

POLICY BRIEF

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Beef production in a multi-functional silvo-pastoral system, the Portuguese Montado: key challenges for sustainability

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The Portuguese Montado is a silvo-pastoral system which is acknowledged as important to heritage, thus encompassing more than just a production system. Alas, it is broadly acknowledged as a multi-functional and complex land-use system, on which its main value rests from its resilience and capacity to deliver multiple economic goods and services, including via ecosystems and landscapes. Rearing of cattle for the production of beef is therefore only a main, albeit increasingly important, component of the Montado. In Portugal, elements in the Montado (e.g. Oak Trees) are currently protected through regulation and planning, despite a lack of integrative regulatory approaches which target the system as a whole. Despite its many values, as a system it would not likely survive were it not heavily subsidized through CAP schemes. Additionally, a qualitative and quantitative decline is now becoming noticeable, although still largely unnoticed by public authorities and the general public.

Overall, Portugal has a deficit in beef production, with a self-sufficiency level of 47.5% represented in 2014. Although the number of beef cattle have increased in recent years, particularly in the Alentejo, there has been a reduction in the volume of beef production, which in 2014 was below 80 thousand tons of meat. The productivity levels of beef cattle in Portugal are relatively low, partly due to the lack of technical-productive and economic information reaching majority of the producers. In general terms, the production of cattle in such context is characterized by its low productivity and low-density (extensive systems-0,2-07 animals/hectare). Lastly, this seems to be a system with low innovation capacity, threatening its future, despite of the widespread social, scientific and even political acknowledgement of its many values and qualities. Nonetheless, opportunities and strategies for improvement exist, that ought to be embraced across various levels of decision-making.

This policy brief has been developed from research conducted as part of the H2020-funded project, Sufisa. Its main focus has been to access the perspectives of the beef producers themselves, together with a range of stakeholders, including processors, regulators, marketers and financial agents. To that end, a series of interviews, focus groups and workshops were conducted between March 2016 and October 2018.



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The following key messages are intended to draw attention to the issues that have arisen from our research and which have potential policy implications for the sector of beef production in Montado.

Key messages

- It has become apparent in SUFISA that CAP and subsidies are still essential for the financial sustainability of cattle production in the Montado. In addition, it was also made clear that neither pillar I nor Pillar II by themselves are capable to reflect the complexities within the system, thus the current CAP structure is perceived as largely inadequate.
- In general, a common perception exists (mainly among producers) that CAP policies are not adequate to address the highly variable and specific Mediterranean conditions, especially its multi-functional systems.
- Alas, the majority of stakeholders indicate that current policies do not favour farm and business succession and new entrants.
- In contrast with the absence of adequate regulation to secure the financial sustainability of the Montado, an ambitious regulatory framework exists that has facilitated the rapid increase of artificial water bodies that is setting unprecedented pressures on traditional farming systems (e.g. Montado), which find it difficult to compete with more efficient irrigated crops (e.g. Olive Crops).
- Alternatives exist that could help improve this situation, including: better targeted Agri-Environmental schemes, Payment for Ecosystem Services Schemes or incentivizing of traditional breeds of cattle to compete in external markets.
- In addition, extension and advisory services are considered insufficient, especially given the extreme complexity of policy and funding procedures and requirements that often prejudices smaller and younger farmers. New international markets are only recently opening. This is partly because traditional regional and local breeds are non-competitive financially and in terms of their direct productivity when compared with foreign ones.
- This is then worsened by the fact that Portugal was hit hard by the economic crisis, which strongly influenced national consumer's capacity and options for quality produce, although this is now positively shifting.
- Currently raising prime costs for producers and the stabilisation of productivity levels over the few last years, along with growing inflation rates, have largely diminished competitiveness of an ever-expanding market context.
- Associativism is low and has been recently declining, posing a big problem for cooperation and coordination.
- In relation to markets, access to private credit for new entrants or more innovative producers remains tough, as long-term investment return periods and high risks determine the lack of interest by financial actors in the sector.
- The sustainability of the system necessarily demands a degree of (social, technological, institutional, political and environmental) innovation that currently is largely absent under common practices, funding schemes and management options.
- There is a level of inadequacy of current European policies to support the multi-functionality of the Montado. In contrast with this, current individual strategies from producers are deemed too individualistic, and thus not efficient for devising alternative institutional arrangements (e.g. more effective cooperatives of producers that grant them more bargaining power along the wider supply chain).
- Accordingly, vertical coordination is hampered by the lack of common spaces to meet and discuss on an equal basis for all actors in the market and policy spheres.
- Consequently, a great proportion of the farms and producers in the region sell their animals directly, and do not slaughter them themselves, whilst local auctions represent a significant proportion of the sale points

- In this context, policies (especially public funding schemes at the EU level) will need to better consider the contingencies related to regional farming systems and related cultural, bio-physical and socio-economic conditions. Additionally, the sector urgently requires securing support (both public and private) for succession and access for young farmers is improved.
- Sustainable intensification is a commonly advocated pathway forward within the sector, but a better definition is still required of what this really means in practice, and what its requirements and drawbacks are.
- The nature of sales agreements are directly dependant on sales channels; more formal, longer-term, better regulated and more stable contracts and prices for those selling through super-markets and big-chains; more informal, shorter-termed, with higher bargaining power and less regulatory security to those selling through local and association-based auctions; and much more insecure, but also much more flexible and adaptive to those selling through both exporters and local markets.
- Among the strategies and drivers of farming, it seems that both ecological conditions and policies strongly influence the actions and decisions of farmers, with credit and finances ranking much lower.
- When considered altogether, the overall picture is one of mixed feelings between the willingness to secure the continuity of the businesses and farms and the acknowledgement of the urgent need to change strategic directions and explore novel options for farm management.
- Regarding technical support, this is provided mostly to those that more closely collaborate with associations or unions for their sales and arrangements, but also in direct relation with the size of farms, with owners and managers of the biggest farms being the only ones who can afford private consultancy services.
- The absence of external services is frequently substituted by informal cooperation and discussions, which are mostly held between producers and technical advisors, and frequently also involving family members, with colleagues and neighbours ranging low in the scale of confidence for most producers.
- A substantial proportion of farmers admit that the lack of horizontal cooperation is problematic for the sector, and that it hampers their competitiveness and financial capacity, relating it directly to cultural habits and mind-sets, which are acknowledged as the most difficult to change.
- Nonetheless, and when looking at a range of future scenarios, the vast majority of producers, policy makers and technicians can envisage a wide range of opportunities for novel strategies and solutions for the sector, which are closer to a future of “Europeanization” and moderate “Ecologization”, and further away from those related to strict “Global Competition” and “Market Segmentation”.



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