



# THE ECONOMIC IMPACTS OF SWITCHING FROM SPECIALISED FARMING TO MIXED FARMING AND AGROFORESTRY SYSTEMS (MIFAS) IN EUROPE

Guy Low, Miranda P.M. Meuwissen, Tobias Dalhaus  
Business Economics Group, Wageningen University P.O. Box 8130, 6700 EW Wageningen, the Netherlands

## Background

- **European Green Deal** and **Farm to Fork Strategy** aim to strengthen sustainable agricultural practices in EU
- **Mixed farming and agroforestry systems (MiFAS)** farming shows promise for environmental and **ecological benefits** and for **economic diversification** and **resilience**
- MiFAS can **improve yields** and **lower variable costs**, but challenge to address labour and opportunity costs
- Between 2005 and 2020, **MiFAS farming has declined** in utilised agricultural area in EU

## Objective

- **Economic implications are unknown** in MiFAS literature, particularly the effect of switching from specialised farming
- **Need to understand better** how economic performance is affected by switching to motivate informed policy recommendations

## Data

- **European farm accountancy data** (EU28, 2004 – 2018)
- Harmonised, **representative accounting data** for EU farming landscape
- Over **200,000 farms** and 1,200,000 farm-year observations
- **Defined typologies** for specialised and mixed farming
- Switch requires two years non-mixed followed by two years mixed
- Switch from: 1) **specialised cropping to MiFAS**; 2) **specialised livestock to MiFAS**
- Observe effect on: 1) **revenues**; 2) **variable costs**; 3) **wages paid**; 4) **unpaid labour**; 5) **productivity**; and 6) **profitability**

## Empirical Design

- **Novel econometric methods** to evaluate the causal effects of the treatment (i.e., switching from specialised farming to MiFAS) on the dependent variables of interest

## Results

**Table 1.** Summary of results of the effects of switching from specialisations to MiFAS on variables of interest

Switch to MiFAS on variable	Effect
<b>Specialised cropping to MiFAS</b>	
Revenues	Insignificant
Variable costs	Insignificant
Wages paid	Insignificant
Unpaid labour	<b>Increase</b>
Profitability	Insignificant
<b>Specialised livestock to MiFAS</b>	
Revenues	<b>Decrease</b>
Variable costs	<b>Decrease</b>
Wages paid	<b>Decrease</b>
Unpaid labour	Insignificant
Profitability	Insignificant

## Discussion & Conclusions

- Switching from specialised livestock **decreases** paid labour, variable costs and revenues, though net profits remain unaffected
- Switching from specialised cropping **increases** unpaid labour
- Diversifying seems to offer more opportunities to **reduce costs** for specialised livestock holdings
- Relatively **insignificant effects of switching** on economic performance belies decline of MiFAS in Europe
- Research needs to evaluate **resilience to risk** – might be a greater motivator than profitability alone, with implications for **insurance and income stability**