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## **THE ROLE OF AGRI-ENVIRONMENT SCHEMES IN FARM ECONOMIC SUSTAINABILITY FROM HIGH NATURAL VALUE TRANSYLVANIAN AREAS**

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### **Abstract**

The paper investigates the role of the Common Agriculture Policy support in the economic sustainability of sheep breeding farms from North-Western Romania (Transylvania), focusing particularly on the Agri-Environment Schemes (AES). The region has important High Natural Value (HNV) grassland areas significant for bio-conservation. To analyze their importance in the overall economic viability, individual data was collected from 207 farms using a stratified sample. A principal component analysis based on 45 socio-economic variables reveals that the most important difference between farms is explained by the relationship between the livestock density index and different types of revenues. It was proved to be a strong correlation between the level of intensification, the complementary payments received per head of livestock and the total income, while the index was negatively correlated with the AES payments. Without them, the livestock density on the marginal areas might increase, which could have knock-on effects for biodiversity. A cluster analysis showed seven farm types in the region. The most economically vulnerable group is represented by farms located in the mountain area which used HNV grasslands. Without any financial support, around half of them would obtain negative incomes, causing giving up farming. On the other hand, there are two groups that proved to be economically self-sufficient but they represent only 30 % of the entire sample. The results suggest that in the future financial allocation (2014-2020), the Agri-Environment Schemes have to be reinforced into the Common Agriculture Policy in order to prevent land abandonment.

*Key words:* biodiversity, Common Agriculture Policy, extensive farming, land abandonment

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