

# Practical example of an HNV livestock farm in Spain: lack of CAP support and administrative challenges to improving viability through on-farm cheese-making

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December 2015

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This example and the background reports on which it is based were part-funded by the European Commission (DG Environment) through the LIFE+ NGO support grant. Its content is solely the responsibility of the author and does not necessarily reflect the views of the funders.

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## Introduction

This practical example comes from a joint project between [EFNCP and QueRed](#) with input from the farmer himself. This is a real example of a High Nature Value (HNV) family farm in the province of Salamanca (Castilla y León). The farmer works full time on the holding, which meets the national and regional criteria of a “priority holding” for rural policy purposes.

The farm produces beef cattle and goats (for milk and meat) under an extensive system, based on semi-natural pastures consisting of a mosaic of grass, shrubs and trees. The mosaic is extremely biodiverse and is maintained by seasonal grazing, a system that is very widespread in Spain.

Part of the holding is within a Natura 2000 site (an SPA for birds such as the Black Stork), where the farmland habitat is riverine pasture with oaks and ash trees. The Natura 2000 designation does not significantly affect the farmer’s use of the land, but nor does it bring any benefit to the farm.

This is a clear example of a HNV farm, from its land cover and its farming system, and reinforced by the Natura 2000 location. Yet the holding faces major challenges of socio-economic viability, and receives relatively little support from the CAP, with no recognition of its exceptional environmental values. Support from both Pillars of the CAP has been reduced since the introduction of the supposedly “green” CAP.

As explained below, the holding has lost its LFA/ANC status due to redrawing of the boundary, has lost agri-environment support due to budgetary limitations for these measures, and has lost 25ha of land eligible for Pillar 1 support due to the new restrictive approach to pastures with trees and shrubs.

Faced with this situation and highly fluctuating and general unfavourable milk prices, the holding is seeking greater economic viability through the development of a small-scale, on-farm cheese making business. This type of artisan cheese dairy is not familiar to the regional authorities and, although complying with all EU hygiene regulations, the project requires a high level of specialist advice and support in dealing with the authorities in order to get the necessary authorisation for cheese making and commercialisation (see below for details).

## Livestock

- Cattle: 112 head, of which about 60 cows. Avileña breed crossed with Charolais to produce calves for finishing on the farm and sold with quality label Ternera Charra through a cooperative of 23 members.
- Goats: 42 mothers, Malagueña breed.

## Pastures and feed

The entire holding is classed as permanent pasture in LPIS. Most parcels have a significant presence of trees and/or shrubs. The total farmed area is approximately 150ha, of which 50ha are owned by the family, 27ha is common grazing and the rest is land rented from private landowners or the local council. The farmer normally has about 13 cows (depending on the year) on the municipal common grazing, paying 100€/cow/year to the council. He rents another 8.5ha from the council at a cost of about 1000€/year. Dryland pasture in the area is rented at up to 150€/ha.

The oak trees provide important forage in the summer, when there is no grass growth, saving the farmer about 2 lorries of straw. There are smaller areas of ash tree meadows, which also provide “tree hay”. The goats generally graze and browse in an area of holm oak wood pasture.



Ash and oak trees are an important source of livestock fodder, providing the equivalent of two lorries of straw. But their presence is penalised by the CAP eligibility rules for pastures.

The farmer cuts about 2-3 ha for hay; there is suitable grassland for cutting a larger area, but the cost of hay-making is considerable, and he prefers to leave the grass for grazing. He also clears areas of broom and sows rye to keep down the scrub and provide grazing for the animals.

The farmer buys in approximately 30,000 kg of straw per year, with considerable variations from year to year, plus barley, maize and hay for finishing the calves.

## CAP Pillar 1

Under the new CAP from 2014, Spain is applying a new Reduction Coefficient to calculate the eligibility of pastures with trees and shrubs, using remote sensing. As a result of this system, the farmer has lost 25ha of his previously eligible area. This does not directly affect his Pillar 1 payments in 2015-16, as in Spain these are linked to his historic payments, but the reduction means that the farm has 25ha less eligible land for any future CAP support payments, and as a result the overall market value of the farm is reduced. Overall payments are as follows (in euros):

### Pillar 1 support pre-2014:

Single Payment	11,035
Suckler cow premium	8,444
Supplementary suckler cow premium	1,019
Total	20,500

### Pillar 1 support 2015

Basic payment	9,952
Green payment	3,657
Coupled payment suckler cows	5,747
Total	19,355

## Pillar 2 (RDP)

The farm previously received agri-environment support for extensive cattle grazing, but the farm's application was rejected in 2015 due to lack of regional budget for the measure, despite the fact that the holding is a "priority holding" and in Natura 2000.

The holding previously received LFA/ANC support, but with the new ANC boundaries introduced in 2015 the municipality has lost its ANC status.

## Comparison with other countries

A quick look at payment rates in other countries shows that the Spanish example farm could receive far higher levels of support from the CAP in Bulgaria or France. For details on the application of the CAP on permanent pastures in Bulgaria, France and other countries, see the following [EFNCP reports](#). The table below summarises the situation: the Basic and Green payments per hectare of pasture are considerably higher in Bulgaria and France than in Spain, plus these countries pay a large bonus for the first hectares of the holding, to favour smaller farms.

In addition, the coupled payments per head of cattle and goats are considerably higher in Bulgaria and France (far higher in the case of goats).

The ANC payment in Spain is the lowest in the EU, with a maximum of 3,000€ per holding. An equivalent farm in Bulgaria or France receives at least 2 or 3 times this amount for a holding of 150ha.

Finally, Bulgaria and France have basic agri-environment-climate schemes for extensive pastoral systems, that are widely available for semi-natural pastures in both countries. The Spanish example farm does not receive agri-environment-climate support in 2015 due to Budget limitations in the regions. The equivalent farm in Bulgaria or France should be able to receive 50€ or 126€ per hectare respectively, in addition to the higher Basic payment, higher coupled payments and higher ANC payment.

When all of these measures are taken into account, it is clear that the level of financial support available to the example farm in Spain is on a completely different scale from in Bulgaria and France. This is entirely due to decisions taken at national and regional level when designing the CAP model within Spain, and the priority given to supporting intensive crop systems.

	Basic + Greening per hectare	Agri-environment-climate payments	Area with Natural Constraints (150ha farm)	Suckler cow coupled payment	She goat coupled payment
Spanish example farm	90€	0	1,500€	108€	7€
Equivalent farm in Bulgaria	150€ + 77€ for first 30ha	126€ (grazing maintenance of HNV grasslands)	5,750€	114€	23€
Equivalent farm in France	128€ + 95€ for first 52ha (2019 projected figures)	50€ (basic measure for pastoral systems)	7,750€ - 12,750€ (approx. range of possible payments)	187€ (first 50 cows) 140€ (next 49 cows)	15€

Approximate comparison of support rates for a 150ha farm of semi-natural pastures

### Micro cheese dairy: 25 m<sup>2</sup> for processing a maximum of 16,000 litres of milk per year

The farmer is building himself a micro cheese dairy to improve the economics of his goats' milk production. The dairy is constructed from two prefabricated buildings, and is very innovative because of its small size and structure. Although rare in Spain, it is an approach that is quite well known in France and Italy. It is a convenient solution for farmers with a limited amount of private land, or who practise transhumance.



Prefabricated building – an innovative approach to starting a low-cost micro cheese dairy

Despite complying with EU regulations on food hygiene and processing, such micro dairies are quite different from industrial plants, and as a result they tend to face barriers (sometimes insuperable) when applying for a licence from the public health authorities. Although all cheese production in the

EU is subject to the same set of EU rules, the interpretation of these rules can vary between countries and even between local authorities. Often these small-scale initiatives are rejected by authorities, even though they can produce perfectly safe, high quality foodstuffs, or so many obstacles are placed in their way that the costs become prohibitive. The following are some examples of the interpretation problems that can occur:

- **Small size:** In Spain, requesting a licence for a dairy of only 25 m<sup>2</sup> is likely to be met with an immediate rejection. However, the EU regulations state simply that there must be “sufficient” work space, there is no defined minimum area. In the case of our example farm, the two prefabs provide ample space for processing 16,000 litres of milk per year.
- **Multi-use rooms:** Authorities normally require separate rooms for distinct activities, such as for cheese making, drying the cheese, packaging and labelling, changing rooms, bathrooms, etc. However, in dairies that are processing small quantities and with only one worker, several activities can be carried out in one room so long as cross-contamination is avoided. For example, cheese making, washing utensils, packaging and labelling can be carried out in the same space, and requiring separate rooms would be an unnecessary and costly demand.
- **Changing rooms:** Cheese makers can keep their change of clothes on hangers and hooks, without needing lockers. Yet some authorities insist on having two lockers per worker, one for normal clothes and one for work clothes, implying a considerable cost but not necessarily greater hygiene.
- **Toilets:** The EU regulations say that there must be a sufficient number of toilets. This may be complied with if there is a toilet in the house next to the cheese dairy. Nevertheless, some authorities require provision of a separate toilet (or even two) in the actual dairy.
- **HACCP (Hazard Analysis Critical Control Point) based systems:** The EU regulations require all licensed cheese makers to set up systems for preventing and controlling possible hazards, but they also emphasise the need to avoid applying industrial criteria to small-scale processors. Excessive demands from authorities can create huge and unnecessary burdens.



Simple equipment for the cheese-making process, complying with EU regulations

[The Spanish Network for Farmhouse and Artisan Cheese Dairies QueRed](#) is assisting current and future cheese makers such as the example presented here, by providing advice and expertise on how to comply with EU regulations without making unnecessary and costly capital investments. QueRed is also working with food hygiene authorities at State and regional level to develop a guidance document on the interpretation of EU regulations in the case of small-scale dairies (publication due in Spring 2016). At EU level, QueRed is collaborating in the development of a Community Good Practice Guide to help cheese makers set up simple and well-adapted HACCP based systems.

## **Conclusions**

EFNCP and QueRed believe that rural, environmental and food hygiene policies should give priority to supporting a sustainable future for farms of the sort presented here, because they combine quality food production with local employment and the conservation of high nature value landscapes and habitats.

Yet the application in Spain of the CAP (both Pillars) is generally not favourable to this farm, or to the many other farms of this type that form the backbone of rural land use in many upland areas of Spain. The contrast with the support provided in countries such as Bulgaria and France is huge. What's more, the inappropriate application of food hygiene regulations often puts barriers in the way of small-scale diversification that could help the viability of such farms. It is scandalous that the so-called "Green" CAP can be so unfavourable to farms that are so clearly of exceptional environmental value, and in great need of support from public policies. At the same time, in the same region Pillar 1 support for intensive arable cropping is far higher than for extensive livestock, and there is a generous programme of agri-environment-climate payments for sugar-beet cultivation.