

## THE EFFICIENCY OF THE DAIRY SECTOR IN MAINLAND PORTUGAL

- 1) Research problem and main objectives of the paper / poster;

In this research the efficiency of the dairy sector in mainland Portugal is analyzed as well as the factors determining it.

- 2) Methods and techniques used in research (eg procedures of sampling, procedures for collection and analysis of information);

The cross-section data analyzed come from the FADN Portuguese mainland dairy farms' sample and refers to the 2010 agricultural year. The sample has 271 dairy farms that were chosen by FADN for its geographical coverage, scales of operation, and representativeness. A two-stage approach is employed to analyze the efficiency of these farms. In the first stage, using a directional input distance function and data envelopment analysis (DEA), overall inefficiency measures are generated and decomposed for each farm. In the second stage, the inefficiency measures are regressed on some structural (organizational and environmental) factors in order to explain efficiency differentials.

- 3) Main results, obtained or expected, and conclusions;

In spite of environmental differences, results indicate that most dairy farms in mainland Portugal can significantly reduce costs by improving allocative and pure technical efficiency.

- 4) Structure planned for the paper;

Introduction, Empirical model, Empirical results and policy implications, Conclusions and further research

- 5) Key-words: maximum 5.

Input directional distance function, data envelopment analysis, economic efficiency, dairy farms.