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Young farmers and the CAP

*Agriculture
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Young farmers and the CAP

Young farmers are now at the heart of Europe's common agricultural policy. This is one of the greatest achievements of the reform which was adopted in 2013. The European Union has put in place a strong tool — a modern and forward-looking agricultural policy — which will apply all across Europe. One of its clear objectives is to boost growth, thereby maintaining — or even creating — jobs in rural areas.

We now have a scheme which helps young people invest in agriculture. The scheme is written in black and white in EU regulations. But the real challenge now starts: we must take the scheme from the realm of theory into the real world. It must now be implemented!

That is why this leaflet is important. It is a summary which gives an overview of all the tools available for young farmers. We need to activate these tools with one goal in mind: to enable a new generation of farmers to emerge and to start up their farming businesses on a sound footing.

Phil Hogan
European Commissioner for Agriculture and Rural Development

The importance of agriculture and the role of the CAP

Agriculture is at the heart of our lives. Much of what we consume and use every day comes originally from a farm, whether it be our milk, bread, meat, vegetables, wine, cut flowers or, indeed, the clothes that we wear.

Farmers play a unique role. They produce high-quality, safe agricultural products for our food. But we also expect them to look after the natural landscape, help tackle climate change and preserve agricultural diversity.

The EU's common agricultural policy (CAP) was created to help Europe's farmers deliver these public benefits.





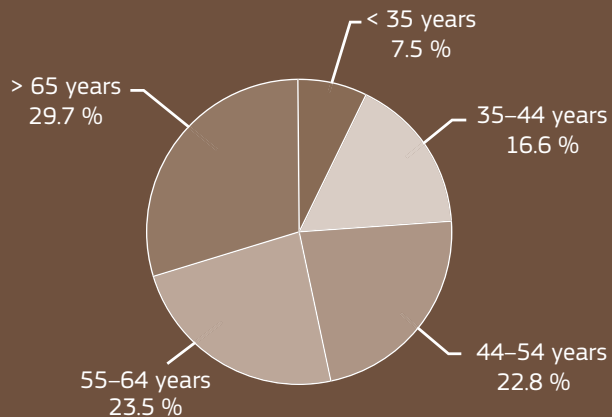
Over time, the CAP has evolved to address challenges that affect us all, such as environmental and climate concerns, economic hardships or evolving societal demands as regards food products. In June 2013, the EU agreed on a new direction for the CAP with the aim of helping farmers to better meet these challenges. The reform has been shaped following a full public debate with citizens and stakeholders.

One challenge that the reform is addressing is the ageing of the farming population in Europe and the need to further support young farmers.

How old are our farmers?

The agricultural sector in the EU-28 is characterised by an ageing farming population. For instance, in 2010 only 7.5 % of the farmers in these countries were younger than 35 years old, while 53 % were older than 55 years and 30 % were above 65. The pie chart below shows the situation for the EU as a whole while the following table shows the situation in each Member State.

Age of farmers in EU Member States (2010)



Source: Eurostat Farm Structure Survey, 2010.



The distribution of farmers by age category in individual Member States

| Member State | Number of farmers aged less than 35 years | Number of farmers between 35 and 44 years | Number of farmers between 45 and 54 years | Number of farmers between 55 and 64 years | Number of farmers aged 64 years and over | Total number of farmers in the Member State | Farmers aged less than 35 as % of all farmers | Farmers aged more than 64 as % of all farmers |
|----------------|---|---|---|---|--|---|---|---|
| Belgium | 2 060 | 8 000 | 13 780 | 10 470 | 8 550 | 42 870 | 4.8 | 19.9 |
| Bulgaria | 25 540 | 44 480 | 68 500 | 93 810 | 138 160 | 370 480 | 6.9 | 37.3 |
| Czech Republic | 2 670 | 4 730 | 6 140 | 6 410 | 2 920 | 22 870 | 11.7 | 12.8 |
| Denmark | 2 000 | 7 680 | 14 140 | 10 400 | 7 880 | 42 110 | 4.7 | 18.7 |
| Germany | 21 280 | 73 420 | 109 270 | 79 270 | 15 900 | 299 140 | 7.1 | 5.3 |
| Estonia | 1 350 | 3 450 | 4 660 | 4 590 | 5 560 | 19 610 | 6.9 | 28.4 |
| Ireland | 9 450 | 25 150 | 34 920 | 35 000 | 35 370 | 139 890 | 6.8 | 25.3 |
| Greece | 50 180 | 112 710 | 163 060 | 156 230 | 240 890 | 723 060 | 6.9 | 33.3 |
| Spain | 52 790 | 152 440 | 237 040 | 253 180 | 294 350 | 989 790 | 5.3 | 29.7 |
| France | 45 090 | 109 440 | 166 990 | 132 720 | 61 870 | 516 100 | 8.7 | 12.0 |
| Croatia | 9 600 | 28 020 | 58 420 | 63 570 | 73 670 | 233 280 | 4.1 | 31.6 |
| Italy | 82 110 | 203 480 | 338 050 | 393 860 | 603 390 | 1 620 900 | 5.1 | 37.2 |
| Cyprus | 1 020 | 3 660 | 9 740 | 11 630 | 12 810 | 38 860 | 2.6 | 33.0 |
| Latvia | 4 540 | 14 260 | 22 470 | 17 320 | 24 810 | 83 380 | 5.4 | 29.8 |
| Lithuania | 11 710 | 32 150 | 48 930 | 37 680 | 69 440 | 199 910 | 5.9 | 34.7 |
| Luxembourg | 160 | 430 | 710 | 600 | 300 | 2 210 | 7.2 | 13.6 |
| Hungary | 40 760 | 84 030 | 122 010 | 160 820 | 169 190 | 576 810 | 7.1 | 29.3 |
| Malta | 600 | 1 510 | 3 230 | 3 940 | 3 260 | 12 530 | 4.8 | 26 |
| Netherlands | 2 610 | 14 850 | 22 760 | 18 890 | 13 220 | 72 340 | 3.6 | 18.3 |
| Austria | 16 110 | 41 060 | 53 640 | 26 980 | 12 380 | 150 180 | 10.7 | 8.2 |
| Poland | 221 580 | 369 560 | 486 300 | 302 790 | 126 400 | 1 506 610 | 14.7 | 8.4 |
| Portugal | 7 850 | 25 080 | 54 440 | 75 960 | 141 940 | 305 280 | 2.6 | 46.5 |
| Romania | 280 440 | 609 610 | 636 370 | 868 910 | 1 463 720 | 3 859 030 | 7.3 | 37.9 |
| Slovenia | 3 240 | 10 440 | 18 710 | 19 560 | 22 700 | 74 650 | 4.3 | 30.4 |
| Slovakia | 1 730 | 3 640 | 6 610 | 6 920 | 5 560 | 24 460 | 7.1 | 22.7 |
| Finland | 5 500 | 12 750 | 20 210 | 19 310 | 6 110 | 63 880 | 8.6 | 9.6 |
| Sweden | 3 380 | 10 530 | 18 610 | 20 390 | 18 190 | 71 100 | 4.8 | 25.6 |
| United Kingdom | 7 640 | 24 970 | 49 470 | 51 630 | 53 080 | 186 790 | 4.1 | 28.4 |
| Total | 912 990 | 2 031 530 | 2 789 180 | 2 882 840 | 3 631 620 | 12 248 160 | 7.5 | 29.7 |

Source: Data are for the 28 Member States now making up the EU (the EU-28), from the Eurostat Farm Structure Survey, 2010.

Wanted: young farmers

A photograph showing a person's hands holding a laptop computer in a field of tall, golden-brown grass. The person is wearing a grey t-shirt. The background is a soft-focus field of grass under a bright sky.

As our older farmers take retirement, there are fewer and fewer young farmers to replace them. This may have important implications for the future of Europe's agriculture, including the following.

- **Sufficient supply of food for EU citizens and for food security globally:** Farming is at the root of our food supply. Therefore generational renewal is essential to maintain and develop farming activities, and to ensure a reliable supply of healthy, nutritious products at affordable prices.
- **Competitiveness:** This relies on the creation of new and innovative agricultural activities. Indeed, recent data show that young farmers achieve a level of efficiency in terms of standard output per farm, per unit of land and per unit of labour that is above the average and are better trained than older farmers, even if there are large differences between the older Member States and those which have joined since 2004.
- **Environmental sustainability:** Farmers play a substantial role in shaping our landscapes and in the management of natural resources. Land abandonment, for instance, is known to have adverse effects on the environment.



- ➔ The future of our rural areas: These rely on continuous generational renewal for their overall balanced and sustainable development. Agriculture is key to rural life, as farms contribute significantly to the rural economy not just with their agricultural activities, but also with complementary ones, such as on-farm processing, direct selling, agri-tourism or educational activities. Furthermore young farmers employ more labour per holding than the average, even if again, there are large differences between the older Member States and those which have joined since 2004.

There is therefore no question that Europe needs its farmers and also that it needs to ensure that there are always young farmers to step into the shoes of those that retire. Clearly, it is important to encourage the creation and development of new economic activity in the agricultural sector.



Young farmers — a priority in the new CAP

However, young farmers often face a series of obstacles in establishing and developing their farms. These include, for instance, complex legal frameworks. A further complication is the financial cost of installation due to an initial lack of resources. In this regard, the first 5 years are very important for the long-term viability of an agricultural enterprise.

Young farmers have long faced challenges of this nature and the CAP has always provided measures to assist them. But the latest reform includes measures which are both specific to young farmers and compulsory for Member States, thus considerably strengthening the support now available to young farmers. In particular:

- ➔ a strong support framework for young farmers is now a major element of the new CAP;
- ➔ for the first time in the 50-year history of the CAP, the first pillar has a specific instrument to support young farmers (see Box 1);
- ➔ a wide range of support measures is now available for young farmers under the new rural development programmes, with the emphasis on measures to support those who are setting up in business for the first time (see Box 2).

It is up to the Member States to make the best use of this favourable new framework for the benefit of the next generation of European farmers.

In December 2014, the Council of the European Union endorsed the Italian presidency's conclusions on young farmers. 22 ministers in charge of agriculture stressed the importance of strengthening EU policies helping young farmers.

Box 1: The direct payment scheme for young farmers⁽¹⁾

The basic direct payment per hectare that farmers get as part of the CAP support will now be topped up for young farmers from 2015 onwards.

Eligible farmers are:

- ⇒ those setting up for the first time as head of an agricultural holding, or who have already set up such a holding during the 5 years preceding the first application for the scheme;
- ⇒ those who are under 40 years of age in the year they first apply to the scheme;
- ⇒ those who have appropriate skills and/or training requirements, if Member States so demand.

The payments will be granted for a maximum period of 5 years (depending on the date of setting up and the first application for the scheme).

This specific support for young farmers can represent up to 2 % of the total direct payments' envelope of Member States.

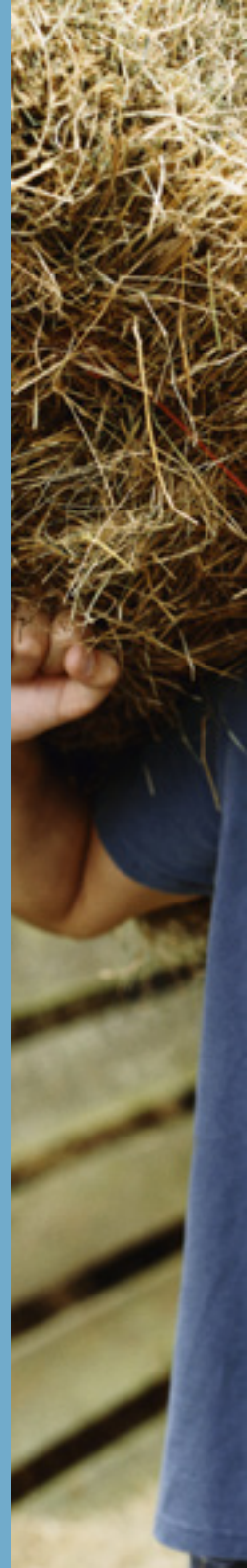
The amount that young farmers will receive may be calculated according to different methods chosen by Member States:

1. It could be a payment entitlement⁽²⁾ or per hectare payment (up to a maximum of between 25 and 90 payment entitlements (or hectares), as fixed by the Member State), which represents:
 - a. 25 % of the average value of entitlements held by a farmer; or
 - b. 25 % of the basic payment (or 25 % of the SAPS⁽³⁾ rate where applicable); or
 - c. 25 % of the national average payment per hectare.
2. Alternatively it could be an annual lump-sum payment irrespective of the size of the holding, representing 25 % of the national average payment per hectare multiplied by a figure corresponding to the average farm size of young farmers. The payment cannot be more than the total basic payment that the holding has received in any given year.

⁽¹⁾ Articles 50 and 51 of Regulation (EU) No 1307/2013 of 17 December 2013.

⁽²⁾ Generally, one payment entitlement corresponds to one hectare.

⁽³⁾ SAP: 'single area payment scheme' applicable in certain new Member States, without a system of payment entitlements.





Box 2: Support provided by rural development programmes

The key instruments in the rural development programmes remain:

- the business start-up aid for young farmers ⁽⁴⁾, granted on the basis of a business plan and which can represent an EU contribution of up to EUR 70 000; and
- a higher support rate for investments in physical assets (plus 20 percentage points).

Furthermore, in view of the fact that young farmers are in particular need of information and advice when they are starting up their businesses, there is also an obligation for the farm advisory services to provide specific advice for farmers setting up for the first time. If the Member State so wishes, a thematic subprogramme can be included in the programmes specifically addressing the needs of young farmers. By doing so it is possible to increase the support rates for the corresponding measures.

⁽⁴⁾ Article 19(1)(a)(i) of Regulation (EU) No 1305/2013 of 17 December 2013.

The benefits for Europe



The combined effect of higher direct payments and specific help with setting up a farm business will make it easier for young people to enter the profession. This is very much in Europe's interest — young farmers are dynamic and innovative. They will keep European farming

progressive and competitive. Farming will continue to provide nutritious food at affordable prices — something all European citizens need to stay healthy. At the same time, our young farmers will contribute to keeping the countryside alive and in good environmental condition.

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