

## The sheep and goat sector in the EU Main features, challenges and prospects

### SUMMARY

Sheep and goats grazing on meadows in the countryside are part of the landscape and cultural heritage of many European countries. They are a source of employment in disadvantaged agricultural areas and the high-quality traditional products they yield are broadly recognised as the result of a sustainable and multifunctional form of agriculture that contributes to preserving the environment and social cohesion in rural areas.

Yet, the EU sheep and goat sector has been experiencing economic and structural difficulties in recent decades, mainly involving a consistent decrease in livestock numbers, following outbreaks of contagious diseases and policy changes in public funding schemes. With a population of about 98 million animals and a production that accounts for a small share of the total EU livestock output, the sheep and goat sector does not ensure self-sufficiency. That is why the EU is among the world's main importers of sheep and goats, mainly from New Zealand and Australia. Moreover, as sheep and goat farming is among the less remunerative agricultural activities, it does not encourage investments or new entrants from younger generations of farmers.

Several EU-level policy instruments are available for providing support to this sector in its capacity to deliver both food and public goods, such as landscape and biodiversity conservation. However, considering its low profitability and the fact that production is mostly located in less favoured areas, EU stakeholders are recommending the inclusion of specific policy measures in the framework of current discussions on the Common Agricultural Policy post-2020, as well as the adoption of communication and promotion measures to strengthen the position of the sector in respect of EU consumers' choices.



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## Facts and figures about the sheep and goat sector

### Population numbers and geographical distribution

The EU's sheep and goat population numbers approximately 98 million heads, of which sheep represent 87 %. Due to the decoupling (removal of the link between subsidies and production) of the EU ewe and goat premium on the one hand, and the outbreak of animal diseases on the other, these numbers have been in constant decline (falling by 16 % in the case of sheep over the 2000–2016 period). A more stable or slightly reversed trend can be observed in recent years.<sup>1</sup>

Sheep are reared on more than 850 000

EU farms, and goats on more than 450 000, corresponding to 14 % and 7 % of all EU farms with livestock, respectively. On average, there are 113 sheep and 26 goats per EU farm. However, due to local traditional specialisations, farm structures and market situations throughout the EU, these figures vary significantly between Member States, with the United Kingdom ranking first in both indicators for sheep farms and Greece and the Netherlands ranking first for goat farms, as shown in Table 1.<sup>2</sup> Although the vast majority (about 70 %) are breeding sheep or goats, there are significant differences in terms of breeds, such as between heavier suckling and lighter dairy breeds.

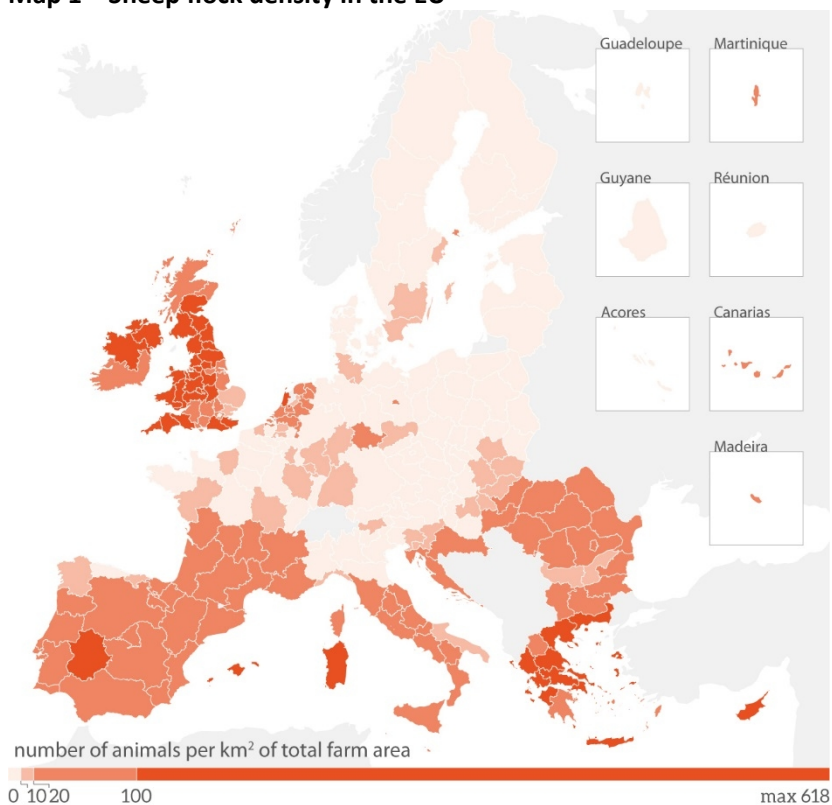
The UK has one of the highest densities of sheep per square kilometre in most of its regions, as do Greece, Cyprus, and to a lesser extent some regions of Italy (Sardinia), Spain (Extremadura and the Balearic Islands) and the Netherlands (North Holland) (see Map 1). Sheep flocks are generally larger than goat herds: the largest average sheep flock in West Wales (UK) is double the size of the largest average goat herd in the Canary Islands (Spain), with 618 and 315 heads, respectively.

**Table 1 – Main features of EU sheep and goat farms**

Indicator	EU-28	Member State ranking 1st		Member State ranking 28th	
		Country	Value	Country	Value
Share of farms with sheep	14 %	UK	51 %	Poland	1 %
Average No of sheep per farm	113	UK	449	Malta	10
Share of farms with goats	7 %	Greece	27 %	Finland	1 %
Average No of goats per farm	26	Netherlands	119	Lithuania	3

Data source: Eurostat, [Farm structure survey](#), 2013.

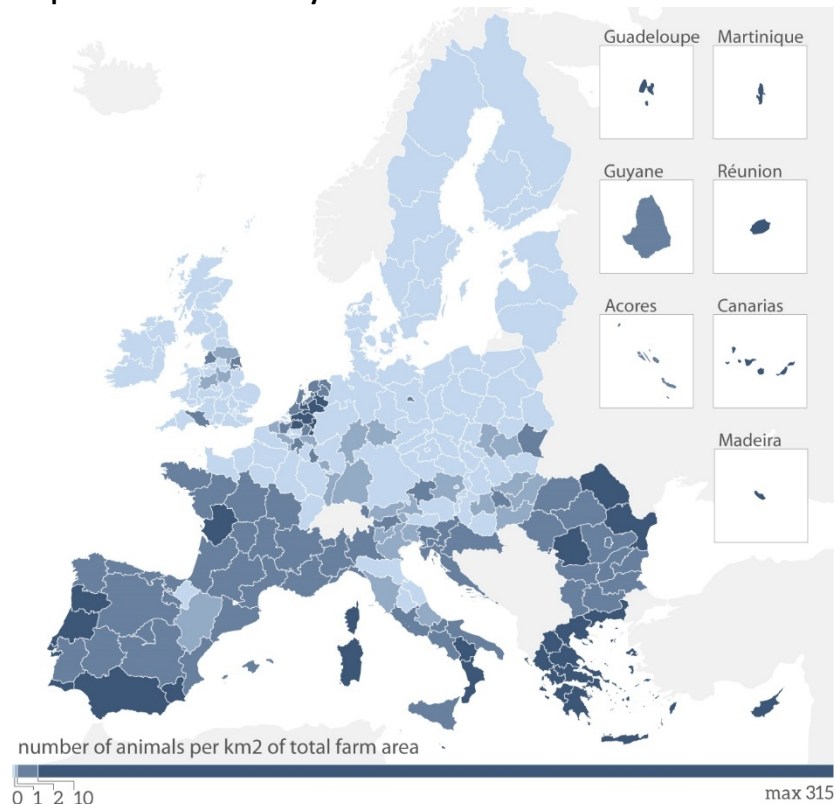
**Map 1 – Sheep flock density in the EU**



Data source: Eurostat, [Farm structure survey](#), 2013.

The highest number of goats is found in Greece and Spain, with 31 % and 20 % of the EU total, respectively. Greek regions are amongst those with the highest density of goat herds in the EU, together with the Canary Islands, Cyprus and Madeira (Portugal), and to a lesser extent Malta, areas of the Netherlands, Portugal, France, Romania and the southern regions of Spain and Italy (see Map 2). Thus, sheep and goat rearing occurs mostly in disadvantaged agricultural areas, where grazing animals on pastureland is often the only way to add economic value and avoid the abandonment of areas where other types of agricultural activity would be impracticable. It is a regular practice to let animals graze on common land, especially in certain areas. There are about 45 million such animals,<sup>3</sup> mostly located in Greece, Spain, Romania and the UK. The UK and Spain have the largest sheep flock, with 34 % and 17 % of the EU total, respectively.

Map 2 – Goat herd density in the EU



Data source: Eurostat, [Farm structure survey](#), 2013.

### Sheep and goat production in volume and value

Meat is the main product of the sheep and goat sector, but other products are also of economic importance, above all in areas where milk, cheese, wool or skin products made by traditional methods bring in significant revenue. Some of these products have quality labels that increase their economic potential. One such label is the [Protected designation of origin](#) (PDO), which has been assigned to the Italian sheep's milk cheese, Pecorino, the Greek sheep/goat's milk cheese, Feta, and the UK native Shetland wool, to name a few.

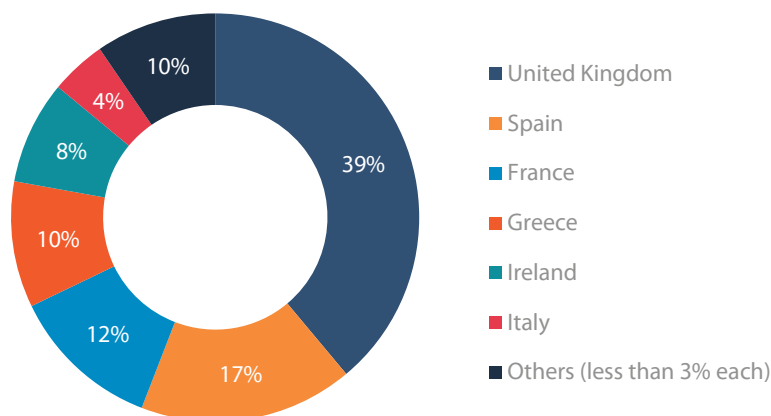
#### *Meat*

In 2016, sheep and goat meat production amounted to almost 755 000 tonnes<sup>4</sup> and had a production value of about €5 300 million.<sup>5</sup> As such, it represented less than 2 % of total EU meat production (45 million tonnes, including bovine, pig, sheep, goat and poultry meat), and less than 6 % of its value (€96 billion). However small, this production plays an important role in some Member States, such as the UK and Ireland, where sheep meat accounts for respectively almost 8 % and 6 % of the total meat produced, and Greece, where the value of sheep and goat meat production represents almost half of the total livestock production value. A European Commission [dashboard](#) shows that, because the EU is not self-sufficient in terms of sheep and goat products, it is one of the main importers (together with China and the USA), with New Zealand and Australia the source of almost all the EU's imports. On the other hand, the Commission's [Short-term agricultural outlook](#) of February 2017 shows that, although still marginal, EU exports are

increasing, with the export of live animals directed mostly to North Africa and the Middle East (almost 95 % of the total, the main importers being Libya and Jordan) and meat exports to Switzerland and Hong Kong.

Of the total sheep and goat meat produced in 2016, sheep meat accounted for 94 % (of which, 82 % lamb and 18 % mutton) and goat meat for 6 %. The UK and Spain are the main producers, both in terms of tonnes (as shown in Figure 1) and production value (34 % and 18 %, respectively).

Figure 1 – Main producers of sheep and goat meat in the EU (in tonnes)



Meat production levels have been relatively

Data source: Eurostat, [Animal production statistics](#), 2015.

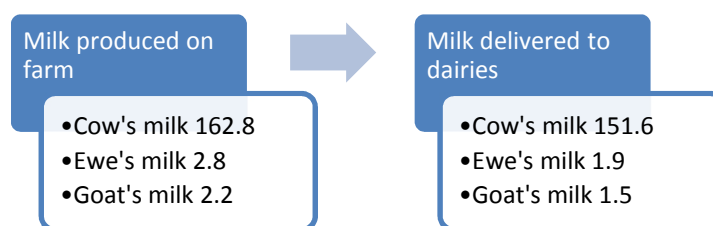
stable in recent years. The most severe drop, resulting from the decoupling of EU subsidies from production and the outbreak of [Bluetongue disease](#) in the preceding years, was registered in the years following 2008. Overall, EU sheep and goat meat production decreased by 34 % from 2005 to 2015, when the main producing countries registered a decrease ranging from 20 % to 40 %, with a smaller decrease of 9 % registered in the UK after the recovery from the [foot-and-mouth disease outbreak](#) of 2001.

Finally, [Eurostat data](#) show that the price index of sheep and goats remained rather stable, with a 1.1 % decrease over the 2010–2015 period, while the [selling prices of animal products](#) per 100 kg of live weight varied from €688 in France to €25 in Portugal for sheep, and from more than €170 in Slovakia and Greece to €59 in Portugal for goats, in 2015.

#### Milk and cheese

In 2015, the quantity of [milk produced](#) in EU farms was approximately 168 million tonnes, of which 97 % was cow's milk and only 3 % was milk from animals other than cows (ewes, goats and buffalo), as shown in Figure 2. The bulk of the milk produced was delivered to dairies (71 % as regards sheep's and goat's milk)

Figure 2 – Production and use of milk in the EU (in million tonnes)



Data source: Eurostat, [Animal production statistics](#), 2015.

and the remainder was used on the farm to process, consume, use as feed or sell directly to consumers. Almost all of the sheep's and goat's milk (92 %) was produced in only five countries: Greece (24 %), Spain (23 %), France (19 %), Romania (14 %) and Italy (12 %).<sup>6</sup> Almost all of the milk produced is used for cheese-making, whether on the farm or in industrial dairies. In 2015, EU cheese production from ewe's, goat's or mixed milk totalled about 850 000 tonnes (9 % of total cheese production). It was concentrated in a few

countries: Spain, Italy and France produced 93 % of total EU production of cheese from ewe's pure milk, France alone produced half of total EU production of cheese from pure goat's milk, and Greece and Spain produced 77 % of total EU production of cheese from mixed milk.

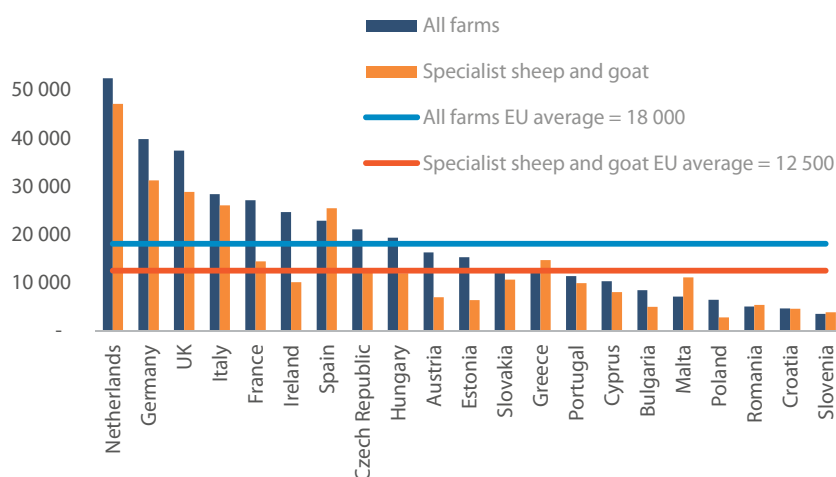
### Wool

The value of raw wool production reached €159 million in 2015.<sup>7</sup> This value was mostly concentrated in Romania and the UK, with more than €40 million each, and to a lesser extent in Spain and Italy, with €14 and 10 million, respectively, and in Ireland and Portugal, with €8 million each. It is only in Romania and Slovenia that raw wool production yields more than 1 % of the total national value of animal products (2.2 % and 1.7 %, respectively), while the EU average stands at 0.2 %.

### Number of persons employed in sheep- and goat-rearing and their income

Farms specialised in sheep- and goat-rearing<sup>8</sup> employ 1.5 million people on a regular basis,<sup>9</sup> which corresponds to 7 % of the 22 million people working regularly on EU farms. If working time is also considered, this share rises to 8 % of the total full-time equivalent jobs in farming, meaning that there is slightly less part-time work in these farms compared to others. Farm Accountancy Data Network figures reveal a lower average agricultural income in EU farms

**Figure 3 – Average farm income per annual labour unit in selected EU countries (average for the 2013-2015 period, in euros)**



Data source: [Farm Accountancy Data Network](#), 2013-2015 (2015 data provisional).

specialised in sheep- and goat-rearing compared to the average income for all EU farms (the average values for 2013–2015 were €12 500 and €18 000 per annual labour unit, respectively), except for Spain, Greece, Malta, Romania and Slovenia (see Figure 3).<sup>10</sup>

## The EU policy framework

### Single common market organisation

The sheep and goat meat market is covered by [Regulation \(EU\) No 1308/2013](#) (the CMO Regulation). Its single common market organisation (CMO) provisions regulate EU agricultural markets, and provide policy tools to help improve their functioning.

### Internal market

An EU voluntary system for carcass classification and weekly Member State-price notifications to the Commission, together with statistics and expert working groups, constitute the market monitoring tools that help to apply intervention arrangements serving as a safety net in case of difficult situations. Examples of such arrangements are the aid extended to private operators for product storage (Articles 17-18), and the part-financing of exceptional support measures concerning animal diseases (Article 220).

*International trade*

The CMO Regulation also covers issues related to international trade and competition rules, and introduces trade mechanisms such as licences and tariff quotas. More specifically, for imports of sheep and goat products, [Commission Regulation \(EU\) No 1354/2011](#) provides a system of annual quotas with specific country allocations.

**Direct payments – voluntary coupled support**

Direct payments are a form of income support granted to EU farmers on a per-hectare basis, independently of the production of a specific product. Besides this basic support scheme, Member States may grant voluntary coupled support linked to production in the sheep and goat meat sector that may be undergoing difficulties, under the conditions laid down in Article 52 of [Regulation \(EU\) No 1307/2013](#). All Member States except Denmark, Germany, Ireland, Luxembourg, Sweden and Slovenia have opted for this [voluntary scheme](#), with an annual amount of about €485 million available at EU level, or approximately €12 per animal on average.

**Rural development measures**

Cooperation and innovative technology measures, as well as agro-environmental payments, are amongst the rural development instruments introduced by [Regulation \(EU\) No 1305/2013](#) on support for rural development, which can [assist the sheep and goat sector](#) by creating synergies between its agricultural and rural dimensions.

*Risk management tools*

To help farmers confront price volatility (that is, substantial and unpredictable changes in product prices, which create uncertainty about incomes, thereby posing financial risks for producers), Articles 36–39 of Regulation (EU) No 1305/2013 introduce specific measures that EU Member States can activate via their rural development programmes to make financial contributions to insurance premiums and to mutual funds, or providing support to farmers who have suffered a severe drop in their income through an income stabilisation tool, in the form of financial contributions to mutual funds. The [risk management instruments](#) might develop further as they are high on the agenda of the debate on the future of the CAP.

**Promotion of EU farm products**

Sheep and goat products are amongst the agricultural products eligible for [promotion initiatives](#) in the EU and third countries in the context of the promotion policy laid down in [Regulation \(EU\) No 1144/2014](#). The Commission defines the strategic priorities and available budget for promotion initiatives in an [annual work programme](#) and publishes calls for proposals for its implementation. The overall [co-financing budget](#) for 2016 was €111 million, with the sheep and goat sector covered by several [promotion campaigns](#); the 2017 budget amounts to €133 million, with plans for this figure to increase in the coming years.

**Animal traceability and health**

Sheep and goats are subject to the identification and registration system established by [Council Regulation \(EC\) No 21/2004](#) and based on the principle of individual traceability through electronic or visible identifiers (such as ear-tags) and registers. Traceability serves to localise animals for the purpose of controlling infectious diseases, but it also allows keeping track of livestock production and supervision of livestock premiums. As regards transmissible animal diseases, the [Animal health law](#) adopted by the European Parliament and the Council of the EU in 2016 introduces a regulatory framework that substitutes a number of existing legal acts and focuses on disease prevention.

## Challenges and prospects

### Intrinsic weaknesses

The EU sheep and goat sector is very diverse in terms of flock sizes, breeds and scale of production. Low average incomes – which limit investments in the sector and are not attractive to potential younger entrants – as well as the remoteness of the areas where production takes place, present challenges to the sector. Research [findings](#) on sheep and goat farming in Greece highlight a host of issues, such as low levels of modernisation; infrastructure weaknesses; lack of information, training, or a commercialisation strategy; and ageing farmers with no one to pass their knowledge on to. Animal diseases as well as structural and policy changes have accelerated the decline in the sheep and goat population in recent years, while EU consumption of sheep and goat meat remains at levels that do not support the growth of the sector. Any increase in the domestic supply would have to cope with international competition from imports produced at lower cost.

### Medium-term developments

Sheep meat is mainly produced and consumed in developing countries, which are also expected to support the increase by more than 20 % in both world production and consumption of sheep meat over the coming decade, according to figures from the [OECD-FAO Agricultural outlook](#). The Commission's latest [Medium-term agricultural outlook](#) shows a stable or very marginal increase in EU production and consumption, with possible scope for increased demand from the immigrant population in the EU or as a result of specific promotion programmes. Local market opportunities can emerge from rural tourism, such as direct sales of cheeses (from the milk of small ruminants) that are cherished as high-quality traditional products. Positive prospects can also arise from the sector's capacity to deliver public goods: as small ruminants are mainly reared with extensive methods on pastureland in disadvantaged agricultural areas, they play a key role in [landscapes and biodiversity conservation](#), for instance, by removing dry vegetable material and thereby lowering the risk of fires, and by combating land abandonment.

### European Parliament

Following a [study](#) commissioned by its Committee on Agriculture and Rural Development (AGRI), the Parliament voted on a [resolution](#) on the future of the sheep/lamb and goat sector in Europe on 19 June 2008. This initiative came in response to the [Bluetongue outbreak](#), which had led to serious social and economic consequences. It advocated the maintenance of traditional, eco-friendly sheep and goat farming enterprises and called on the Commission and the Member States to ensure a profitable and sustainable future for the sheep and goat sector by encouraging the consumption of its products, attracting young farmers and reviewing policy instruments to provide needed sectoral support. A new own-initiative report is expected to be voted upon in the AGRI committee at the beginning of 2018 (rapporteur: Esther Herranz García, EPP, Spain).

### Stakeholders

The [strategic agenda](#) of the [Civil Dialogue Group on Animal Products](#), a consultative body ensuring stakeholder connections with the Commission, stresses the importance of the CAP –in both its first and second pillars – for the sheep and goat sector, considering its low profitability and the fact that production takes place predominantly in less favoured areas. In 2015 and 2016, the [EU sheep meat forum](#) convened at the initiative of Phil Hogan, Commissioner for Agriculture and Rural Development, to explore current and future challenges of the EU sheep meat sector, and to bring together representatives of Member States with significant production, as well as producers, processors and traders.

In October 2016, the forum adopted a set of [policy recommendations](#), addressing key questions on policy, economics and animal welfare that likewise concern the goat sector too. Priority recommendations included strong CAP support for the sector (through coupled direct payments and targeted rural development measures, such as a new environmental payment), and a communication and promotion programme to better position the sector with respect to EU consumers' choices.

## Main references

[The EU sheep meat forum documents](#), November 2015 – October 2016.

[The future of the sheep and goat sector in Europe](#), Ernst & Young France, Institut de l'Elevage, National experts, March 2008.

## Endnotes

- <sup>1</sup> Data on [sheep](#) and [goat](#) numbers and their trends, extracted and processed from the Eurostat Livestock survey in April 2017. The data cover EU Member States with at least 500 000 sheep or goats.
- <sup>2</sup> Data on [farms and animals](#), extracted and processed from the Eurostat Farm structure survey in April 2017.
- <sup>3</sup> Data on [common land grazing](#), extracted from the Eurostat Survey on agricultural production methods in April 2017.
- <sup>4</sup> Data on [meat production](#), extracted and processed from the Eurostat Animal production statistics in April 2017.
- <sup>5</sup> Data on [livestock production value](#), extracted from the Eurostat Economic accounts for agriculture in June 2017.
- <sup>6</sup> Data on [milk](#) and [cheese](#) production were extracted and processed from the Eurostat Animal production statistics in May 2017. For milk derivatives, different entities intervene in the processing, from agricultural holdings to enterprises processing food and beverages for final consumption or for intermediate products for other manufacturing activities; therefore, statistics may underreport the real output in some cases or exclude part of it in other cases.
- <sup>7</sup> Data on [raw wool](#), extracted and processed from the Eurostat Economic accounts for agriculture in April 2017.
- <sup>8</sup> According to the EU typology of agricultural holdings set out in Annex IV to [Commission Implementing Regulation \(EU\) 2015/220](#), a farm is considered a specialist in sheep, goats and other grazing livestock, if: (1) the standard output obtainable from grazing livestock and forage for grazing livestock is more than 2/3 of the farm's total standard output, and (2) the standard output obtainable from grazing livestock other than cattle represents more than 2/3 of the grazing livestock's total standard output. The [standard output](#) of an agricultural product (a hectare of crop or a head of livestock) is the average monetary value of the output potentially obtainable from that product at farm-gate price.
- <sup>9</sup> Data on [farm labour](#), extracted and processed from the Eurostat Farm structure survey in April 2017. Considering that small ruminant farms are often associated with other types of production on the same holding, data include people involved in farming activities other than rearing sheep and goats but exclude people who rear sheep and goats in farms with other specialisations.
- <sup>10</sup> Data on farm income per labour unit, extracted from the European Commission Farm Accountancy Data Network [database](#) in June 2017; results for countries with less than 15 sample farms classified as specialist in sheep and goat rearing are not shown, being considered not representative. The concept of farm income per labour unit is based on the notion of farm net value added (the remuneration to the fixed factors of production) per agricultural work unit.

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[eprs@ep.europa.eu](mailto:eprs@ep.europa.eu)

<http://www.eprs.ep.parl.union.eu> (intranet)

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