

DISTRIBUTION OF COUPLED SUPPORT FOR BEEF CATTLE IN ROMANIA – AN ANALYSIS IN THE MOUNTAIN AREA

Mariana GRODEA, Iuliana IONEL, Diana-Maria DRIGĂ

Institute of Agricultural Economics, Romanian Academy, 13, Calea 13 Septembrie, District 5, Bucharest, Romania, Phone/Fax: +4021/3182411; Mobile: +40722633295; Emails: marianagrodea@yahoo.com; 48ionel@gmail.com; dianadriga@yahoo.com

Corresponding author: marianagrodea@yahoo.com

Abstract

In the period 2015-2019, the beef cattle farming sector (beef cows, beef bulls, crossbred cows with beef breeds, young male and female beef cattle and crossbreeds of young male or female young cattle with beef breeds) benefited from a total amount of 52 million euros as VCS, which represented 7.8% of the total value of coupled support for the livestock sector. The increase in the number of beef cattle, from 8 thousand heads in 2015 to 53 thousand heads in 2019, led to the decrease of the VCS value/head from 1312 euros/head in 2015 to 237.4 euros/head in the year 2019. The comparative analysis (2019 versus 2016) of the coupled support distribution by farm size classes reveals a relatively similar situation. Most beef cattle approved for coupled support, both in 2016 and in 2019, are found on the farms from the size class 101-250 heads, 31.1% and 33.5% respectively, representing 7.6% and 5.8% of beneficiaries.

Key words: coupled support, beef cattle, mountain area

INTRODUCTION

Agriculture is the main economic activity in the rural areas in Romania and in most European countries.

The mountain areas are considered disadvantaged areas, due to the limited possibilities of agricultural land use, altitude and weather conditions, slopes, geological substrate and high costs of farming works, due to living conditions, infrastructure, business environment, poor access to education and healthcare services [13].

In EUROSTAT, a mountain area is defined at NUTS 3 (county) level as the region where:

- more than 50% of the surface is covered by mountain areas;
- more than 50% of the region's population lives in topographic mountaineous areas;
- more than 50% of the surface is covered by topographic mountaineous areas and more than 50% of the region's population is living in these mountaineous areas.

In many European countries, in the mountain areas, agricultural delimitation based on topographic criteria or soil characteristics has

been progressively used as a spatial context for rural or regional development [4].

According to this definition, in Romania there are 16 NUTS 3 (counties) mountain regions: Covasna, Hunedoara, Maramureş, Braşov, Alba, Bistriţa-Năsăud, Caraş-Severin, Harghita, Sibiu, Suceava, Cluj, Prahova, Neamţ, Vrancea, Vâlcea, Bacău [6].

In the EU member states, the share of mountain regions (less favoured areas) in total area ranges from: *dominant* (over 60% Slovenia and Austria), *important* (40-50% Spain, Italy, Slovakia, Greece, Bulgaria and Portugal), *significant* (20-30% France, Romania, Czech Republic and Cyprus) to *marginal* (less than 3% Germany and Poland) [14].

According to the European Commission data, in Romania's mountain area, we can find 19.7% of the utilized agricultural area, 18.5% of the labour force directly involved in agriculture, 17.6% of the total number of farmers and 19.5% of livestock herds [14].

According to the same data, the average farm size in the mountain area is 3.9 ha (the third smallest of the EU member states) [15]. The small-sized farms are vulnerable, and many of

them have limited prospects of improving their economic performance and getting oriented to the market. These farms generally operate with poor technical equipment and apply traditional farming practices, with low economic efficiency, facing difficulties in the process of adapting to new technologies [15]. In CAP 2014-2020, the EU member states had the possibility to allocate part of the direct payments package (up to 13%+2%) to the *coupled support scheme* under Article 68 of the previous CAP 2007-2013 [12].

According to Article 52 (paragraph 3) of (EU) Regulation 1307/2103 on direct payments, the member states can provide coupled support to those sectors or regions where certain farming practices or certain agricultural sectors that are particularly important, out of economic, social or environmental reasons, are facing certain difficulties [10].

Article 52 paragraph (5) provides that coupled support can be granted only to the extent necessary to create an incentive to maintain current levels of production in the sectors or regions concerned; Article 52 paragraph (6) provides that coupled support takes the form of an annual payment and is granted within defined quantitative limits, based on fixed areas and productions or on a fixed number of animals [10].

The most important modification was the removal of the constraint in Article 52 paragraph (5) of the Regulation on direct payments, and Article 52 paragraph (6) has been amended as follows: *coupled support is a production limitation scheme that takes the form of an annual payment based on fixed areas and productions or on a fixed number of animals and which respects the financial ceilings to be set by member states for each measure and notified to the Commission* [10].

Member states' options to implement VCS vary widely, both in terms of supported sectors/products and of the level of support. Member states have repeatedly revised their budgets for coupled support and types of products, but they made only some minor adjustments. All member states, except for Germany, have opted for VCS, using on average 10% of the EU budget for direct payments [12].

Thus, since 2015, nine member states allocated maximum 8% to this scheme (Cyprus, Denmark, Estonia, Greece, Ireland, Luxemburg, the Netherlands, Austria, United Kingdom), three member states allocated more than 8%, but less than 13 (+2)% (Spain, Italy, Romania), eleven member states allocated a maximum percentage of 13 (+2)% (Bulgaria, Czech Republic, France, Croatia, Hungary, Lithuania, Latvia, Poland, Sweden, Slovakia, Slovenia), and three member states (Belgium, Finland, Portugal) needed the approval by the Commission, given their decision to allocate more than 13% (+ 2%) Voluntary Coupled Support (VCS) [3].

More than 70% of the total amount for coupled support was allocated to the three livestock farming sectors (40% for beef, 20% for dairy products and about 12% for sheep and goat meat) [3]. At the same time, member states decided to allocate important amounts for protein crops, fruit and vegetables, sugar beet, rice, grain legumes, potatoes, nuts, hops, hemp, oilseeds, silkworms [3]. In the year 2021, after budget revision, the three sectors (beef, dairy products, sheep and goats) have remained the largest beneficiaries of coupled support, with 73% of the total amount allocated to coupled support [5].

In terms of environmental impact, there are studies that show that coupled support can cause environmentally harmful changes (increase of greenhouse gas emissions), by stimulating overpopulation and surplus production in the livestock sectors, except for the situation in which coupled support contributed to raising animals under extensive system, to maintaining a high natural value farming system [8]. There are also studies that mention that animal production is the main contributor to environment pollution in EU agriculture and consequently it has the greatest potential to reduce greenhouse gas emissions [9]. In this sense, it is worth noting that among the reform proposals of the European Commission for the period 2021-2027, published in June 2018, the implementation of an eco-scheme is mentioned, mandatory to implement by member states under Pillar 1, yet voluntary for farmers, which represents a significant

innovation in the current green architecture of the Common Agricultural Policy [11].

MATERIALS AND METHODS

The methodology approached for the elaboration of the study on the distribution of coupled support in the period 2015-2019, by size classes of cattle farms in Romania's mountain area, includes methods that combine the consultation of a large number of studies (papers and articles, scientific treatises and other scientific materials published in the country and abroad) and the analysis and processing of data from national databases (Agency for Payment and Intervention in Agriculture-APIA, Ministry of Agriculture and Rural Development-MARD, National Institute of Statistics-NIS), Community databases (Eurostat) or international databases (FAOSTAT) as well as from specialized websites. The consultation of literature in this domain is the method used for the preliminary analysis of the European context, highlighting the most relevant results, which could be used as benchmarks to deepen the context analysis at national level. The analysis and processing of statistical data on the distribution of coupled support for beef cattle in Romania, in the period 2015-2019, made it possible to calculate certain indicators, namely: total amount authorized for payment in the sector, total number of animals determined for payment, total number of farmers authorized for payment, value of headage payments, number of heads/number of eligible farms, by size classes, for coupled support at national level, share of eligible farms and animals for coupled support in the mountain area, in total eligible farms and animals at national level.

RESULTS AND DISCUSSIONS

Starting with 2015, in order to increase productivity, maintain production and reduce the risk of abandoning the activities in certain sectors, the CAP reform introduced the “*coupled support*”, as one of the payment schemes under Pillar I [7]. The financial support granted to the livestock sector in Romania, through this payment scheme,

aimed both to cover the expenses incurred for production and to increase the efficiency of agricultural production, to increase production quality and ensure a competitive level on the market [1]. The eligibility criteria for *the coupled support to the livestock sector (VCS)* for the cattle sector in Romania are presented in Box 1 [2].

Table 1. The eligibility criteria for the coupled support to the livestock sector (VCS) for the cattle sector in Romania - Box 1

<p><i>Voluntary coupled support (VCS) for beef cattle</i> <i>The Order of the Ministry of Agriculture and Rural Development no. 619/2015 specifies that the voluntary coupled support (VCS) for purebred and crossbred cattle in Romania is granted to active farmers who comply with the following conditions:</i></p> <ul style="list-style-type: none"><i>-have minimum 10 to maximum 250 beef cattle heads raised on holdings with ANSVSA code, consisting of:</i><i>-beef cows; and/or</i><i>-crossbred cows with beef cow breeds; and/or</i><i>-young male and/or female beef cattle; and/or</i><i>-crossbreeds of young male or female young cattle with beef breeds; and/or</i><i>-beef bulls</i><i>-the animals must be identified and registered in the National Register of Holdings</i><i>-all animals from the beef cattle breeds and their crossbreeds for which VCS is requested must be registered in the Genealogical Breed Register</i> <p><i>The beef cattle breeds benefitting from coupled support are the following: Aberdeen Angus, Limousine, Charolaise, Galloway, Highland, Aubrac, Wagyu, Romagnola, Bălțata Românească (raised and exploited for its meat), Hereford, Blonde d'Aquitaine, Salers, Sura de Stepă</i></p>

Source: APIA, 2021, Guide for applicants for transitional national aids and coupled support in the livestock sector. Campaign 2021 (Ghid pentru solicitantii ajutoarelor naționale tranzitorii și sprijinului cuplat în sectorul zootehnic, Campania 2021), Code: DPD-SZ-GSANTZSCZ, http://www.apia.org.ro/files/pages_files/Ghid_solicitant_ANT_SC_SZ_Ed_VII.pdf [2].

The coupled support for the beef cattle sector was requested by 24 EU member states in the year 2015 (Poland, the Czech Republic, Lithuania, Hungary, Bulgaria, Slovakia, Portugal, Croatia, Belgium (Wl), Latvia, Slovenia, Estonia, Malta, Romania, Spain, France, Italy, Finland, Sweden, United Kingdom – Scotland, Austria, Denmark, Greece, the Netherlands); since 2017 their number has decreased to 23 (without Estonia), and after Brexit their number was down to 22.

In the period 2015-2019, in Romania, the beef cattle farming sector benefitted from total *coupled support* payments worth 52 million euros, i.e. 7.8% of total VCS value. Seen in evolution, the allocation to the sector has increased only slightly, to 10.9 million euros in 2019, as against 9.5 million euros in 2015; the share in total voluntary coupled support to the livestock sector was down from 9.4% in 2015 to 6.7% in 2019 (Table 2). The reason for this situation is that the annual budget distributed to the sector for coupled support payment was relatively similar year after year, but the number of animals increased 7 times

in 2019, as compared to 2015. Thus, the number of beef cattle authorized for payment reached 52,834 heads in 2019, as against 7,520 heads in 2015, following compliance with eligibility conditions for an increasing number of animals. At the same time, through a better information of farmers by the representatives of associations accredited with the maintenance of the Genealogical Register, on the eligibility conditions for coupled support payment, an increasing number of farmers applied for this payment scheme, and consequently their number increased to 1,416 in 2019, from 198 in 2015.

Table 2. Coupled support for the beef cattle sector in Romania

	2015	2016	2017	2018	2019	Total
Value of coupled support for beef cattle (million euros)	9.5	10.1	10.7	10.8	10.9	52.0
% VCS for beef cattle in total VCS livestock sector	9.4	8.9	7.5	7.3	6.7	7.8
Number of farmers	198	395	778	1,113	1,416	3,900
Number of beef cattle (heads)	7,520	13,981	24,626	36,613	52,834	135,574

Source: Authors' processing based on APIA data.

The VCS value per animal head was down to 185 euros/head in 2020, as against 1,312 euros/head in 2015, due to the increase in the number of animals authorized for payment, and TNA (transitional national aid) was 1.0 euro/head in 2020, down from 97.4 euros/head in 2015 (Figure 1).

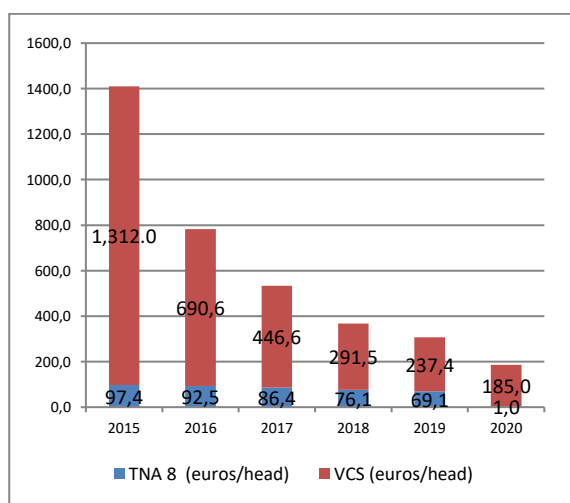


Fig. 1. Financial support (TNA and VCS) to the beef cattle sector in Romania – euros/head
 Source: APIA.

Distribution of coupled support for beef cattle in Romania

A comparative analysis of the distribution of the coupled support by size classes of cattle farms in Romania, in the years 2019 and 2016, reveals the following situation:

In the year 2019, 17.7 thousand beef cattle heads (33.5% of total) approved for VCS payment raised on large-sized farms in the size class 101-250 heads, which accounted for 7.6% of the total number of farmers; 11.4 thousand heads (21.6% of total) were raised on farms in the size class 51-100 heads, accounting for 11.9% of farmers (Table 3).

In the year 2016, the situation was quite similar to that of 2019, as the largest number of cattle, i.e. 4.4 thousand heads (31.1% of total) approved for coupled support payment was found on farms in the same size class like in 2019 (101-250), which accounted for 5.8% of total beneficiaries.

At the same time, 3.3 thousand heads (23.4% of total) were found on farms in the size class 51-100 heads, which accounted for 12.4% of beneficiaries (Table 4).

Table 3. Distribution of the coupled support for beef cattle by farm size classes (2019)

Size class (heads)	10-20	21-35	36-50	51-100	101-250	Total
Number of farmers	695	322	123	168	108	1,416
% of total farmers	49.0	22.7	8.7	11.9	7.6	100.0
Number of beef cattle (heads)	9,915	8,587	5,201	11,433	17,698	52,834
% of total beef cattle	18.8	16.3	9.8	21.6	33.5	100.0

Source: Authors' processing based on APIA data.

Table 4. Distribution of coupled support for beef cattle by farm size classes (2016)

Size class (head)	10-20	21-35	36-50	51-100	101-250	Total
Number of farmers	208	82	33	49	23	395
% of total farmers	52.2	20.8	8.4	12.4	5.8	100.0
Number of beef cattle (heads)	2,829	2,204	1,361	3,297	4,381	14,072
% of total beef cattle	20.1	15.7	9.7	23.4	31.1	100.0

Source: Authors' processing based on APIA data.

An analysis of beef cattle distribution across 16 counties (Covasna, Hunedoara, Maramureş, Braşov, Alba, Bistriţa-Năsăud, Caraş-Severin, Harghita, Sibiu, Suceava, Cluj, Prahova, Neamţ, Vrancea, Vâlcea, Bacău) in **Romania's mountain area** (according to EUROSTAT definition), by size classes, in the years 2016 and 2019, based on APIA information on the total number of farms and total number of beef cattle eligible for *coupled support* (VCS) in the mountain area, reveals the following situation:

In 2019 – out of the total number of 1,416 farms, **876 farms (61.9%)** and out of the total

number of 52,834 cattle heads, **31,063 cattle heads (58.8%)** are found in the mountain area (Table 5). Most beef cattle are found in the mountain area (9,903 heads) on the farms in the size class 101-250 heads. These account for 56% of the total number of beef cattle that received VCS in this size class. At the same time, a great number of animals (6,498 heads) beneficiary of coupled support are found on the farms with 10-20 heads, accounting for 65.5% of the total number of beef cattle that received VCS, in this size class.

Table 5. Distribution of beef cattle farms in the **mountain area**, eligible for VCS payment, by size classes, 2019

Size class (heads)	10-20	21-35	36-50	51-100	101-250	Total
Number of farmers in the mountain area	446	198	77	90	62	876
% of total size class	64.5	61.5	62.6	53.6	57.4	61.9
Number of beef cattle in the mountain area	6,498	5,255	3,254	6,153	9,903	31,063
% of total size class	65.5	61.2	62.6	53.8	56.0	58.8

Source: Authors' processing based on APIA data.

In 2016 – out of the total number of 395 farms, **266 farms (67.3%)** and out of the total number of 14,072 cattle heads, **9,284 cattle heads (66%)** are found in the mountain area

(Table 6). The largest number of beef cattle in the mountain area (2,769 heads) are found on the farms with 101-250 heads.

Table 6. Distribution of beef cattle farms in the **mountain area**, eligible for VCS payment, by size classes, 2016

Size class (heads)	10-20	21-35	36-50	51-100	101-250	Total
Number of farmers in the mountain area	144	55	20	33	14	266
% of total size class	69.4	67.1	60.6	67.3	60.9	67.3
Number of beef cattle in the mountain area	1,953	1,477	828	2,257	2,769	9,284
% of total size class	69.0	67.0	60.8	68.5	63.2	66.0

Source: Authors' processing based on APIA data.

These account for 63.2% of the total number of beef cattle that received VCS, in this size class. At the same time, a great number of animals (2,257 heads) that received coupled support are found on the farms in the size class 51-100 heads, accounting for 68.5% of the total number of beef cattle that received VCS, in this size class.

CONCLUSIONS

Cattle rearing has permanently been one of the priorities of livestock farming in Romania. Besides the significant share (milk 25.4 % and meat 8%) in animal production value, the large areas under pastures and hayfields, including the communal pastures (about 33% of total agricultural land in Romania) and the importance of milk and meat in covering the protein needs of the population, this sector is important for the rural mountain areas in Romania, being one of the basic occupations of the population, providing reliable incomes for livestock farmers.

Romania, through its potential of extensive grazing and beef cattle farming, is ideally placed to respond to market signals, which estimate an increase in red meat demand, mainly in the developing countries from the Far East; thus, the Romanian farmers can meet this global demand, by increasing production, yet in a responsible way towards the environment, while taking into account the continuous welfare of animals.

But, at present, beef meat in Romania is far from being consolidated, in the sense in which farmers are able to valorize the animals on their farms, at their true potential.

The poorly developed slaughtering/processing networks, mainly in Romania's mountain area, is one of the important causes of the export of live cattle, which steadily increased in the last decade, to the detriment of the export of added value carcasses.

Disease surveillance and endemic disease eradication programs will be fundamental to ensuring a healthy future for beef production in Romania.

REFERENCES

- [1] AgroInfo, 2021, MARD Analysis: APIA subsidies with a high quantum per ha and animal head reach very few farmers, breeders (Analiză MADR: Subvențiile APIA cu un cuantum mare pe hectar și cap de animal ajung la foarte puțini fermieri, crescători), https://www.agroinfo.ro/politic/analiza-madr-subventiile-apia-cu-un-cuantum-mare-pe-hectar-si-cap-de-animal-ajung-la-foarte-putini-fermieri-crescatori?utm_source=agroinfo&utm_medium=email&utm_campaign=newsletter_2810, Accessed on October 15, 2021.
- [2] APIA, 2021, Guide for applicants for transitional national aids and coupled support in the livestock sector. Campaign 2021 (Ghid pentru solicitantii ajutoarelor naționale tranzitorii și sprijinului cuplat în sectorul zootehnic, Campania 2021), Code: DPD-SZ-GSANTZSCZ, http://www.apia.org.ro/files/pages_files/Ghid_solicitant_ANT_SC_SZ_Ed_VII.pdf, Accessed on September 28, 2021.
- [3] European Commission, 2019, Direct payments 2015-2020 Decisions taken by Member States: State of play as from December 2018 Information note, https://ec.europa.eu/info/sites/default/files/food-farming-fisheries/key_policies/documents/simplimentation-decisions-ms-2018_en.pdf, Accessed on November 01, 2021.
- [4] European Commission, Mountain Areas in Europe: Analysis of mountain areas in EU member states, acceding and other European countries, The delineation of European mountain areas, https://ec.europa.eu/regional_policy/sources/docgener/studies/pdf/montagne/mount4.pdf, Accessed on October 12, 2021.
- [5] European Commission, Voluntary coupled support, Member States' support decisions applicable for claim year 2021, September 2021, https://ec.europa.eu/info/sites/default/files/food-farming-fisheries/key_policies/documents/vcs-ms-support-decisions-claim-year-2021_en.pdf, Accessed on October 30, 2021.
- [6] EUROSTAT, Statistics Explained, Glossary: Mountain Region, https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:Mountain_region, Accessed on September 2021.
- [7] Grodea, M., 2020, Coupled Support Contribution to Regional Development of the Sheep and Goat Sector in Romania, Scientific Papers Series Management, Economic Engineering in Agriculture and Rural Development, Vol. 20(4): 237-244.
- [8] Hart, K., Bas-Defossez, F., 2018, CAP 2021-27: Proposals for increasing its environmental and climate ambition, Institute for European Environmental Policy, <https://ieep.eu/uploads/articles/attachments/63db952e-0825-4eb8-80fe-f88708cfd62f/NABU%20CAP%20Report%20->

%20FINAL%20.pdf?v=63710723894, Accessed on October 30, 2021.

[9]Latka, C., Heckeley, T., Kuhn, A., Witzke, H.-P., Kornher, L., 2021, CAP measures towards environmental sustainability—Trade opportunities for Africa?, *Q Open*, Vol. 1(1), January 2021, qoab003, <https://academic.oup.com/qopen/article/1/1/qoab003/6169735>, Accessed on October 30, 2021.

[10]Matthews, A., 2018, Brakes removed from voluntary coupled support, CAP Reform, Accessed on October 30, 2021.

[11]Meredith, S., Hart, K., 2019, CAP 2021-27: Using the eco-scheme to maximise environmental and climate benefits, Institute for European Environmental Policy, https://ieep.eu/uploads/articles/attachments/4791a221-8525-4410-848f-8fb84f5a621a/IFOAM%20EU_Eco-scheme_Report_Final.pdf?v=63718564537, Accessed on October 30, 2021.

[12]OECDiLibrary, 2020, Agricultural Policy Monitoring and Evaluation 2020, (PDF), https://www.oecd-ilibrary.org/agriculture-and-food/agricultural-policy-monitoring-and-evaluation-2020_928181a8-en, Accessed on October 12, 2021.

[13]Official Monitor from July 30, 2018, Mountain Law No. 197/2018 of July 20, 2018 (Monitorul Oficial nr. din 30 iulie 2018, Legea muntelui nr. 197/2018 din 20 iulie 2018), <http://www.monitoruljuridic.ro/act/legea-nr-197-din-20-iulie-2018-muntelui-emitent-parlamentul-publicat-n-monitorul-oficial-nr-203223.html>, Accessed on October 07, 2021.

[14]Santini, F., Guri, F., Gomez y Paloma, S., 2013, Labelling of agricultural and food products of mountain farming, European Commission, Joint Research Centre, Institute for Prospective Technological Studies, <https://publications.jrc.ec.europa.eu/repository/handle/JRC77119>, Accessed on October 10, 2021.

[15]SC ACZ Consulting SRL, T33 SRL, On-Going Evaluation of PNDR 2014-2020 during 2017-2020, MADR, General Directorate for Rural Development, Managing Authority for PNDR (Evaluarea On-Going a PNDR 2014-2020 în perioada 2017-2020, MADR, Direcția Generală Dezvoltare Rurală, Autoritatea de Management pentru PNDR), https://www.madr.ro/docs/dezvoltare-rurala/evaluare_/2020/studiu-de-evaluare-IV_zona_montana_RO.pdf, Accessed on 12 October 2021.

