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# Recent causes of land abandonment from an economic perspective

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# Land abandonment. What are we looking at?

- Land is an input in agricultural production
- Land is an asset
  
- Land abandonment
  - land is not used as an economic resource
  - ➔ Its use is reduced as a production factor
  - It is excluded from the portfolio of assets



# Land abandonment. What are we looking at?

- decrease of land use
- retaining of land ownership



Land use change:  
set aside

- decrease of land use
- sale of land



Exit from  
the industry



# Land abandonment. When does it occur?

- modified economic profitability
  - negative returns from the agricultural activity
  - Opportunity cost greater than agricultural rent

Farm as unit of analysis



# How to assess the intensity of abandonment processes?

- Census' survey
  - All type of farms are included: crops, forests, grazing activities
  - Parks and totally abandoned land are excluded
  
  - Total Agricultural Area (TAA)
  - Utilised Agricultural Area (UAA)

# The magnitude of the abandonment process

## ■ Italy

Year	UTILISED AGRICULTURAL AREA				FOREST AND WOODLAND	OTHER AREA	TOTAL AGRICULTURAL LAND
	ARABLE LAND	PERMANENT CROPS	PERMANENT PASTURE	TOTAL			
1970	8.839.917,21	3.181.949,11	5.469.588,96	17.491.455,28	5.285.459,41	2.287.303,05	25.064.217,74
1980	8.334.972,81	2.984.411,64	4.523.119,04	15.842.503,49	5.637.610,87	2.151.380,84	23.631.495,20
1990	8.129.731,65	2.787.359,23	4.128.807,77	15.045.898,65	5.509.981,98	2.146.474,87	22.702.355,50
2000	7.340.221,38	2.457.993,59	3.414.437,17	13.212.652,14	4.710.810,97	1.683.631,23	19.607.094,34
Delta 1070-2000 (Hectars)	-1.499.695,83	-723.955,52	-2.055.151,79	-4.278.803,14	-574.648,44	-603.671,82	-5.457.123,40
Delta 1970-2000 (%)	-17,0%	-22,8%	-37,6%	-24,5%	-10,9%	-26,4%	-21,8%





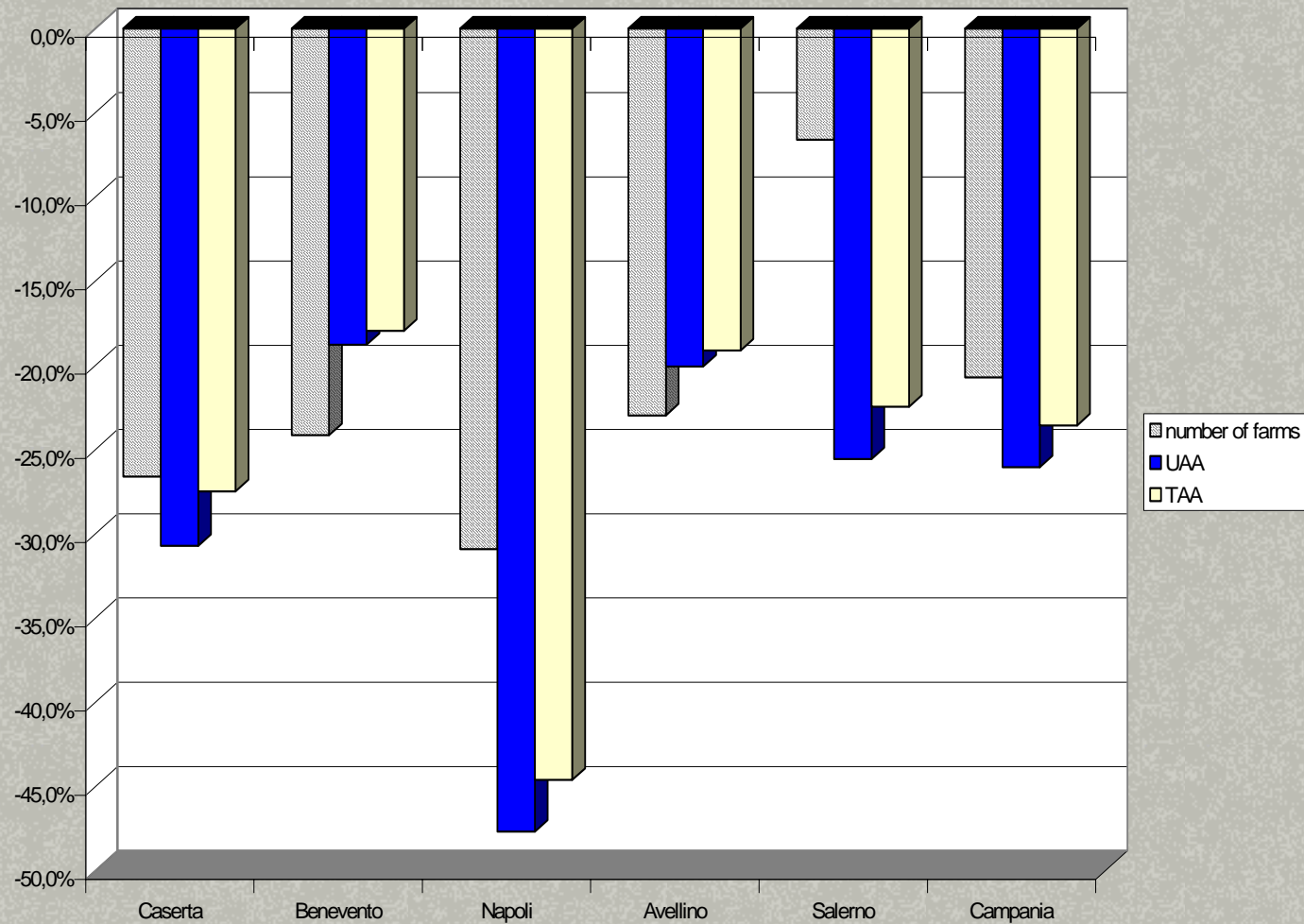
# The magnitude of the abandonment process

## ■ Italy

- -5.5 millions of hectares of TAA
- -4.3 millions of hectares of UAA
- The rate of land abandonment has increased during the last period
  - 57% of the total decrease of TAA
  - 43% of the total decrease of UAA



# Campania

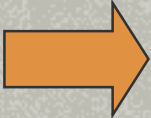
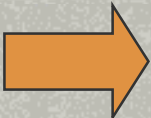
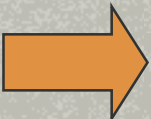


-271 thousand of hectares TAA  
-207 thousand of hectares UAA





# Causes of land abandonment

- **Macro level**            **global system**
  
- **Meso level**      
  - **region**
  - **institutional system**
  
- **Micro level**            **farm unit level**



# Global level

- **Characteristics of development path**
  - **Industrialization**
  - **Urban expansion**
  - **Technological change**
  - **Globalization**
  - **Free trade**



# Micro level

## Firm

Production choices



Profit maximization  
objective

- Technical constraint
- Input availability

## Household farm

Production choices

Allocation of family  
Labour choices

Consumption choices



## Micro level

### ■ Farm characteristics

- Dimension
- Firm-land ownership relationship
- Quality of natural resources

### ■ Family characteristics

- life cycle of the family
- Number of family members
- Full time/part time
- Sources of household's income



# Family characteristics

- Age of the farmer
- Family members working on farm
- Labour intensity of the farm

**Income dimension**

**Market linkages**



# Farm typologies in Campania (1)

**249 thousand farms**

## ■ **Market relationship**

- 40.6 thousands (or 16.3%) self consumption
- 171 thousands (or 68.7%) production partially sold on the market
- 37 thousands (or 15%) production entirely sold on the market

## ■ **Farmer age of the market oriented farms**

- 70 thousands of the total 208 thousands (or 34%) are 65 year old or more





## Farm typologies in Campania (2)

### ■ Economic dimension

- 85% of the firms with elderly farmer generates an income of 4,800 Euro/year or less

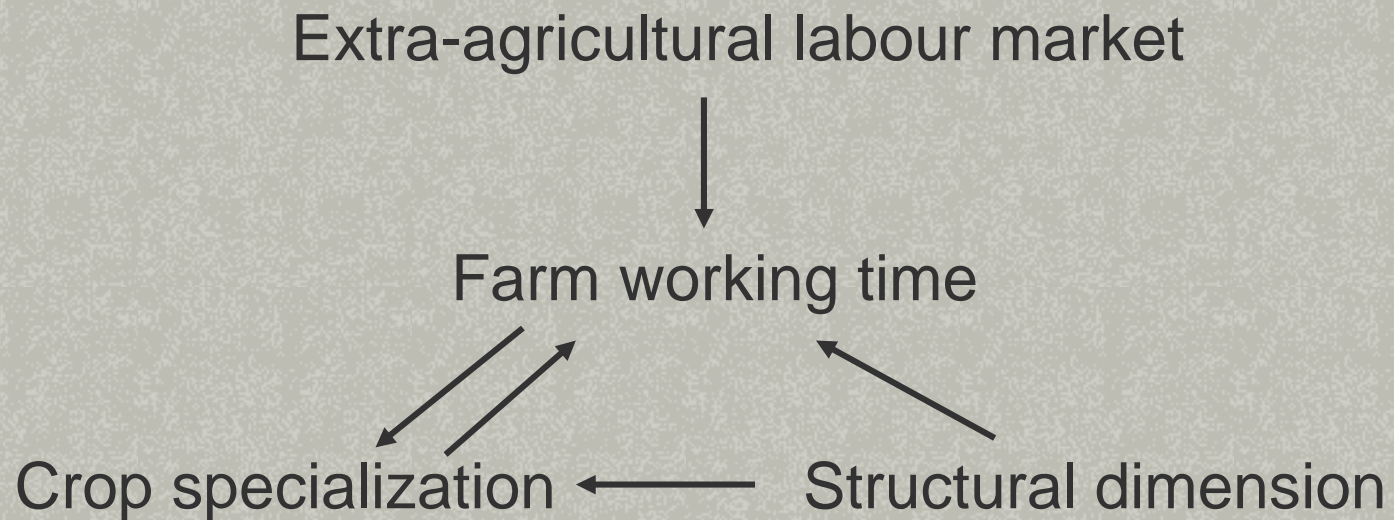
### ■ Part time /full time farmers

- 35% of the market oriented and less than 65 years old farmers are part time (48 thousands on 138 thousands)



# Land abandonment risk

- **Elderly farmers**
- **Farms with low labour employment**





# Meso level

## ■ Region

- Infrastructure provision

- Location

  - System of service providers

  - Accessibility to information

  - Proximity to the market



unit cost of production  
economic profitability



# Meso level

- Institutional system
  - Rules of landscape management
  - Rules defining relationship between firm and land ownership (lease contracts)
  - Rules defining relationship between firm and labour (labour contracts)
  - Price system
  - Agricultural policy



# Agricultural policy

- Mid-Term Review of the CAP
  - Single farm payment
  - Partial and Total Decoupling
  
  - Aid is received even if land is not cultivated
  - Removal of intervention prices will make market prices decrease
    - reduction of economic margins
    - reduction of the value of land marginal productivity
  - Payment entitlements are embodied in land rent