

# ***EU beef production from suckler cows: situation and perspectives after the reform***

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## ***1. Suckler cow premium in 2004 (EU-17)***

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- Suckler cows herds: 11.8 Mio
- National ceilings: 10.9 Mio
- ± 890,000 suckler cows not eligible to premium
- 6 main MS for the suckler cow premium: France, UK, Spain, Ireland, Germany, Italy
- Animals payed (2004): 10,183,086
- Share of «extensive» suckler cows: 7.6 Mio (70%)
- Number of producers granted premium: 491.612
- Average size of the eligible herd: 20.7 cows (between 3.3 and 47.8)

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## ***2. Main EU beef production features (1)***

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- **Structural deficit supply/demand:**
  - encouragement to extensification of grass areas,
  - intensification dairy production systems
- **Consequences of decrease in the supply**
  - High level of production prices → decrease of consumption due to weakness of supply at competitive price → benefit to import from 1/3 countries

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## ***2. Main EU beef production features (2)***

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- **Beef meat is still mainly a dairy by-product**
  - 60% of UE bovine adults are from dairy origin
  - 40% are from suckling herds origin
    - +50% in **France, Portugal, Italy**
    - 30-50% in **UK, Spain, Belgium, Austria, Sweden**
    - 30% in **Germany, Netherlands, Denmark, Greece, Finland**

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### ***3. Decisive factors for the future***

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- Implementation of the reform
  - Different implementing choices of MS
- Enlargement
- Evolution of dairy production systems and herds
- Extreme diversity of suckler cows farms
- EU consumption
- External trade (WTO)

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### ***4.1. Different ways of implementing the Single Payment Scheme...***

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- Level of decoupling (full/partial)
  - Why decoupling?
- Options of recoupling in beef sector
  - Beef coupled supports
  - Why keeping suckler cows support?
- Management of decoupled payments
- Application of article 69

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#### ***4.1. SPS partial implementation: beef « coupled » payments (1)***

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- **100% Suckler cow premium : Belgium, Spain, France, Austria, Portugal**
- 40% slaughter premium adults: Spain, France, Austria, Portugal
- 100% Slaughter premium (calves): Belgium, Spain, France, Netherlands, Austria, Portugal
- 100% Slaughter premium (adults): Netherlands
- 75% Special premium: Denmark, Sweden, Finland

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#### ***4.1...Why maintaining suckler cow support?... (2)***

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- Maintain suckler cow herd and production capacity
- Avoid land desertion in fragile/mountain areas
- Favour the maintaining of environment
- Fix the rural population
- Preserve local breeds

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### ***4.1... possible consequences (3)***

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- Competition distortion between Member States, systems, regions, farms....?
  - Varied level of freedom to produce according to the nature of the support (coupled/decoupled)
  - Value of entitlements
- Higher uncertainty as regards the prices?
  - Internal/external decisive factors
- Competition among meat products ?
- Risk of contraction of suckling herds in MS decoupling beef payments ?

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### ***4.2. Enlargement***

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- Mainly dairy herds in New Member States
- Marginal suckling herds
- Ceilings in the Accession Act : 728.315 (6,5%)
- Possible marginal increase in some NMS resulting from their intention to support meat production?
  - granting of complementary national direct payments to suckler cows in several NMS in 2004 and 2005
- Implementation of SPS in 2007 or 2009 only
- Probably no significant impact

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### ***4.3. Evolution of dairy and suckling herds in EU-15***

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- Between 1990 and 2003:
  - total cows decreased from ± 34 to 32 million heads
  - dairy cows declined from ± 25 to 20 million heads
  - suckler cows increased from ± 9 to 11 million heads

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### ***4.4. Perspectives of dairy systems and herds (1)***

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- Increasing dairy yields everywhere
- Quotas maintained until 2013
- Reduction of price
- Impact: higher specialisation of some dairy farms and contraction of dairy herds
- Also possible conversion dairy → beef
  - Less calves for fattening in MS decoupling
  - Less meat in restructured farms
  - More suckler cows (birth) in farms stopping dairy production

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#### ***4.4. Perspectives of dairy systems and herds (2)***

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- Conversion dairy→beef might be limited and considered in marginal or specific situations
- Situation more favourable in farms in mixed system: beef production is a way of diversification for dairy farms reaching the quota

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#### ***4.5. Extreme diversity of farms***

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- Level of specialisation
- Category of animals
- Production system

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## ***5. Adaptation in MS keeping suckler cows support : no major changes***

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- No price decrease resulting from the reform (contrary to dairy)
- Production still regulated: suckler cow premium rights applicable
  - no change in support level
  - heifers remain eligible
  - no change in management of premium rights (reserve)
- Associated full coupling of slaughter premium for calves
  - Link with the production maintained
  - Calves production preserved

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## ***5.1. Nevertheless ... (1)***

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- Partial or full decoupling of premiums linked to specific production → orientation tools in question:
  - MS keeping suckler cow premium chose to support young animals production, other productions depending on the market
- Even in MS keeping maxi bovine coupled payments, the margin created by the production activity will be cut of minimum 182€/head
- Only high prices at production level might preserve EU beef meat production

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## ***5.1. Nevertheless ... (2)***

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- All beef farmers don't have the same room of manoeuvre to cope with the changes
- The disappearance of the special premium and the slaughter premium put in question the future of finishing activity → decoupling might affect more fattening than production of young animals
- Cross compliance: animal identification and registration obligations and the Nitrates Directive appear to be the most restricting measures
- Stocking density conditions are no longer applicable as limitation for granting the support → room for re-intensifying the production but within the absolute limit of 170 nitrogen units/ha.

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## ***6. Adaptation in MS decoupling the suckler cow support***

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- Adaptation to market demand  
SPS as a temporary funding source established to help farmers to convert their business so that it is profitable without any additional aid at all → more flexibility to meet market demands
- Article 69 on « specific types of farming »
  - **UK/Scotland:** 10% retention of beef envelope → support to production of beef breed calves
  - **Finland:** 10% retention for preventing the decrease in beef production → to support in particular production based on suckler cows
  - **Italy:** 7% retention → payment in particular to suckler cows of beef breed or dual purpose cows
  - **Greece:** 10% retention → extensive breeding farms

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## ***7. Synthesis on the adaptations***

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- Is it profitable to produce?
  - Competition between productions
  - Productivity gains
- Towards higher specialisation?
  - Enlargement of herds (management of premium rights)
  - Choice of investments (buildings, herd)
- Development of fattening jeopardized: finishing penalised compared with young animals rearing
  - Own profitability (price)
  - Quality approach
- Real impact of selling prices on production choices