

# **Agriculture and horticulture in Flanders 2004**



Ministerie van de Vlaamse Gemeenschap  
Beleidsdomein Landbouw en Visserij

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# **AGRICULTURE AND HORTICULTURE IN FLANDERS**

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## **General information about Flanders**

### **Geography and population**

Flanders is one of the three Belgian regions. The other two are Wallonia and the Brussels-Capital Region.

It is strategically located in the "Golden Triangle" of London, Paris and Amsterdam.

Flanders covers an area of 13,522 km<sup>2</sup> and has about 6 million inhabitants, or 444 inhabitants per square kilometre. Flanders therefore has more inhabitants per square kilometre than any other European country. The Netherlands comes in second place.

### **Political structure**

The political structure of Belgium is complex simply because the socio-economic fabric of the country is complex. As the new constitutional framework of the country developed over the past 30 years, this complexity was borne in mind. That is why there are three autonomous regions within the Federal Kingdom of Belgium. The balance between them and their individual powers are carefully regulated.

The Court of Arbitration plays an important part in solving inter-regional disputes. Other special institutions and procedures were put in place to deal with conflicts of interest without bringing political life to a complete standstill.

This system reflects a growing trend towards regional autonomy. The model's successful implementation has been closely examined by delegations from South Africa, Eastern Europe and Canada.

### **Language**

The official language of Flanders is Dutch, although the region is rich in Flemish dialects. Over 20 million people in Europe speak Dutch as their native tongue, making it the sixth language of the EU countries. The vast majority of Flemings, however, are multilingual. English, French and German are very widely spoken.

## **Flanders and agriculture**

Over 46 % of the total surface area in Flanders is earmarked for agriculture, even though only 2.3 % of the overall working population is employed in the agricultural sector. Flanders is well behind the rest of Europe on this score.

The agricultural sector in Flanders accounts for 1.5 % of the region's gross domestic product, which is about 148 billion euro.

However, in terms of Belgium's overall trade balance, the foreign farm trade represents about 11% of the positive margin, equal to 18.8 billion euro in 2002.

All matters related to agriculture come within the scope of the regional authorities, apart from food safety, which is still a federal policy area. In the form it takes in Flanders agricultural policy is essentially European based. At this level Flanders is able to shape its policy in the light of what is decided by the European Union authorities.

## **I. Economic, social and environmental issues**

The intensive agricultural and horticultural system in Flanders achieves a high level of production, but this also creates several challenges.

This is why the focus here is not only on conventional economic issues, but also on the social and ecological sides of agriculture. This approach was referred to in a policy memorandum that was echoed in various policy letters that appeared later on.

### **1. Economic issues**

The size of the **agricultural area** steadily declined until 1990 but gradually increased thereafter owing to the more stringent manure standard for animal fertilisers. Farmland, where the fertilisers may be deposited, therefore became highly attractive in financial terms.

The total area of land earmarked for farming stayed has remained roughly the same over the last four years. The farmland is mainly situated in the provinces of West and East Flanders, in Hesbaye and Northern Campine.

56 % of the agricultural area is covered with **meadows, pasturelands and fodder crops**, which is not surprising given the importance of stockbreeding in Flanders.

35 % of the surface area available is allocated to **arable farming**. The main crops are cereals, potatoes and sugar beet.

**Horticultural activities** are carried out on 8 % of the agricultural area, half of which is used for growing vegetables.

Nearly two-thirds of the agricultural undertakings rear cattle. **Cattle breeding** continues to be the most widespread activity, but the number of farms and the cattle count are both dwindling. The number of **suckler cows** (for meat) is on the rise, whereas the number of dairy cows has remained quite steady after a decline during the 1990s.

**Pig farming** is economically speaking still the most important activity within the agricultural and horticultural sector. However, environmental concerns and measures for treating fertilisers and reducing the pig population have led to a sharp cut in the number of pig farms in recent years. The pig population in 2002 was down 13 % from 1999, a year that was very successful for the pig breeding industry. This is partly due to the so-called **Abandonment Flemish Parliament Act** which the Flemish Government approved in 2001. The Act grants a compensation to farmers who voluntarily decide to fully and definitively abandon the production of pig manure. 954 undertakings (accounting for a total of 26,350 sows and boars and 259,716 fattening pigs) used this possibility between 2001 and 2002.

The number of animals, particularly laying hens, is also dwindling in the **poultry sector**, compared with the situation in 1999.

Late 2002, the Flemish Government decided to extend the regulation to reduce the pig population to the poultry and cattle breeding sectors. Cattle breeding is more widespread, whereas pig and poultry are mainly raised in West Flanders and Northern Campine.

The **number of agricultural and horticultural undertakings** has dropped sharply in recent years: over 30 % since 1992. The remaining farms account for 70 % of the professional agricultural holdings.

The decline is mainly affecting the smallest farms or those with no family successor. At the same time, the larger holdings are reported to be on the increase in terms of number, surface area and rate of stocking. As a result, the **average farm surface** area has also increased 50% since 1992. The line of separation between the disappearing and growing group of undertakings involves an agricultural area of between 30 and 50 ha.

The agricultural and horticultural undertakings reported an average **production value** of 4.49 billion euro over the last four years. Animal breeding is by far the most important activity. With an average turnover of 2.68 billion euro it accounts for 60 % of the total turnover for agriculture and horticulture. Horticulture and arable farming represented 1,385 (31 %) and 423 (9 %) million euro respectively over the same period. The turnover in 2002 was a repeat of the performance during the previous four years, with an obvious recovery in the animal breeding sector compared with 1999, when the dioxin-in-food crisis exploded in the farm sector.

The production ratios for agriculture and horticulture are reflected in the **intermediary consumption** factor. Owing to the key role animal breeding plays in agriculture, it is not surprising that fodder represents by far one of the most important cost factors. In horticulture energy costs play a significant role. The **gross added value** (the difference between the production value and intermediary consumption) peaked in 1997, after which it entered a downward path to reach an all-time low in 1999, the year of the dioxin-in-food crisis. There has been a definitive recovery in recent years.

Average **farm incomes** vary considerably. The fluctuating harvests and sale prices rule out any regular progression. These incomes also vary by region and type of farm.

The average level of income in the professional farm sector was put at 27,429 euro in 2001: a bit less than the year before but this is definitely more than during 1998 and 1999 when the sector was rocked by the swine fever and dioxin-in-food crisis.

In recent years, undertakings specialising in feeder cattle and mixed cattle reported the lowest average professional earnings. Pig breeding and arable farming, or a combination of the two activities, logged the highest earnings, although significant differences are reported in this sector as well.

## 2. Social issues

In the past decade a shift was reported in the **level of training** of farm managers. The number of managers with only practical experience decreased in favour of individuals who have undertaken agricultural training. The number of farm managers who have undertaken a full agricultural training course doubled between 1990 and 2000.

The decline in the number of agricultural undertakings is a trend that is likely to continue over the next few years, as by 2002, nearly half of all managers were over 50 years of age and only 14 % had a potential successor aged 14 or more. The figure in 1990 was still as high as 17 %. One-quarter of all the undertakings have yet to take a decision about the **succession**.

The percentage of **women** employed in the agricultural sector has risen slightly since 1990 and has fluctuated either side of 35 % in recent years. However, and more significantly, the percentage of women employed full time relative to the total number of women has increased nearly 20 % in the space of 10 years and now stands at about 60 %. This means women are set to become increasingly involved in agricultural and horticultural undertakings.

## 3. Environmental issues

The extent to which the **soil balance** is exceeded has decreased over the last 12 years, primarily because of less use of artificial fertilisers. The level of animal manure produced has also declined, whereas net exports of fertilisers (treated or otherwise) has increased and action is being taken to reduce nutrients in fodder. The **nitrogen balance** was cut by almost one-third in 2002 and the **phosphorus balance** was halved compared with 1990.

A review of **plant protection products** used over the last decade shows that above all sales of insecticides have strongly decreased: by 2001 the sales were only 35 % of those reported in 1990. Sales of fungicides have increased in recent years but dropped sharply in 2001. During this time, sales of herbicides remained quite steady, although there has been a mild fall over the last three years.

## II. Policy measures

In this second part, a detailed review is made of Flemish agricultural policy, which has to be aligned on the European Common Agricultural Policy.

European policy is reflected first of all in **price and income support schemes**. The aim of Pillar 1 is to ensure a fair standard of living for the agricultural community.

Pillar 2 concerns the rural policy and promotes the development of a more sustainable and more diversified agriculture. The European Regulation on support for rural development is reflected in the Flemish rural development programme, which, among other things, promotes initiatives by farmers and horticulturists that go further than standard good agricultural practice.

Finally, consideration will also be given to a few specific aspects from Flemish agricultural policy, namely organic farming and the reduction of the pig population.

### 1. Pillar 1 : Price and income support

Apart from various premiums (slaughter premium, suckler cow premium) the Agricultural Production Management Administration also offers support for certain arable crops. 81,018 applications were approved in 2002, which resulted in an aid package worth 195 million euro.

Just over 43 % of the amount was earmarked for the plant sector, nearly all of which is destined for arable crops (cereals, maize). 55 % was allocated to the livestock sector, including 2 % for the milk section. Three-quarters was appropriated for additional dairy cow payments, that is, 3.1 million euro.

Apart from these premiums, the administration decided on quota allocations or quota transfers for the milk sector. During the 2002 – 2003 marketing year, from 1 April 2002 to 13 March 2003, the Flemish **milk quota** was equal to 1.9 billion litres, spread amongst 9,413 undertakings.

### 2. Pillar 2 : Rural development

The **Rural Development Programming Document** (RDPD) is designed to encourage farmers to adopt more environmentally and nature friendly production methods. It promotes investments in agriculture and the development of rural areas.

Total spending by the authorities (Flemish and European) is estimated at over 500 million euro for the 2000-2006 programming period. 55 % of the expenditure is channelled through the Flemish Agricultural Investment Fund (VLIF). 22% of this is earmarked for transitional measures, 28 % for investment support, 5.5 % for establishment support and 19 % for specific agri-environmental measures (management agreements, afforestation of farmland) to promote a more environmentally and nature friendly agriculture.

Figures about overall spending under the heading of the RDPD are available for each year during the period from 2000 through 2002, whereas the figures for the 2003-2006 period are merely estimates. The total level of spending per year is not spread evenly over the entire period, which is due to the difficult start of the RDPD. After 2002, the RDPD started getting into its stride, with total spending of 77 million euro. 38 % of this sum was paid by Europe.

Spending on VLIF transitional measures has been gradually decreasing, whilst support for investments (new system) and agri-environmental measures is on the increase.

The **integrated rural policy** (diversification farm and country tourism, agencies providing basic care services, village redevelopment and environmental protection schemes) is expected to gain momentum in 2004.

The RDPD theoretically covers all of Flanders but it tends to focus especially on the rural community and in particular all farmlands.

Over 10 % of the 600,000 ha of farmland has been covered by one or more agri-environment **management agreements** since 2003. The two main management agreements provide support for green cover (34,000 ha) and for water-related management agreements (33,000 ha), as part of the fertiliser policy.

The RDPD seeks to address the economic, social and environmental issues facing the rural community and this applies in particular to agriculture. Most of the relevant instruments apply to only one of these three pillars. On a global basis, nearly 61 % of spending under the RDPD from 2000 to 2006 is used for economic purposes, 32 % for ecological and 7 % for social purposes.

### 3. Agricultural policy specific to Flanders

The **organic farming** sector grew steadily between 1995 and 2001, but reported zero growth in 2002. However, the rate of growth is very low in absolute terms: merely 0.6 % of the overall agricultural surface area.

The 251 undertakings involved in organic farming cover an average organic area of 15.5 ha. The premium system for organic farming is apparently extremely attractive for extensive grassland. Hence two-thirds of the organic area consist of meadows.

The fruit and vegetables sector reports zero growth. In these more intensive production sectors the level of support does not match the loss of profit and investment costs of conversion.

The sheep (2.4 %) and goat (11.3 %) sectors are the only ones boasting significant levels of organically reared livestock. The more intensive production sectors (pigmeat and poultry, for example) barely make any mark at all in the world of organic farming. The changeover to organic farming is made difficult not only because of the economic situation but also by the intensive practices of agricultural holdings. Farmers also fear that their holdings will lose their value during the conversion process.

In the meantime, the demand for organic products is continuing to exceed the supply, hence the need to import huge quantities of organic products. Flemish organic farmers' failure to make any significant inroads into the organic market is blamed on the fact that they do not produce large enough volumes and the distribution channels need to be improved.

Owing to the stagnation in the organic farming sector, a great deal of action was taken in 2003 to boost the industry: the outcome was the Organic Farming Action Plan II. The main initiatives involve a greater level of hectare support and further aid for the *Biotheek* (Bio-repository), the one-stop information shop for the organic sector, which is focused on farmers.

The issue of **surplus manure** has to be addressed so as to comply with the provisions of the **European Nitrates Directive**. The most obvious way to reduce manure surpluses is to curb the production of nutrients (source-based approach). This may involve a series of measures, such as financial incentives to reduce the pig population. The Flemish Government agreed in 2001 to approve the implementing order to the so-called "**Abandonment Flemish Parliament Act**".

The purchase scheme for the reduction of the pig population led to such a large number of applications in 2001, that the funding available failed to keep pace with the demand. That is why a large percentage of them was transferred to the following year, 2002, when the number of applications dwindled. The bulk of the applications came from the East Flanders (23 %) and West Flanders (55 %) provinces.

The number of applications increased again in 2003. During the first year of submission, it was mainly fattening pig farms that made use of the measure; during the second and third years above all sow farms. These are often smaller undertakings and undertakings run by older farmers.

When the measure was extended to poultry and cattle, nearly 1,170 applications were made in 2003. 739 applications were submitted by cattle farmers, representing over 43,000 head of cattle.

**For further information about Agriculture and Horticulture in Flanders :**

Agricultural and Fisheries policy website: <http://www.vlaanderen.be/landbouw>

Organic farming website : <http://www.bioforum.be>