EU Agricultural Economics *Briefs*

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Structure and dynamics of EU farms: changes, trends and policy relevance

Contents

12 million farms, 172 million hectares of agricultural land, 25 million people involved in agricultural production – these are some of the key data for the EU farming sector in 2010; but what about the situation of individual farms and how do things differ between Member States and as compared with previous years? This *Brief* takes a closer look at farm structures in the European Union, on the basis of the most recent statistics available[1].

[1] Farm Structure Survey (FSS). See methodological note in Annex 1 on the comparability of data over time.

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http://ec.europa.eu/agriculture/rural-area-economics/briefs/index_en.htm

Agriculture and Rural Development

1. Why look at farm structures?

A farm or agricultural holding is the basic organisational unit for agricultural production. The ways in which such units are organised, their sizes, specialisations, use of production factors and development are vitally important parameters for agricultural policy. Farm structures determine who will benefit from direct payments and some rural development funds. They provide information on farm management, land ownership and regional production patterns. Farm structures therefore tell the story of agriculture in Europe, across the continent and over time.

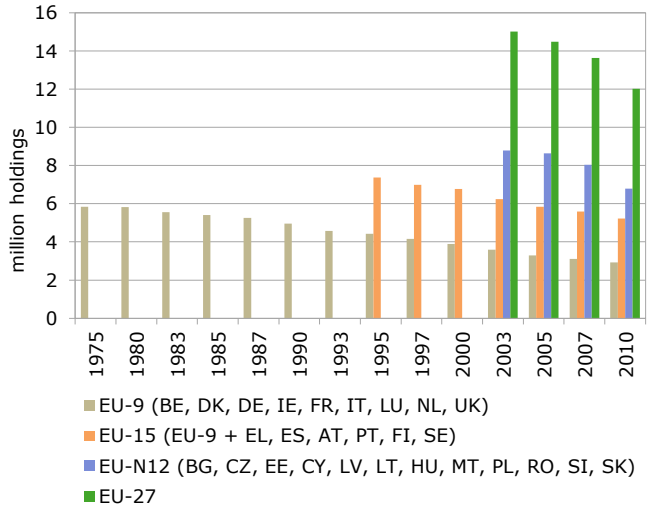
The Common Agricultural Policy (CAP) is geared to the overall objectives of farm competitiveness, environmental sustainability and lively rural communities; all of these impact on farm structures, in various ways. With political agreement on the CAP reform and the recent publication of EU-wide data from the 2009/10 agricultural census, this is a good time to take stock of current farm structures and how they have changed.

2. What statistics say about farm structures in the EU

Farm numbers are declining …

For several decades now, the number of farms in the EU has been on a downward trend.

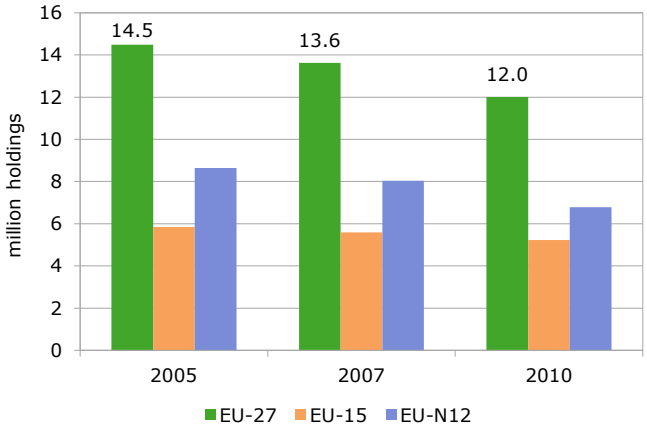
Graph 1 Number of EU holdings since 1975



Source: Eurostat, FSS (historical results; online data codes: ef_ov_kvaa and ef_kvaareg).

Between 2005 and 2010, the average annual rate of decline stood at -3.7%, with greater losses in the countries that joined the EU in 2004 and 2007 (EU-N12: -4.7% per year) than in the older Member States (EU-15: -2.2% per year).

Graph 2 Number of holdings in 2005, 2007 and 2010



Source: Eurostat, FSS (online data code: ef_kvaareg).

Some general trends in the 2005-10 period:

- Southern European countries (Portugal, Spain, Italy, Cyprus and Greece), i.e. those countries hit hardest by the debt crisis, show relatively low rates of decline in the number of holdings, while Ireland and Malta are the only countries where farm numbers have increased[2]. This could stem from a lack of other, more profitable employment opportunities or an absence of potential new investors in agriculture (and/or lack of the capital required for setting up). It could also reflect a general tendency to maintain farms as a form of safety net during difficult times.
- Eastern European countries, in particular the Baltic States (Estonia, Latvia and Lithuania) show the highest rates of decline in the number of holdings[3]. This can be considered a normal process of structural adjustment, as state-owned land was returned to the previous owners (or their successors) after independence in the early 1990s, leading to a large number of small holdings which are either not economically viable

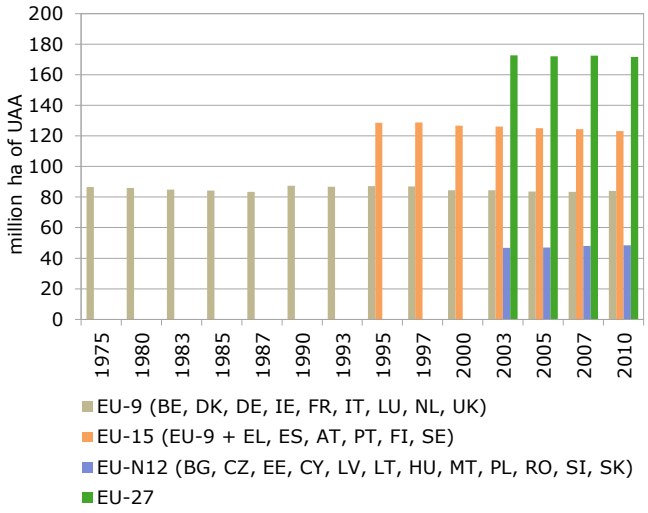
[2] The Irish population grew by 8.7% between 2005 and 2010, as compared with an EU-27 average of 2.0%.
[3] Drastic reductions in the number of holdings in Slovakia, the Czech Republic and Poland could be due to changes in the survey thresholds – see the methodological note in Annex 1.

or where the owner has no intention of remaining in agriculture.

… but agricultural area has remained stable

On the other hand, the utilised agricultural area (UAA) has changed very little since 1975.

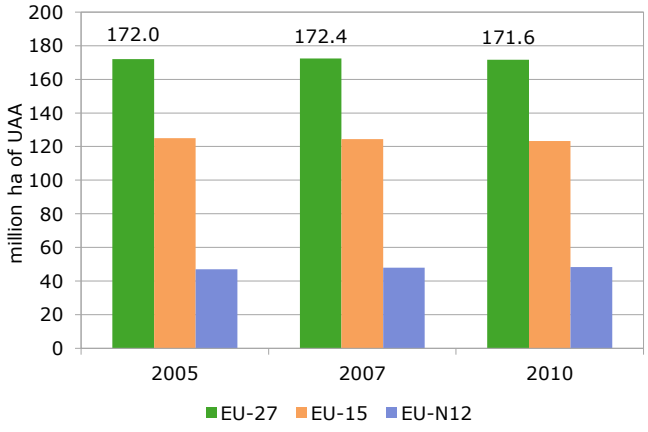
Graph 3 UAA since 1975



Source: Eurostat, FSS (historical results; online data codes: ef_ov_kvaa and ef_kvaareg).

Despite frequent warnings of agricultural land being lost due to 'soil sealing' (the covering of land for housing, roads or other construction work), this is not borne out by aggregate statistics. Only Cyprus, Greece and Austria reported average annual losses of more than 1% between 2005 and 2010.

Graph 4 Total UAA in 2005, 2007 and 2010

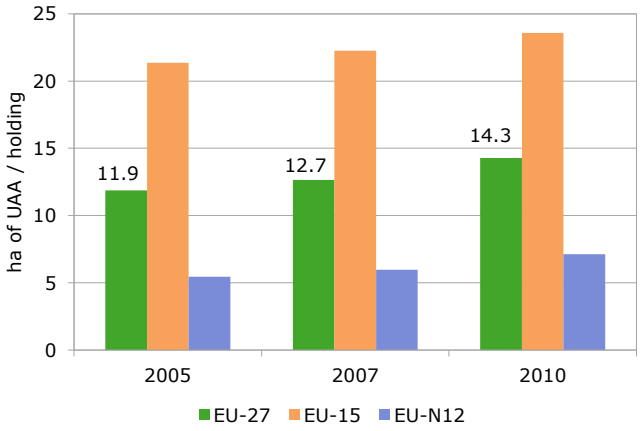


Source: Eurostat, FSS (online data code: ef_kvaareg).

The farms that remain are bigger, in terms of agricultural area …

A decline in farm numbers combined with stable UAA means that farms are bigger. Average farm size in the EU grew by 3.8 % per year between 2005 and 2010. Big differences remain between the 15 older Member States (23.6 ha/holding) and the 12 countries that joined the EU in 2004 and 2007 (7.1 ha/holding), but the latter are catching up, with annual growth rates almost three times higher than the former (5.5 % as against 2 % per year).

Graph 5 UAA per holding in 2005, 2007 and 2010



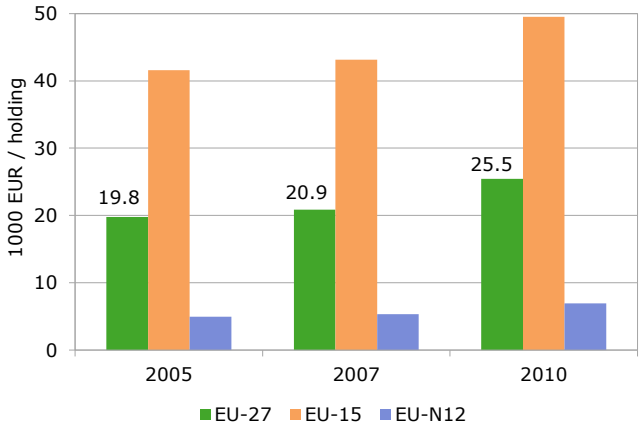
Source: Eurostat, FSS (online data code: ef_kvaareg).

By the standards of other large agricultural countries, however, European farms remain rather small (Brazil: 64 ha; Chile: 107 ha; USA: 170 ha; Canada: 315 ha; Argentina: around 590 ha; Australia: more than 3 000 ha per holding).

… and in economic terms

UAA is only one indicator of farm size and can be misleading, particularly for holdings specialised in agricultural activities that don't need much land (e.g., horticulture; poultry). So that economic activity can be compared across holdings, farms' standard output measures the average monetary value of their agricultural output at farm-gate prices, for all crop and livestock activities. This economic size criterion (expressed in euro) does not take input costs into account and thus cannot indicate profitability, nor is it adjusted for purchasing power differences between countries, but it does provide information for all EU Member States according to a commonly agreed methodology.

Graph 6 Standard output (SO) per holding in 2005, 2007 and 2010



Source: Eurostat, FSS (online data code: ef_kvaareg).

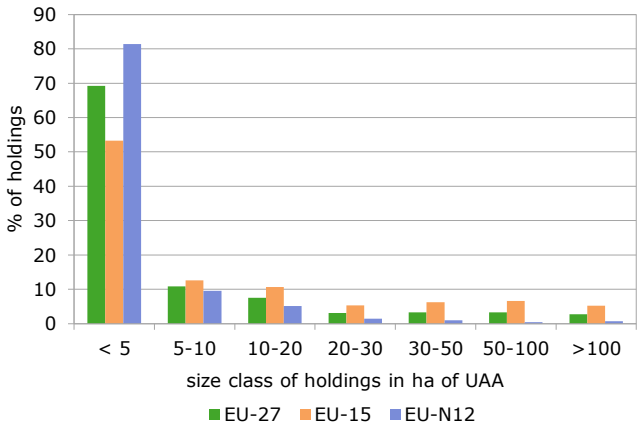
The average standard output per farm increased by 5.2% per year in the EU-27 between 2005 and 2010. This (nominal) rate is higher than the growth rate for farm size based on agricultural area, indicating a higher average economic output per unit of land.

For those countries that joined the EU in 2004 or 2007, standard output per farm grew twice as much as for the older EU Member States (EU-N12: +6.9% per year; EU-15: +3.5% per year), albeit from a much lower level. While some countries report annual growth rates of over 10% (Slovakia, Latvia, the Czech Republic, Poland and Estonia[4]), two Member States had negative rates (Ireland: -3.1% per year; Cyprus: -2.7% per year).

The majority of holdings in the EU are small …

Despite the on-going consolidation process, farming in Europe is still carried out primarily on small or very small holdings. 69% of all farms in the EU-27 work less than 5 ha of agricultural land, and only 2.7% have more than 100 ha[5].

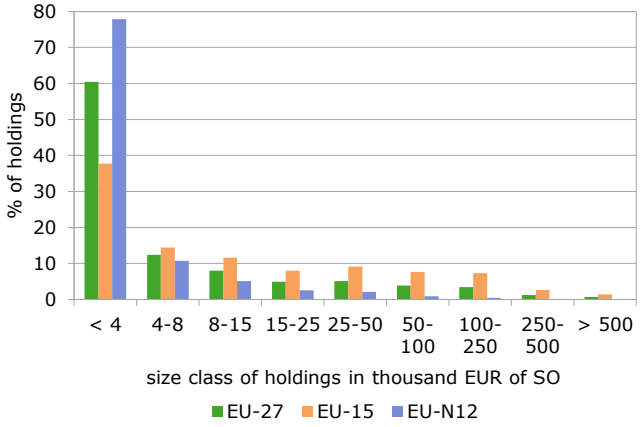
Graph 7 Share of holdings by UAA size class in 2010



Source: Eurostat, FSS (online data code: ef_kvaareg).

The distribution of standard output per farm shows a similar picture, with greater disparities in those countries that joined the EU in 2004 and 2007 than in the older Member States. Given the faster growth in farm standard output for the new Member States (see above), it is reasonable to assume that these differences will decrease over time.

Graph 8 Share of holdings by economic size class in 2010



Source: Eurostat, FSS (online data code: ef_kvecsleg).

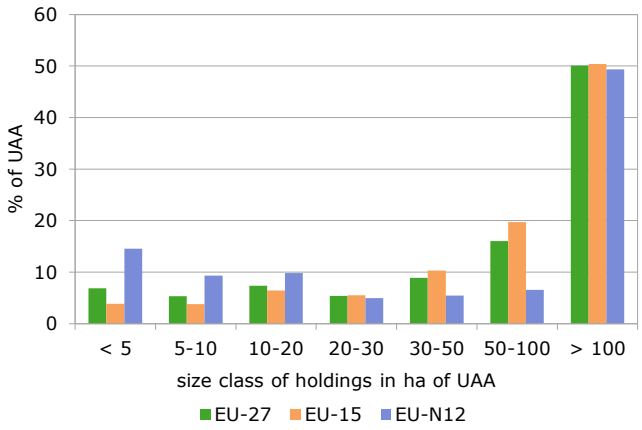
… but they cover only a minor part of the agricultural area …

Despite being so numerous, holdings with less than 5 ha occupy only 7% of the total agricultural area in the EU, while the small group of holdings of over 100 ha accounts for 50% of total UAA. This structural dualism is particularly pronounced in some Eastern European countries (e.g., Bulgaria, Hungary), where 80% of small holdings work less than 10% of the UAA, while

[4] Slovakia, the Czech Republic and Poland have changed their survey thresholds in 2010, which may influence the results.
[5] Difference in the share of small farms and average farm size across Member States can be strongly affected by dissimilar survey thresholds chosen by them (see the methodological note in annex 1).

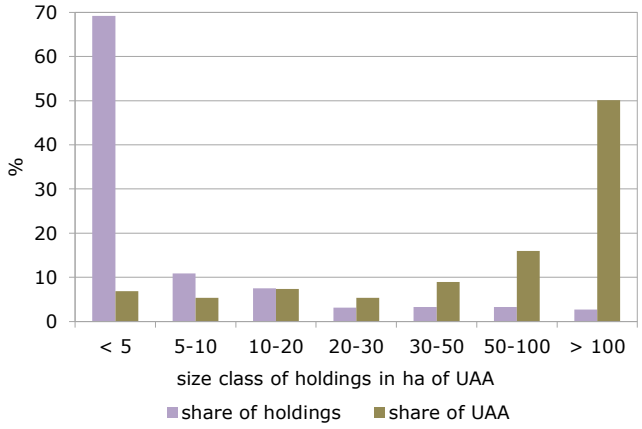
over 65% of the area is managed by 1.5% of large holdings.

Graph 9 Share of UAA by holdings of different size classes in 2010



Source: Eurostat, FSS (online data code: ef_kvaareg).

Graph 10 Share of holdings and UAA by UAA size class in 2010 in the EU-27



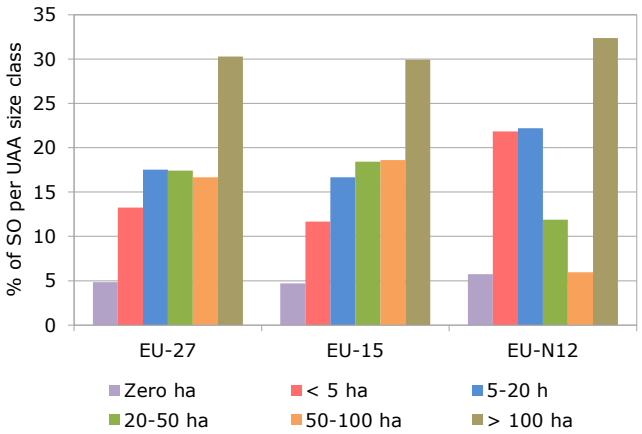
Source: Eurostat, FSS (online data code: ef_kvaareg).

This is an important consideration when looking at land management and other environmental issues — practices on large farms will have a much greater impact on many environmental parameters than those on small farms.

...and their combined potential production value is low

As a group, holdings in the smallest size classes produce a relatively small share of total standard output. The biggest holdings with more than 100 ha UAA (2.7% of all holdings) account for over 30% of standard output across the EU. Interestingly, medium-sized farms with between 20 and 100 ha UAA are contributing less to the total production value in the EU-N12 than in the EU-15. The coming years will show whether this gap will be filled by mid-sized farms, or whether some very big holdings will co-exist with a large (but diminishing) number of small farms.

Graph 11 Share of standard output by UAA size class in 2010

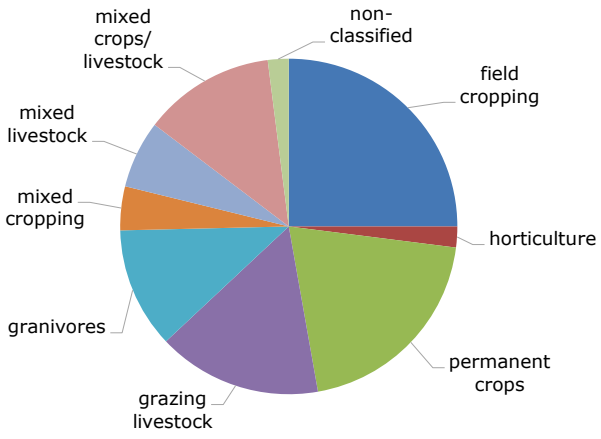


Source: Eurostat, FSS (online data code: ef_kvaareg).

Special in different ways: dominant types of big and small farms

Farms can be classified into different types, according to the share of the farm's main activity in total farm standard output[6].

Graph 12 Specialisation of all EU holdings in 2010



Source: Eurostat, FSS (online data code: ef_kvftaa).

[6] For details, see Commission Regulation (EC) No 1242/2008.

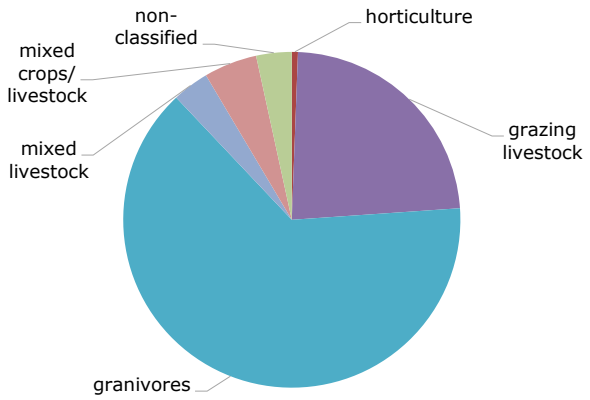
For all farms in the EU, this results in a mosaic of types, dominated by field cropping, permanent crops, grazing livestock and granivores (pigs and poultry).

A breakdown of farms by size class (ha UAA) shows how the dominant farm type varies with size.

Holdings with no agricultural land are predominantly producing granivores. In economic terms, such holdings can be quite big, depending on their location: in the old Member States, more than 20% of all holdings specialised in pig or poultry production have a standard output above EUR 500 000. In contrast, between 80 and 90% of these specialised holdings located in countries that joined the EU in 2004 or 2007 produce less than EUR 2 000 of standard output.

Grazing livestock, the second most important specialisation in holdings without agricultural area, is either held in intensive indoor systems without any land, or the animals graze on common land that is not counted towards the UAA of the holding.

Graph 13 Specialisation of EU holdings with 0 ha UAA in 2010

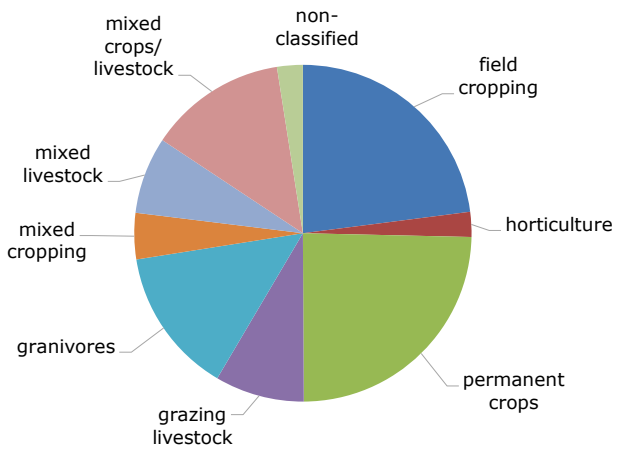


Source: Eurostat, FSS (online data code: ef_kvftaa).

Small holdings with less than 5 ha UAA show the greatest diversity in their activities. They tend to either specialise in the production of permanent crops (vineyards, fruits and olives) or field cropping, or they practise a range of different activities, including a relatively high share of mixed cropping or crop/livestock farming.

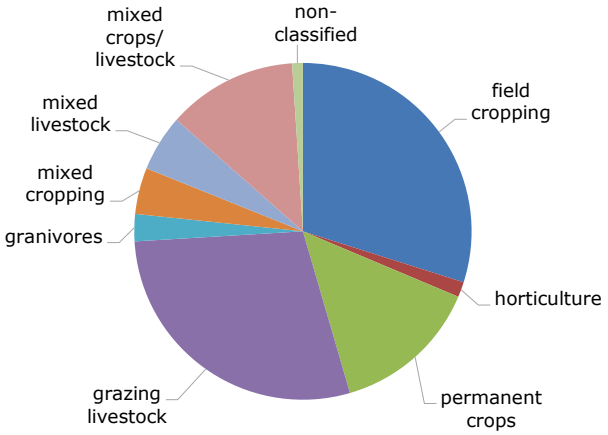
As the size of the farms' UAA grows, the share of holdings specialised in field cropping and grazing livestock increases, while permanent crops, granivores and mixed farming activities become less important.

Graph 14 Specialisation of EU holdings with 0.1 to 4.9 ha UAA in 2010



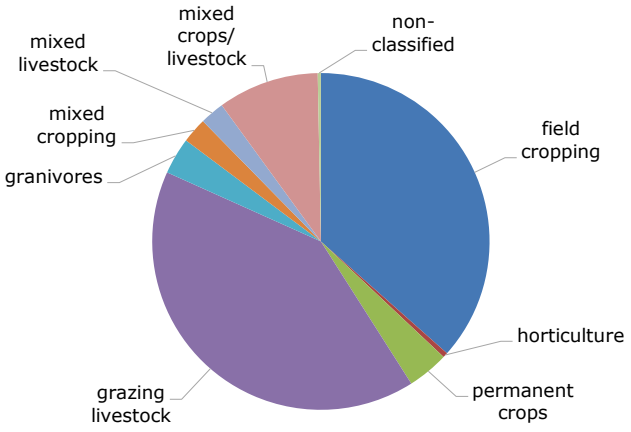
Source: Eurostat, FSS (online data code: ef_kvftaa).

Graph 15 Specialisation of EU holdings with 5 to 49.9 ha UAA in 2010



Source: Eurostat, FSS (online data code: ef_kvftaa).

Graph 16 Specialisation of EU holdings with 50 to more than 100 ha UAA in 2010

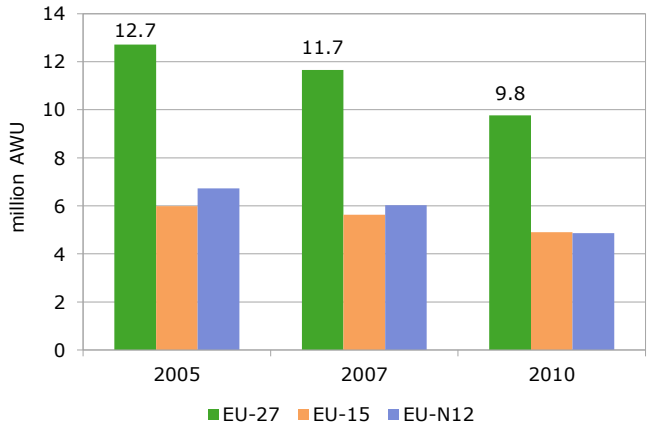


Source: Eurostat, FSS (online data code: ef_kvftaa).

Labour use in agriculture is declining …

In 2010, roughly 25 million people were involved in agricultural production. These are people who were regularly engaged in farm work, but not necessarily on a full-time basis. Converted into annual work units (one AWU corresponds to a full-time job), this represents roughly 10 million, i.e. less than one full-time job per farm.

Graph 17 Total agricultural labour force (in AWU) in 2005, 2007 and 2010



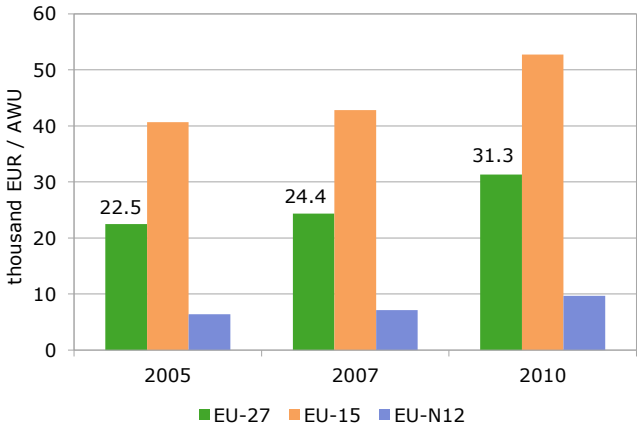
Source: Eurostat, FSS (online data code: ef_kvaareg).

As agricultural holdings in the EU grew in size and declined in numbers, the total agricultural labour force shrank by 5.2% a year between 2005 and 2010. This phenomenon can be observed in both old and new Member States, with a sharper decline in the latter (EU-15: -3.9% per year; EU-N12: -6.3% a year). Economies of scale, a higher degree of mechanisation on bigger farms and technical progress contribute to the replacement of labour by capital. The highest relative decrease in the agricultural labour force has been seen in countries that joined the EU in 2007 (Bulgaria and Romania: -8.9% a year), followed by the Baltic countries (-8.3% a year). Much lower rates apply in some of the oldest Member States (the Netherlands: -1.45%; Luxembourg: -1.5% a year), while Ireland and Malta are the only countries that report an increase in their agricultural labour force (in line with the increase in farm numbers in these two countries).

… but the potential production value of the EU agricultural labour force has increased significantly

The agricultural jobs that remain have become more productive, as shown by the higher amount of standard output generated per AWU. For the EU-27 as a whole, this value, which can serve as a proxy for agricultural labour productivity[7], grew by 6.8% a year between 2005 and 2010. As a group, the Baltic countries (Estonia, Latvia and Lithuania) have shown the most impressive increase (+11.25% per year), followed by Bulgaria and Romania (+10% per year). On the other hand, many of the older Member States (e.g. Ireland, Germany, Spain and the Netherlands) have very low or even negative growth rates for standard output per AWU, indicating that a plateau may have been reached beyond which a further increase is difficult to achieve.

Graph 18 Standard output per AWU in 2005, 2007 and 2010

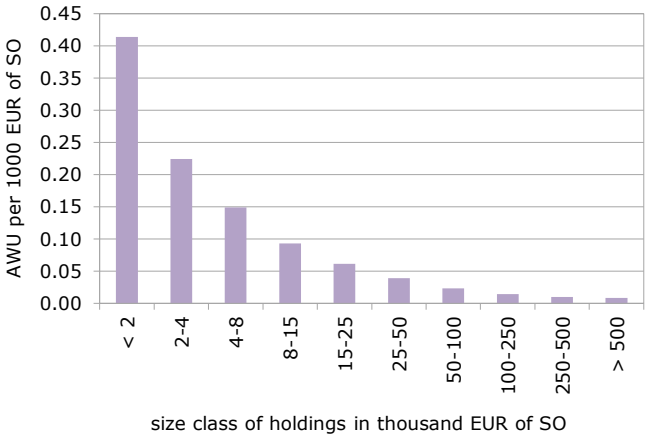


Source: Eurostat, FSS (online data code: ef_kvaareg).

The increase in standard output per AWU may at least partly stem from that in farm size, as farms in the higher economic size classes need less labour to produce a certain value of output

[7] Standard output per AWU can only be a proxy for labour productivity since the standard output itself is a theoretical value which is not based on the actual economic performance of any particular farm.

Graph 19 Labour use (AWU) per production value by economic farm size in 2010 in the EU-27

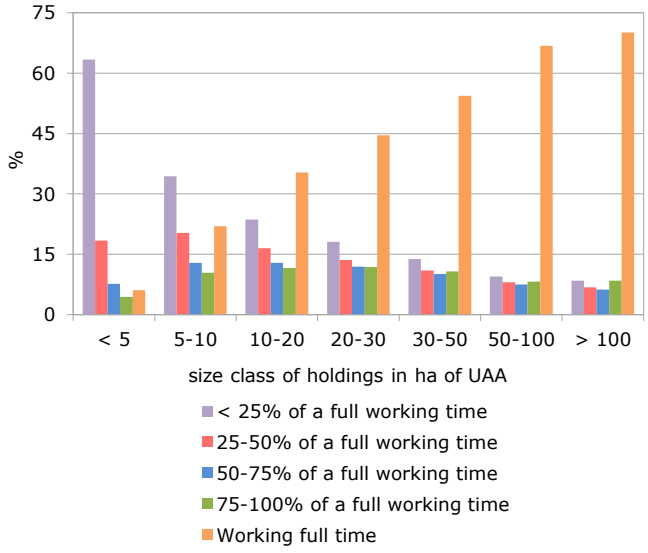


Source: Eurostat, FSS (online data code: ef_kvecsleg).

For many holders of small farms, agriculture is not the only gainful activity

Managers of small farms tend to put in less working time than those of bigger farms. Over 60% of managers of farms with less than 5 ha UAA spend less than a quarter of their working time on farm, but this percentage declines with increasing farm size. On the other hand, 70% of managers of farms with 100 ha or more work full time.

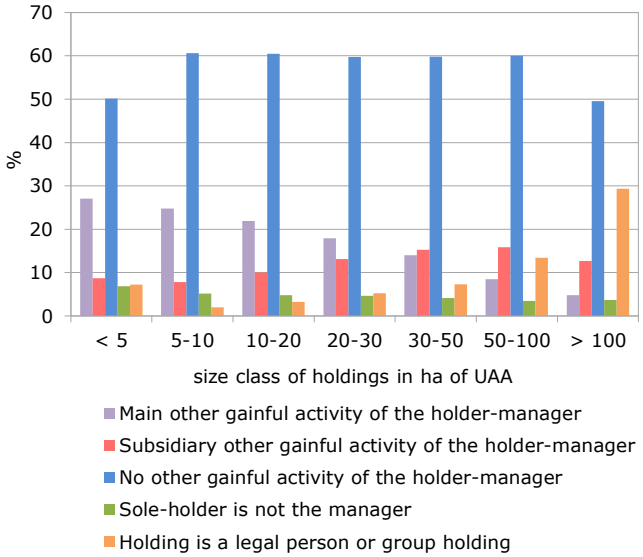
Graph 20 Farm managers' working-time by UAA size class in 2010 in the EU-27



Source: Eurostat, FSS (online data code: ef_lfwtime).

By the same token, managers of small farms tend to engage more in other gainful activities outside their holdings than managers of bigger farms.

Graph 21 Share of holders with other gainful activities per UAA size class in 2010 in the EU-27



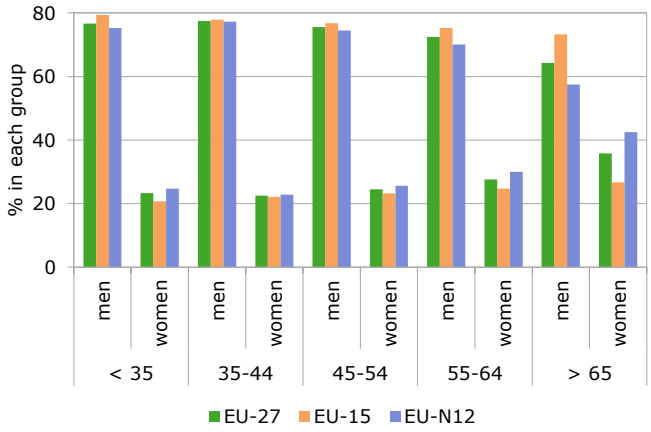
Source: Eurostat, FSS (online data code: ef_ogaaa).

These findings indicate that the size of the farm does not in itself necessarily give an indication of the economic situation of the household. Depending on the availability of alternative income sources, farmers and their family members may decide to spend more or less time on farming activities.

Farming is still largely a man's world

In a farm household, most of those identified as the farm managers, i.e. responsible for normal daily financial matters and production, are men. Only in the highest age group (65 years and older) do women account for more than 30 % of all farm managers, notably in the newer EU Member States. This could be linked to higher life expectancy for women, which is particularly pronounced in the Baltic and some Eastern European countries.

Graph 22 Gender of farm manager by age group in 2010



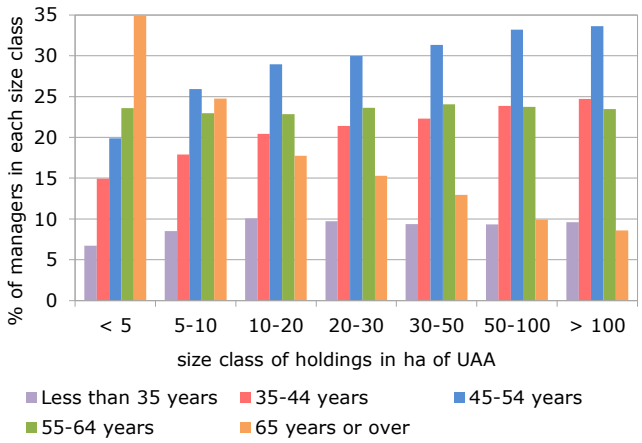
Source: Eurostat, FSS (special data extraction).

Wanted: Young farmers

There are many more farmers in the higher than the lower age classes in the EU (around 30% of all farm managers are over 65), and this situation did not change much between 2005 and 2010.

However, the data clearly show that older farmers tend to manage smaller farms, while the biggest farms are managed by middle-aged farmers. Many farmers thus continue to work on their (small) holdings beyond the normal retirement age, either out of economic necessity or choice, before the land is transferred to the next generation or sold. This phenomenon, together with the high prevalence of part-time farming and the pursuit of other gainful activities outside the holding, can help to explain the continued prevalence of small farms in the EU.

Graph 23 Age of farm manager by UAA size class in 2010 in the EU-27



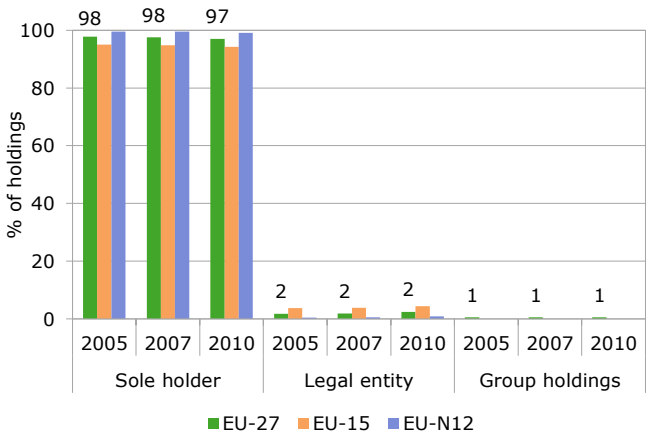
Source: Eurostat, FSS (online data code: ef_kvage).

Young farmers are faced with a situation in which land is scarce (UAA is unchanged, see above), and most of the land that is being released by retiring farmers is taken up by those (mostly middle-aged) farmers who already have a running operation, with many assets that young farmers lack. It is thus likely to remain difficult for young farmers to set up. However, when a farm is transferred to the next generation, the successor may already have worked on it for a number of years before the official transfer, which sheds a different light on the situation of young farmers in the EU.

'We are family' – legal farm status in the EU

In 2010, 97% of all holdings in the EU were held by **a single natural person**. In most cases, this person was also the farm manager, and the corresponding holdings can be considered **family farms**, as opposed to **corporate farms** (where the holder is a legal entity; 2.4% of all farms[8]) or group holdings (owned by a group of natural persons; 0.6% of all farms). Since 2005, the proportion of family farms has declined very slightly (-0.73 percentage points), with corresponding increases in group holdings (+0.1 percentage point) and corporate farms (+0.6 percentage points). Group holdings play a role only in Finland, France and Germany, where they make up between 7 and 8% of all holdings.

Graph 24 Share of holdings by legal status in 2005, 2007 and 2010

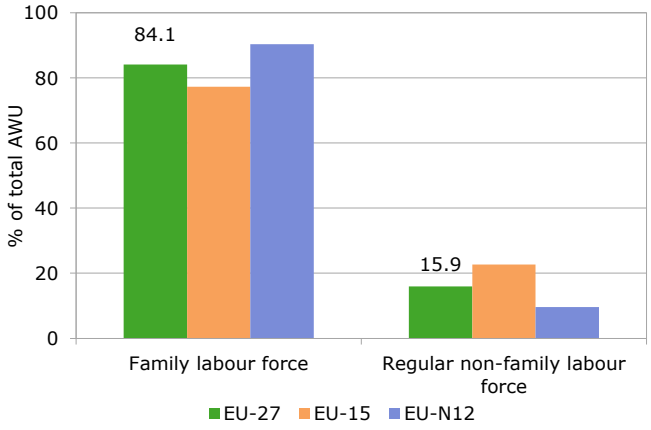


Source: Eurostat, FSS (online data code: ef_kvaareg).

[8] In some Member States, family members may decide to form a legal entity. While still essentially family farms, they are recorded as corporate farms in European statistics.

Family labour, i.e. the work carried out by the farm holder or by members of the sole holder's family, is dominant in EU agriculture. Only 16% of total agricultural labour (measured in full-time equivalents) is performed by non-family workers. In countries where a relatively greater proportion of farms is held by legal entities (e.g. in France, the Czech Republic and Slovakia), the proportion of non-family labour is correspondingly higher.

Graph 25 Family and non-family farm labour (in AWU) in 2010



Source: Eurostat, FSS (online data code: ef_lflegaa).

As regards farm size, corporate farms are concentrated in the higher size classes and account for 26% of agricultural area, while family farms cover around 69% and group holdings 5%. On average, corporate farms (152 ha/holding) are about 15 times bigger than family farms (10 ha/holding).

While it is thus safe to conclude that almost all small farms are family farms, the opposite is not necessarily true – 60% of the biggest farms (100 ha or over) are family farms (see Annex 2).

The biggest differences in the proportions of total farm numbers and UAA accounted for by family farms can be found in Eastern Europe (Slovakia, Bulgaria, Czech Republic, Hungary, Estonia and Romania[9]), where large numbers of family farms manage a minor part of the agricultural area, while a relatively small number of corporate farms control a large part of the land.

[9] This observation does not apply to Poland, Latvia, Lithuania and Slovenia, where the difference is much smaller.

In terms of farming activity, corporate farms tend to engage in more specialised forms of farming (specialist cereals, oilseed and protein crops; general field cropping; specialist dairying; specialist horticulture), rather than forms combining different crop and livestock activities, where it is difficult to realise economies of scale.

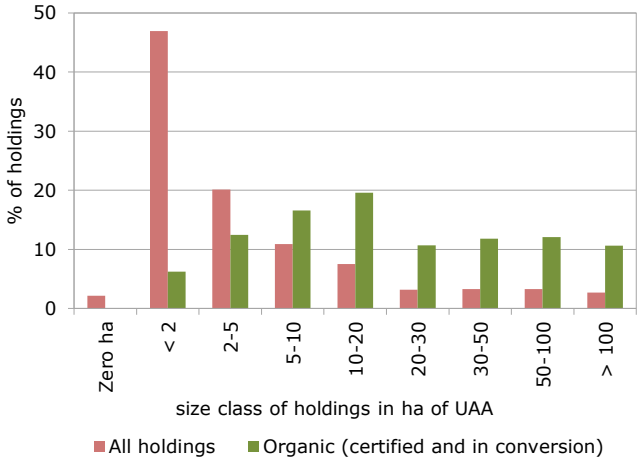
Big bad farms and small is beautiful?

It is sometimes claimed that bigger farms have a greater impact on the environment. The environmental impact of agriculture is very complex and multi-faceted and indicators and data are notoriously scarce. The following is thus only a very rough and partial analysis based on available data.

Organic farming

The average organic farm (certified or in conversion to organic farming) is bigger than the average farm (organic and non-organic) in the EU. One possible reason for this is that organic production rules for livestock limit stocking densities, leading to a share of pastures in agricultural area (49.5%) that is more than twice as high as in all farms taken together (22.2%). Also, the certification process seems to require a certain minimum size below which it is not worth the effort, and the large numbers of elderly holders of small farms are not likely to convert to organic farming. However, organic farms account for a low proportion of the total number of farms (1.6%) and agricultural area (3.7%), so the overall environmental impact remains limited.

Graph 26 Distribution of holdings by size class – all farms versus organic in 2010 in the EU-27



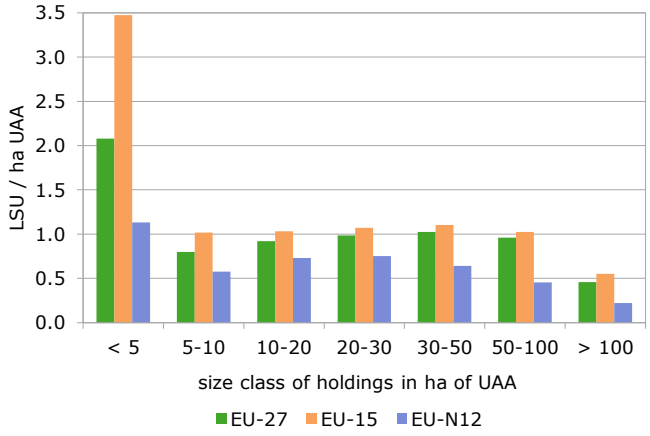
Source: Eurostat, FSS (online data code: ef_mporganic).

Livestock densities[10]

The number of livestock units (LSU) per hectare of total UAA (total livestock density) or the number of grazing livestock units per hectare of fodder area (permanent grassland and fodder crops; grazing livestock density) are partial indicators for greenhouse gas emissions (CH_4 from enteric fermentation; N_2O from manure management).

Total livestock density is highest on farms in the smallest UAA size class, especially in the EU-15. This could at least partially be linked to the fact that farms specialised in non-grazing livestock (pigs, poultry) often have little agricultural land: the average size of a specialist poultry farm in the EU was 1.9 ha UAA in 2010, as compared with the general average of 14.3 ha UAA.

Graph 27 Total livestock density by UAA size class in 2010

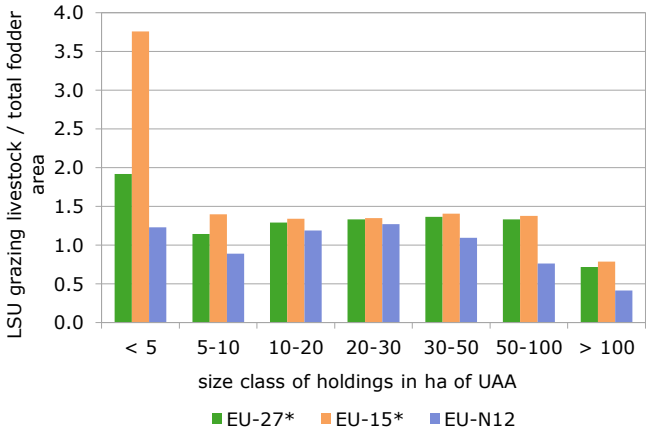


Source: Eurostat, FSS (online data code: ef_kvaareg).

The situation is very similar for grazing livestock density. Again, the highest figures apply to the smallest farms in terms of agricultural area, especially in the EU-15. These figures do not include common land grazing, which is important for smallholders in some countries.

The total number of livestock in small holdings (below 5 ha UAA) accounts for only 5.5% of all livestock in the EU (4.8% for grazing livestock), so the environmental impact of their higher stocking densities is likely to be limited. The regional distribution of farms with high livestock densities also plays a role — the environmental impact will be higher in regions where these are concentrated than in those with scattered high-density holdings, where manure can be shared with neighbouring farms.

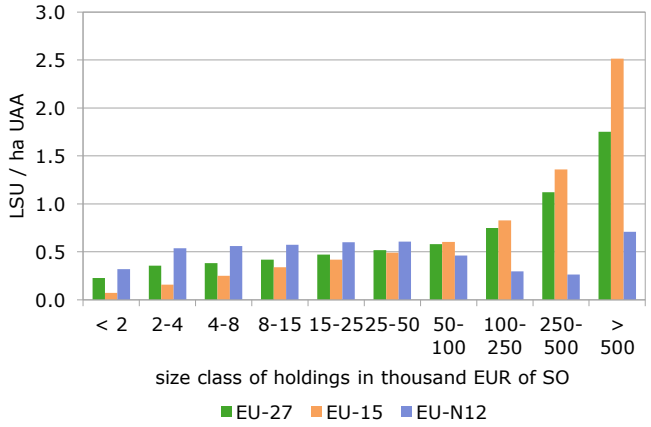
Graph 28 Grazing livestock density by UAA size class in 2010



Source: Eurostat, FSS (online data codes: ef_kvaareg, ef_olsaareg and ef_lsfodderaa). *EU-27 and EU-15 excluding Sweden.

A different picture emerges, however, when we look at total livestock densities in relation to economic farm size. The biggest farms (especially in the EU-15) have the highest livestock densities, which indicates high-intensity operations on relatively limited areas of land.

Graph 29 Total livestock density by economic size class in 2010



Source: Eurostat, FSS (online data code: ef_kvecsleg).

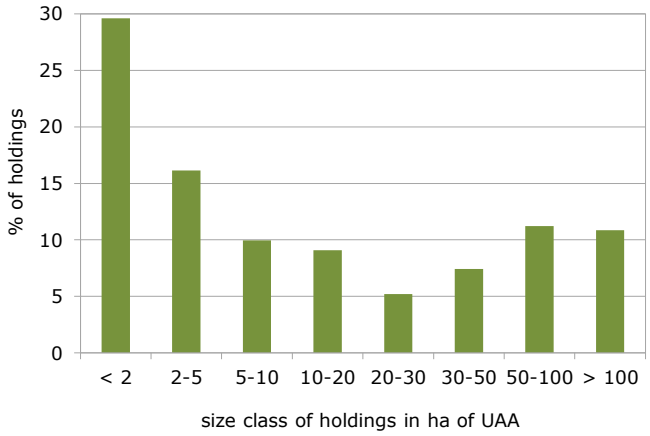
[10] For more detailed information, see http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Agri-environmental_indicator_-_livestock_patterns

Linear landscape elements[11]

The establishment and maintenance of linear landscape elements (hedges, tree lines, stone walls) is linked to the conservation of biodiversity and to the reduction of soil erosion by wind. Landscapes lacking such elements are associated with industrialised agriculture, where large machinery can be used most efficiently.

It is thus interesting to note that the establishment and maintenance of such elements is highest on the smallest farms, but reaches a minimum in those of between 20 and 30 ha, beyond which it increases again.

Graph 30 Linear landscape elements maintained or established in 2010 in the EU-27



Source: Eurostat, FSS (online data code: ef_pmlandscape).

Big farms are likely to have some landscape elements on their land, simply because of their size, but may still have big, uninterrupted agricultural parcels.

3. Farm structures summarised – implications for agricultural policy

The key conclusions to be drawn from the above figures are as follows:

- The majority of farms in the EU are small, both physically and economically, but the average farm size is increasing.
- Family farming is the dominant form of organisation in EU agriculture, accounting for practically all small farms and the majority of those in the higher size classes. These farms largely use family labour.
- Depending on the size of their UAA, farms specialise in different activities. Small farms specialised in activities that don't need a lot of land (pigs; poultry; permanent crops) can be quite big in economic terms.
- Part-time farming and other gainful activities are important elements of smaller (almost exclusively family-managed) farms' strategy to secure a satisfactory household income.
- Many small farms are held by older farmers who are less likely to invest and innovate. The proportion of young farmers is increasing only very gradually, possibly due to limited access to land.
- The overwhelming majority of farm managers is male.
- The average size of organic farms is greater than the average for all farms taken together.
- There is no clear link between farm structure and environmental impact.

The three broad objectives of the **Common Agricultural Policy**, i.e. competitiveness, sustainability and inclusive growth in rural areas, influence these traits in various ways.

Measures to improve the competitiveness of agricultural production will tend to favour larger farms, which are more able to mobilise resources to improve efficiency and marketing. These farms also have greater bargaining power vis-à-vis the more concentrated upstream and downstream parts of the industry.

From 2014 onwards, the new CAP (as agreed by the Council and the European Parliament on 26 June 2013) will introduce a new framework of direct support that aims at a fairer distribution of payments both within and across Member States, a compulsory scheme for young farmers and simplified provisions for small farmers. Together with other measures, the changes will have a redistributive effect to the benefit of smaller farms.

[11] For more detailed information, see http://epp.eurostat.ec.europa.eu/statistics_explained/index.php?title=Landscape_features&stable=1

As regards environmental sustainability, an immensely complex subject in itself, the impact of structural aspects is inconclusive. Big farms will try to exploit economies of scale, but also be able to invest in new technologies that can minimise the use of inputs and be applied more precisely. On the other hand, the smallest farms by definition work on smaller parcels of land, often bordered by hedges or tree lines. As small farms cover only a minor part of the total agricultural area, the (good or bad) practices of big farms will have a much greater impact on the environment than those of small farms.

The CAP aims to improve the environmental sustainability of agricultural production by linking certain payments to farming practices that are beneficial for the climate and the environment. In addition to these "greening" payments to be introduced with the new CAP, the already existing mechanism of cross-compliance links all direct payments and some rural development payments to a number of statutory conditions relating in part to the environment and climate change. Furthermore, Member States will have to spend a significant share their EU rural development funding on measures related to land management and the fight against climate change.

Inclusive growth in rural areas is addressed mainly through rural development measures. This objective can be achieved only if rural areas remain attractive places in which to live and work, so job creation and income diversification measures take centre stage. As larger farms tend to employ less labour per unit of standard output, the liveliness of rural areas depends on the survival of a certain number of small and medium-sized farms.

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Annex 1: Methodological note[12]

Data used in this brief are from Eurostat's Eurofarm database, which contains the results of the Farm Structure Surveys, the 2010 Agricultural Census and the Survey on Agricultural Production Methods[13]. In 2010, a number of methodological changes were introduced which impact on the comparability of data across different survey years. The main differences (see below) should be kept in mind when reading this brief. Eurostat, together with the Member States, is looking into ways of improving comparability.

Thresholds[14]

With the introduction of the 5 ha UAA threshold in the 2010 FSS (Article 3.3 of Regulation (EC) No 1166/2008), the coverage of the Survey has changed for some countries. This is a major issue in terms of time-series comparability, notably as regards the number of holdings.

Table 1 Countries with different thresholds in 2007 and 2010*[15]

Country	2007 threshold	2010 threshold	% of holdings in 2007 under the 2010 threshold
CZ	1ha UAA	5 ha UAA	40%
DE	2 ha UAA	5 ha UAA	14%
LU	1ha UAA	3 ha UAA	0.4%
PL	0.1ha UAA	1ha UAA	26%
SK	0.5 ha UAA	1ha UAA	46%
UK (2005)	Active farm	5 ha UAA	27%
SE	2 ha of arable land	2 ha of arable land or 5 ha of UAA	?
NL	3 600 EUR of SGM ***	3 000 EUR of SO	?
IT	1ha or 2 065.83 EUR of SGM ***	0.2, 0.3, 0.4 ha of UAA (depending on the region)	10%**
DK	5 ha UAA	5 ha UAA	No difference

Notes:
* All other countries have maintained the threshold of 1ha UAA.
** Calculated by ISTAT on the basis of data from the 2000 Census.
*** SGM : Standard gross margin.
? The changes in Sweden and the Netherlands were not significant.

These changes have repercussions for other key variables, albeit to a much lesser extent:

Table 2 Percentage of key variables in FSS 2007 under the 2010 thresholds

Country	Livestock in LSU	Total area	UAA	Labour force*	Standard output
CZ	0.7%	1.0%	0.6%	8.0%	1.0%
DE	0.6%	1.3%	0.9%	5.0%	0.6%
LU	0.0%	0.0%	0.0%	0.8%	0.1%
PL	1.2%	2.6%	2.6%	8.0%	1.9%
SK	1.9%	0.4%	0.4%	15.0%	2.1%
UK (2005)	0.4%	0.9%	0.9%	10.0%	0.7%

Notes: * Labour force directly employed by the holding.

Common land[16]

Also in 2010, data on common land were collected for the first time in all countries (except in Bavaria, Germany). The UAA data in the FSS are now closer to the real figure. However, common land is assigned to holdings in some countries and included at regional level or under 'special holdings' in others, which makes comparisons difficult for indicators based on UAA per holding.

Table 3 Methodology used to include common land in the FSS

	Counted individually in each holding / Estimate	Special holding	Common land supplied for each municipality
Common land has always been covered in FSS	DE*, CY, ES, NO, MK, HR	DE*, PT, ES, IT, RO, AT	
Common land covered from 2010 onwards	SI, IS	FR, BG, HU, IE	EL**, UK**
No common land	CZ, EE, LV, LT, LU, MT, NL, PL, SK, FI, SE, BE, DK		
Common land not included	CH		

Notes:
* Common land in Bavaria not included.
** In 2010, the area of common land is not included in the database. The area is about 17 million ha in EL and 12 million in the UK.

[12] Based on a Eurostat presentation to the FSS working group on 17 June 2013. Since 2010 is the most recent year for which data are available, Croatia has not been included in the analysis.
[13] For more information, see http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Survey_on_agricultural_production_methods (forthcoming).
[14] For more information, see http://epp.eurostat.ec.europa.eu/statistics_explained/index.php?title=Farm_structure_survey_-_thresholds&stable=1.
[15] For a definition of standard gross margin, see http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Glossary:SGM.
[16] For more information, see http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Common_land.

Annex 2: Legal status of holdings according to farm size

Table 4 Breakdown of holdings by farm size and legal status (in %), 2010

Countries	Less than 5 ha			From 5 to 99.9 ha			100 ha or over		
	Sole holder holding	Holding is legal entity	Group holdings	Sole holder holding	Holding is legal entity	Group holdings	Sole holder holding	Holding is legal entity	Group holdings
Belgium	86.3	13.5	:	91.9	8.1	:	80.5	19.5	:
Bulgaria	99.7	0.3	:	93.9	6.1	:	51.9	48.1	:
Czech Republic	93.5	6.5	:	95.2	4.9	:	51.6	48.4	:
Denmark	82.7	17.6	:	96.8	3.2	:	94.2	5.8	:
Germany	88.7	2.4	8.8	94.6	0.6	4.8	69.6	8.7	21.7
Estonia	96.8	3.2	:	93.5	6.5	:	54.7	45.3	:
Ireland	99.4	0.6	:	99.8	0.2	:	98.1	1.9	:
Greece	99.9	0.1	:	99.9	0.1	:	98.0	2.0	:
Spain	97.7	2.3	:	92.2	7.8	:	69.5	30.5	:
France	92.0	7.5	0.6	74.0	21.6	4.4	30.2	42.9	27.0
Italy	99.5	0.5	:	97.9	2.1	:	82.4	17.6	:
Cyprus	99.4	0.6	:	94.1	5.4	:	75.0	25.0	:
Latvia	98.9	0.1	1.0	98.1	0.2	1.8	90.3	0.8	9.3
Lithuania	99.9	0.1	:	99.7	0.2	:	89.2	10.8	0.0
Luxembourg	94.7	5.3	:	95.7	1.4	:	84.1	0.0	13.6
Hungary	99.3	0.7	:	95.7	4.3	:	61.3	38.8	:
Malta	98.3	0.2	1.6	85.7	0.0	:	:	:	:
Netherlands	90.7	9.3	:	95.8	4.1	:	90.5	9.5	:
Austria	93.9	1.4	4.7	95.4	2.4	2.3	58.9	34.0	7.0
Poland	99.9	0.1	:	99.8	0.2	:	76.8	23.2	:
Portugal	99.2	0.8	:	94.4	5.6	:	62.0	37.8	:
Romania	99.7	0.3	:	96.4	3.6	:	30.9	69.1	:
Slovenia	99.8	0.2	:	99.7	0.4	:	60.0	40.0	:
Slovakia	98.6	1.5	:	90.3	10.0	:	35.7	64.3	:
Finland	85.6	8.1	6.5	91.3	1.2	7.5	81.4	3.7	14.9
Sweden	92.8	7.1	:	95.2	4.8	:	74.5	25.5	:
United Kingdom	92.8	7.2	:	97.0	3.0	:	94.2	5.8	:
EU-27*	**99.3**	**0.7**	**0.1**	**94.9**	**4.2**	**0.9**	**61.1**	**28.6**	**10.4**
EU-15*	**98.4**	**1.4**	**0.2**	**92.9**	**5.7**	**1.4**	**61.9**	**25.8**	**12.3**
EU-N12*	**99.7**	**0.3**	**0.0**	**98.5**	**1.5**	**0.1**	**56.5**	**43.1**	**0.5**
Croatia	99.6	0.4	:	97.8	2.2	:	57.6	41.2	:

Note: * Calculated using national data above.

Source: Eurostat, FSS (online data code: ef_kvaareg).