of the European Community was built up by many small farms (Figure 2). At the beginning of the 1960s, problems of the market appeared due to the over-production and the weakening protectionist policy, which could have also been seen in many small European farms unstable with regard to income. The Memorandum on Agriculture Reform in the European Economic Community [1969] known as the Mansholt Plan was created to find a solution to this problem. The Mansholt Plan got its name after Sicco Mansholt, the European Commissioner for Agriculture of Dutch origin. In Mansholt’s opinion, 80% of the European farms were too small to support even one person; therefore he initiated a fundamental reform of agriculture. The new policy would have encouraged the creation of new production units by selective investment supports. As a result of the program, the farms would have reached the 80-120 hectares in crop production, or 40-60 cows in dairy farms, or 450-600 pigs. In the early 1970s the program aimed to support about 5 million farmers to abandon agriculture, which would have been reached by re-training and early retirement. The plan, transforming the 6 countries’ agriculture, would have resulted in reduced, but more competitive agriculture (5 million hectares less and 3 million cattle less) and significantly less agricultural products. The Mansholt Plan has never been effectuated, due to its numerous opponents, but from that point a structural approach to agriculture gained ground.

Later in the 1970s, the arguments about the competitiveness of agriculture and its economic concentration multiplied. The neoclassical and the Marxist economic analyses prognosticated a quick disappearance of the small-size farms as a result of the technical and economic development of the larger farms. According to these opinions, in the long run the agricultural production would have moved towards capitalism, which became crucial given

the international market trends. Contrarily to these views, other hypotheses were trying to prove the necessity of the preservation of smaller size farms. They said that middle and large size farms automatically find their place in economy, and by keeping the smaller farms alive, the structure of agriculture will not move towards the interest of the over-financed mammoth farms, which would force down the prices of the raw materials by excessive industrial production.

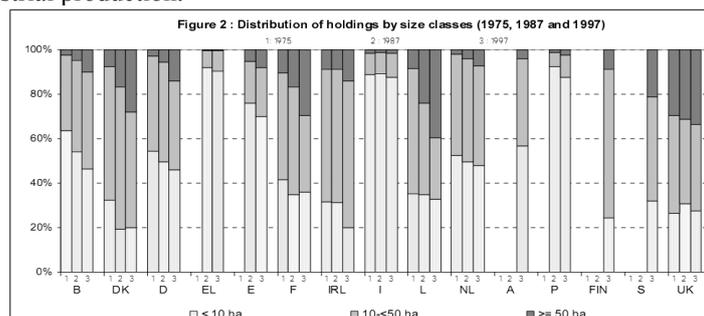


Figure 2: Distribution of holdings by size classes (1975, 1987 and 1997), %

Source: [Farm... 1966/67-1997; 2000, p.25].

The reform of the CAP in 1992 was the first time in political evolution that the development of the rural areas was emphasised. Furthermore, it pointed out not only to the importance of income supplementing subsidies but also it recognized that the preservation of the rural areas' diversity is one of the keys, next to the agricultural trade liberalization, helping to sustain the traditional European economic model (GATT Uruguay Round). One of the results of this recognition was the European Charter for Rural Areas (1996), issued by the Council of Europe, which approaches the demands of rural development in a complex manner. The Charter appraised the importance of managing rural areas and defined three functions of the countryside areas:

- economic functions (agriculture, forestry, fishing, and hunting; management of energy sources)
- ecological functions (preservation of the live environment; protection of the soil, water and air; protection of biodiversity)
- socio-cultural functions (preservation of rural communities and their cultural values; creation of local communities and associations),

The Charter was followed by the approval of the Cork Declaration in 1996, which defines in 10 points the aims of the new European rural policy (Rural preference; Integrated approach; Diversification; Sustainability; Subsidisation; Simplification; Programming; Financing; Management; Evaluation and research).

The Cork Declaration prepared the ground for the new reforms of CAP in 1999, which resulted in the agricultural support structure and the introduction of the II pillar for the European rural policy. Currently, the multi-functional approach can be explained from two aspects: one uses the word diversity by its definition, while the other one explains it by its insertion into the EU's CAP. According to van Huylenbroeck and Durand [2003, p. 1], the diverse functionality of agriculture comes about by the production of commodity and non-commodity goods. It is highly important to integrate multifunctionality into the policy

objectives, as it contributes to the production of public goods, such as the preservation of water and soil quality, the flora and fauna, the animal comfort and the protection of the rural landscape as a common good [Multifunctionality... 2001, p. 40).

The evolution of the French agricultural model; what does the French multi-functional family farm mean?

At the beginning of the 1960s, due to the influence of the Young Farmers Association, the Ministry of Agriculture of France had to make a change in its structural policy. The legislation focusing on modernization was started by Edgar Pisani, minister of agriculture, and guaranteed the conditions of the agricultural evolution. The goal was to create family farms that were able to produce competitively, profitably, with innovative technology, managed by the young farmers. The other notable result of this agricultural policy was to introduce a new type of company, specially designed for the agricultural sector: the French agricultural group for joint farming (GAEC, Le Groupement Agricole d'Exploitation en Commun), which in fact embodies a lawful form of family farming. Following that, in 1985 the concept of another civil society came up, that is the 'limited liability agricultural enterprise' that might mean one person or more people, family and non-family farms (EARL, L' Exploitation agricole à responsabilité limitée). Thanks to these regulations in the last fifty years, a dynamic concentration of land was achieved and finally the agricultural enterprises could have grown and strengthen. This can be seen by the fact that in 1955 more than 80% of the farms were less than 20 hectares and only 0.8% reached the size of 100 hectares. However, by the year 2000, 12% of the farms reached a minimum of 100 hectares in area, which takes up 46% of the agricultural land. While 30% of the farms are small in size (that is less than 5 hectares), they make up 1.5% of the agricultural land. These are mainly hobby farms belonging to retired owners and are used for recreation. This practice means that we can distinguish three model types in the French agricultural structure (Debailleul & Fournier 2007; p. 15): small farms of low income, operating under weak economic and social conditions, the problems of which are solved by endeavours at national level; the professional, intensive, large farms which can cope alone with the market challenges; the medium-sized enterprises, so-called family farms which are capable of operating on their own with the use of various agrarian instruments, but they take part in the national multifunctional programs created for encouragement.

Summarising the result of the last 50 years in the French agricultural strategy, it can be seen that the reform by Pisani in 1962, conducted in order to create a professional agricultural sector based on the family relations, gave a free way for the industry's development. As a result, France has been called the pantry of Europe, because the social relations allowed the inheritance over more generations. It ensured a large and good quality production which is based on professional knowledge.

Nowadays, the fluctuation of the raw materials prices and the influence of global markets create doubts about long-term farm sustainability. The direct payment system, the state interventionism and the well-organised co-operatives let the intensive farmers get onto neo-liberal markets, but what about the small farmers? Besides the CAP, there are some French programs that try to enhance the diverse family farms and to develop the local markets. Thus, the change of direction went under the spotlight on national level, which speaks about the renaissance of the local markets and the traditional relations between

farmers and consumers. The French government introduced into legislation the term of multi-functional farms and their definition. It was the Land Management Contract (in French le Contrat Territorial d'Exploitation, CTE) that conceived a useful application for the environment and landscape of those financial surpluses that might result from agricultural practices.

In the spring of 2002, the Contract of Sustainable Agriculture (in French le Contrat d'Agriculture Durable, CAD) replaced the previous regulation about multi-functional farms. It permitted decisions at regional level about the direction of development aims and tools, providing financial support per hectare so that the region can promote intensive production, at the same time taking care of ecology and economy or supporting the multi-functional aspect of farming as well as other activities of the farmers, that is production of quality products, provision of hospitality, farm tourism, local partnership, preservation of heritage (Pluvinage & Mayaud 2007, p. 412).

According to the regulation, the agricultural diversity can be expressed as collective profitable activities which supplement and are connected to the agricultural production. Two types of diversity are distinguished as classical forms and new fields. The agricultural diversity is able to maintain the agrarian population and rural areas, and in addition it can create added value and workplaces. According to Nihouse [2008, p.7], the multi-functionality is the most important symbol of a dynamic French agriculture which contributes to the maintenance of agricultural production. It can diminish the farmers' dependence on the fluctuation of the market. Classical activities that belong to traditional French agriculture are: direct selling to consumers and processing (seasonally at the farm, along the roads, on the producers' markets, sales to restaurants), farm tourism, basic services (outside farming activities: forestry, fishery, community activities).

New fields include: entertainment (sports programs, recreation, training, riding-school), bio-energy production (plants and tools), handicraft.

Between the multi-functional activities, the direct selling seemed the best way to complement and to assure the family incomes. Numerous types of realisation of the agricultural products without intermediary exist. After 2000, the distance between consumers and farmers became more and more important by spreading the idea of the sustainable development. For that reason the short-distance food supply chain was defined by the French Minister of Food, Agriculture and Fishery in 2009. It is a type of retail trade where there is no intermediate person, or only one person between the producer and consumer. In France 88600 farms do direct selling that means 16.3% out of all the farms in France. Out of these, 66.3% sell fruit and vegetable that is the most important branch in that market. The stockbreeders and the crop producers also appear but they are marginal. 47% of the direct sellers process their raw material, principally in the labour-intensive culture, thus these farms represent 26.1% of the annual work input in French agriculture (measured in AWU).

There are various types of retail too. The simplest way is to sell on the farm or in the farmers' markets, shops. The more advanced methods are selling in the basket by AMAP (The Association for the Maintenance of Family Farming, Associations pour le Maintien d'une Agriculture Paysanne), on the Internet sites or in a direct way in modern retailing. This wide scale shows not only the heterogeneity of the structure but it needs more competence and technology for working of the operation. In practice, the producers' tasks are sorted in four groups: production, preparation, processing and marketing. Since all the

tasks are performed at one place it makes it easier to check the quality and reliability, which are the important features of this way of selling.

Table 1. Economic results of short food supply chain in the Midi-Pyrénées region, France

Impact	Farm tourism	Short food supply chain
Economic		
Income by farms (all multifunctional farms in Midi-Pyrénées region)	46 million EUR (+/- 8 million EUR)	560 million EUR (+/- 77 million EUR)
Income by farms / the region's agricultural income ¹	1.2 % (+/- 0,2 %)	14 % (+/- 2 %)
Social		
Annual work unit, AWU/farm	0.55	1.85
AWU farm / AWU regional	1.7 %	20.3 %

Notes¹ : Calculated uncertainty is from the precision of the questions of the survey.

Source: [Chevallier et al, 2009, p. 44].

The participating farms usually sell mainly vegetable, fruit, eggs, honey and special processed products, but nowadays we can find some crop producers, where the family provides the labour force. The aim of these farms is to produce quality goods, so they use less chemicals than the intensive farms do. Looking at the size of the farms, there are no significant differences between the diversity of activities and the size. From the small-size farms to those of 200 hectares, all types can participate in direct selling and farm tourism. Those farms that take part in the short-distance chain can be found especially in the regions where there is a labour-intensive cultivation. For example the Midi-Pyrénées region, where 13% of the farms take part in direct selling (on the national level it means 16.1%) and 4% in farm tourism (it means 3.1% on the national scale). On average, farm tourism is settled around the towns and direct selling is dispersed in the rural areas (either on the farms or on markets, in shops). According to a survey of the Midi-Pyrénées Agricultural Chamber, the marketing of the products and personal contacts are considered to be the motivating factors for the farmers.

Looking at the economic results in that region (Table 1), the short-distance food supply chain helped growing the farms' revenues unambiguously. According to the survey of the Midi-Pyrénées Agricultural Chamber, the direct selling generated 560 million EUR of income in the region, which signifies 14% of all agricultural incomes at this level. Finally, the family farms obtained EUR 130 000 in gross receipts (revenues) a year, of which EUR 83 000 came from direct selling that makes 63.8% at farm level, and 14.4% of agricultural revenue at regional level. Practically these results emphasised the importance of the short food supply chain. We have to notice that the small family farms (smaller than 20 hectares and smaller than 8 ESU) are very special and they obtain the three-quarters of their incomes from the direct selling. On the other hand, the importance of the short food supply chain inspires employment of the labour force in the region that represents up to 1.85 AWU by farm and 20.3% agricultural labour in the region. Mainly the dairy farms and wine producers use labour force.

In this region the impact of short food supply chain can be seen in the extended labour force employment, the development of infrastructure in the rural areas and in the farm investments. In 2007 at the regional level, investments in the agricultural sector reached EUR 200 000, that means more than 70% increase in the local innovation projects.

Conclusion

Based on the French example, we can conclude that the legislation for multi-functional strategy has shown good result in the mid-term and long-term development of agro-ecological ambitions in respect to family farms. Diversity supplements the family income, catalyses the development of rural areas and creates workplaces by capital allocation in the less-favoured areas as in the mountain areas (in Midi-Pyrénées). The direct marketing systems, such as the AMAP (that came into being in France and other European countries), can contribute to improvement of the relations between consumers and producers by making comprehensible the importance and the role of agriculture in the economy and food chain. In addition, it supports a healthy life style, a varied dining and a presentation of gastronomy specialities, which are more and more popular among the urban population.

Diversity promotes farm tourism, thereby it can preserve rural heritage and natural resources and make these more widely known. Western European examples proved that diversity in agriculture is a stimulant factor that expands the scale of production and other rural activities and encourage the stakeholders in the rural sectors [Nihous 2008, p. 11]. Through the conciliation of the territorial and rural policies we can revive the underdeveloped, less-favoured areas, and are able to bring them into line and revitalise the impoverished regions.

Adaptation and legalisation of multi-functionality in the development strategy would be suggested for the Central and Eastern European countries when we examine the national results and rural policies. The effects of programs encouraging diversity could show measurable results despite the different economic potentials of family farms. The rural stakeholders in the Eastern and Central Europe are encouraged to become active participants in the rural development programs if they are informed properly.

In the course of the CAP reform, the decision-makers have to take into consideration the different characteristics of the Western and Eastern European family farms. Moreover, the semi-subsistence farms, which are active stakeholders in rural areas, need a special attention. The problems of the small, semi-subsistence farms in the new member states should be attended to in the common rural development policy with alternative programs, so that they do not fall behind.

References

- Allaire G. [2011]: Small farmers and the local markets in the context of the European Quality Policy. European Parliament, Brussels, pp. 21.
- Brüntrup M., Heidhues F. [2002]: Subsistence Agriculture in Development: Its Role in Processes of Structural Change. Institute of Agricultural Economics and Social Sciences in the Tropics and Subtropics. Stuttgart, Germany, pp. 18.
- Chevallier L., Ducoulombier C., Lay S. [2009]: Socio-economic Importance of Agri tourism and the Short Supply Chain in the Region of Midi-Pyrénées. Regional Chamber of Agriculture of Midi-Pyrénées, Toulouse, pp. 10-44.
- Davidova S., Fredriksson L., Bailey A. [2009]: Subsistence and Semi-subsistence Farming. School of Economics Discussion Papers, University of Kent.
- Debailleul G. Fournier M. [2007]: Agricultural policy and the mesure of the supports for the family farms in the main OECD countries. [Available at:] www.oecd.org/dataoecd/58/18/38270324.pdf. [Accessed : June 2011].
- Farm Structure Historical Results - Survey from 1966/67 to 1997. [2000]. Office for Official Publications of the European Communities, Luxemburg.

- Hubbard C. [2009]: Small farms in the EU, how small is small? 111th EAAE-IAAE Seminar Small Farms: Decline or Persistence. 26-27 June 2009. University Kent, Canterbury.
- Huylenbroeck van G., Durand G. [2003]: Multifunctionality and rural development in general framework. *Multifunctional Agriculture: A New Paradigm for European Agriculture and rural Development*. Ashgate, Aldershot, pp. 1-16.
- Kostov P., Lingard J. [2004]: Subsistence Agriculture in Transition Economies: Its Roles and Determinants. *Journal of Agricultural Economics* no. 55(3), pp. 565-579.
- Mémorandum on the Reform of the Agriculture in the European Economic Community. [1969]. European Community, Brussels. [Available at:] http://www.ena.lu/memorandum_reforme_agriculture_cee_21_decembre_1968-010000924.html. [Accessed: June 2011].
- Multifunctionality: Towards an Analytical Frame-work. [2001]. Organisation for Economic Cooperation and Development, Paris.
- Nihous F. [2008]: The diversification and the evaluation of the rural activities trough services involved in the rural development. Rapport de mission. French Minister of Food, Agriculture and Fishery. [Available at:] <http://agriculture.gouv.fr/la-diversification-et-la>. [Accessed: June 2011], pp. 7-12.
- Pluinage J., Mayaud J. [2007]: From the agricultural enterprises in the 19th century to the multifunctional agricultural enterprises in the 20th century. [In :] *Histoire et agronomie*. P. Robin, J. Aeschlimann, C. Feller (eds.), Geneva, pp. 405-414.
- Statistical and Economic Information Report 2009. [2010]. Directorate-General for Agriculture and Rural Development, European Commission, Brussels.