

ANNEX I - EU measures targeted specifically at young farmers - main EU legislation

Council Regulation 75/268 of April 28 1975 “on mountain and hill farming in certain less-favoured areas”

Council Regulation 797/85 on “measures to improve the competitiveness in production of agricultural and forestry products” (replacing Regulations 159, 160 and 161 of 1972)

Council Regulation 1760/87 “as regards agricultural structures, the adjustment of agriculture to the new market situation and the preservation of the countryside”

Council Regulation 1096/88 “establishing a Community Scheme to encourage the cessation of farming”

Council Regulation 2052/88 of June 24, 1988 “on the tasks of the Structural Funds and their effectiveness and on co-ordination of their activities between themselves and with the co-operation of the European Investment Bank and other existing financial instruments”

Implementing Regulations for 2052/88

Council Regulation 3808/89 “with a view to expediting the adjustment of agricultural production structures”

Council Regulation 2328/91 of July 15, 1991 “on improving the efficiency of agricultural structures, providing a consolidated version of Regulation 797/85”

Council Regulation 2078/92 “on agricultural production methods compatible with the requirements of the protection of the environment and the maintenance of the countryside”

Council Regulation 2079/92 on early retirement from farming

Council Regulation N° 950/97 of May 20, 1997 “on improving the efficiency of agricultural structures”

Title III, Articles 10 and 11 cover “Measures specifically benefiting young farmers”

Council Regulation N° 1257/99 of May 17, 1999 “on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF) and amending and repealing certain Regulations”

Title II Chapter I Article 4, and Title II Chapter II Article 8.

Commission Regulation N° 1750/99 of July 23, 1999 “laying down detailed rules for the application of Council Regulation N° 1257/99 on support for rural development from the European Guidance and Guarantee Fund (EAGGF)”

Commission Notice – Ref. C (2000) 946 final – to the member states “laying down guidelines for the Community Initiative for Rural Development (LEADER+)”

This is not a comprehensive list as the main regulations have been amended on too many occasions to list here.

ANNEX II - Additional data/tables

A. Employment in Agriculture

<i>All employment ('000)</i>	1980	1990	1995	1996	1997	1998
Belgium	3610	3675	3793	3791	3838	3857
Denmark	2460	2630	2601	2623	2664	2672
Germany	26528	28825	35782	35634	35299	35537
Greece	3356	3719	3821	3868	3853	3967
Spain	11551	12578	12027	12342	12706	13161
France	21443	22098	22057	22195	22149	22461
Ireland	1141	1123	1262	1308	1369	
Italy	20313	21215	19943	20013	20032	20065
Luxembourg	157	186	162	165	169	170
Netherlands	4970	6268	6782	6932	6765	7053
Austria	3035	3406	3675	3617	3609	3626
Portugal	3924	4479	4417	4431	4523	4763
Finland	2318	2457	2016	2064	2112	2174
Sweden	4159	4485	4134	3988	3912	3942
United Kingdom	25136	26916	25936	26177	26522	26800
EU - 15	134101	144060	148408	149148	149522	150248
USA	99303	118793	133646	135231		
Japan	55360	62490	66664	67108		

<i>Agriculture ('000)</i>	1980	1990	1995	1996	1997	1998
Belgium	116	99	102	102	104	85
Denmark	199	150	114	102	101	99
Germany	1406	1067	1145	1140	1024	995
Greece	1017	889	779	785	767	702
Spain	2229	1484	1119	1061	1055	1040
France	1823	1237	1081	1065	1019	988
Ireland	209	168	151	146	149	
Italy	2905	1867	1496	1341	1302	1284
Luxembourg	9	6	6	4	4	5
Netherlands	244	288	251	250	250	247
Austria	322	269	268	268	249	236
Portugal	1122	806	508	541	602	653
Finland	313	206	155	161	165	154
Sweden	212	152	136	132	125	122
United Kingdom	603	592	545	524	504	456
EU - 15	12728	9282	7857	7622	7419	7065
USA	3575	3445	3876	3786		
Japan	5757	4499	3800	3691		

<i>% in agriculture</i>	1980	1990	1995	1996	1997	1998
Belgium	3.20	2.70	2.70	2.70	2.70	2.20
Denmark	8.10	5.70	4.40	3.90	3.80	3.70
Germany	5.30	3.70	3.20	3.20	2.90	2.80
Greece	30.30	23.90	20.40	20.30	19.90	17.70
Spain	19.30	11.80	9.30	8.60	8.30	7.90
France	8.50	5.60	4.90	4.80	4.60	4.40
Ireland	18.30	15.00	12.00	11.20	10.90	
Italy	14.30	8.80	7.50	6.70	6.50	6.40
Luxembourg	5.50	3.30	3.70	2.40	2.40	2.90
Netherlands	4.90	4.60	3.70	3.60	3.70	3.50
Austria	10.60	7.90	7.30	7.40	6.90	6.50
Portugal	28.60	18.00	11.50	12.20	13.30	13.70
Finland	13.50	8.40	7.70	7.80	7.80	7.10
Sweden	5.10	3.40	3.30	3.30	3.20	3.10
United Kingdom	2.40	2.20	2.10	2.00	1.90	1.70
EU - 15	9.49	6.44	5.29	5.11	4.96	4.70
USA	3.60	2.90	2.90	2.80	2.70	
Japan	10.40	7.20	5.70	5.50	5.40	

B. Value of Agricultural Production (million Ecu)

	1990			1998		
	Crops	Livestock	Total	Crops	Livestock	Total
Belgium	2265	3805	6070	2491	3739	6230
Denmark	2435	4580	7015	1885	4314	6199
Germany	9907	17758	27665	13709	18389	32098
Greece	5769	2345	8114	6205	2629	8834
Spain	16327	10039	26366	15938	10518	26456
France	26488	22015	48503	24647	21621	46268
Ireland	547	3641	4188	568	3861	4429
Italy	21834	14117	35951	21751	13428	35179
Luxembourg	31	159	190	35	146	181
Netherlands	6656	8976	15632	8218	8064	16282
Austria*	1295	2409	3704	1300	2253	3553
Portugal*	1689	1838	3527	1794	2068	3862
Finland*	619	1600	2219	548	1600	2148
Sweden*	1009	2156	3165	1014	2238	3252
United Kingdom	7391	11198	18589	7097	10741	17838
EU-15 average	6951	7109	14060	7147	7041	14187
EU-15 total	104262	106636	210898	107200	105609	212809

* 1995 figures instead of 1990 are used for Austria, Finland and Sweden

C. Price Indices (1990=100)

	Farm income			Land purchase			Land rental		
	1997	1998	1999	1996	1997	1998	1996	1997	1998
Belgium	79.5	72.8	66.2	84.3	86.4	86.5	99.3	100.1	100.6
Denmark	117.2	96.1	85.5	107.7	114.3	128.5	107.5	107.4	107.0
Germany	131.6	132.9	128.9	77.4	73.3	69.6	86.9	88.3	93.0
Greece	97.5	96.2	96.2	57.9	56.1	54.7	79.3	77.5	75.0
Spain	139.3	130.7	126.8	79.8	88.4	102.0	?	?	?
France	120.7	121.8	116.9	82.8	83.5	85.2	97.8	98.7	101.1
Ireland	130.0	121.4	106.8	114.8	118.2	144.4	?	?	?
Italy	112.8	112.0	109.8	86.3	86.4	86.9	?	?	?
Luxembourg	96.3	98.3	100.3	59.1	55.6	69.1	86.4	86.1	88.8
Netherlands	92.0	81.2	76.3	99.4	109.7	118.2	102.1	108.0	110.2
Austria	97.7	93.6	92.7	?	?	?	99.4	98.1	96.6
Portugal	102.8	90.4	104.9	?	?	?	?	?	?
Finland	94.3	89.6	87.8	48.1	49.3	54.5	82.5	76.4	76.0
Sweden	72.3	73.1	77.5	88.9	96.9	109.4	96.5	100.7	102.9
United Kingdom	96.4	80.7	79.1	103.7	107.6	100.0	98.2	101.6	101.5

D. Number of Classified Holdings

('000)	1987	1990	1993	1995	1997	1997:1990
Belgium	92.6	85.0	76.3	71.0	67.1	-21.1%
Denmark	86.9	81.3	73.8	68.8	63.1	-22.4%
Germany	705.1	665.1	606.1	566.9	535.9	-19.4%
Greece	953.3	923.5	819.2	802.4	821.4	-11.1%
Spain	1791.6	1593.6	1373.6	1277.6	1202.2	-24.6%
France	981.7	1017.0	801.3	734.8	679.5	-33.2%
Ireland	217.0	170.6	159.5	153.4	147.8	-13.4%
Italy	2784.1	2664.6	2488.4	2482.1	2288.8	-14.1%
Luxembourg	4.2	4.0	3.4	3.2	3.0	-25.0%
Netherlands	132.0	124.8	119.7	113.2	107.9	-13.5%
Austria	-	-	-	221.8	210.1	-5.3%
Portugal	635.5	598.7	489.0	450.6	416.3	-30.5%
Finland	-	-	-	101.0	91.5	-9.4%
Sweden	-	-	-	88.8	88.0	-0.9%
United Kingdom	260.1	243.1	243.4	234.5	231.7	-4.7%
EU - 15	8644.1	8582.9	7253.7	7370.1	6954.3	-19.0%

E. Breakdown of Farmers by Age Group

1997	Total	< 35	35 - 44	45 - 54	55 - 64	> 65
Belgium	65030	9090	14440	14160	15310	12040
Denmark	62240	6400	12440	15970	14360	13070
Germany	505120	84090	138530	116380	128960	37150
Greece	812990	43840	115820	158850	215880	278600
Spain	989550	59730	138210	221130	277260	293220
France	661160	78990	156940	180470	139640	105120
Ireland	143150	17390	28110	34600	32400	30650
Italy	2215260	114870	247380	426850	639870	786290
Luxembourg	2480	290	690	640	440	430
Netherlands	104180	7350	20580	26770	29290	20200
Austria	192300	33480	54130	48370	38280	18050
Portugal	400080	14390	42350	78080	113810	151450
Finland	87000	12500	23690	30460	15390	4950
Sweden	81790	6270	15860	23520	18870	17260
United Kingdom	199070	12460	37260	55720	51730	41910
EU-15	6521400	501140	1046430	1431970	1731490	1810390

1990	Total	< 35	35 - 44	45 - 54	55 - 64	> 65
Belgium	83920	9760	14160	17550	25300	17150
Denmark	79900	8610	14860	19490	20860	16080
Germany	625760	99030	141780	169250	174260	41440
Greece	847380	73480	127520	189040	242360	214980
Spain	1431600	105990	206950	337530	457350	323790
France	908270	120690	191480	195160	275830	125100
Ireland	164830	22090	33190	36290	36980	36280
Italy	2574150	134130	334180	541120	747540	817180
Luxembourg	3590	440	730	930	1000	500
Netherlands	118580	11150	24520	32620	33110	17180
Austria*	203200	38400	54090	50550	41820	18340
Portugal	568970	37280	74460	127030	165390	164810
Finland*	99930	15980	26850	32370	17810	6920
Sweden*	81070	7260	16690	22230	17410	17480
United Kingdom	200030	15140	37250	51230	53230	43170
EU-15	7991180	699430	1298710	1822390	2310250	1860400

* 1995 figures instead of 1990 are used for Austria, Finland and Sweden

F. Percentage of Farmers by Age Group

1997	< 35	35 – 44	45 - 54	55 - 64	> 65
Belgium	13.98	22.21	21.77	23.54	18.51
Denmark	10.28	19.99	25.66	23.07	21.00
Germany	16.65	27.43	23.04	25.53	7.35
Greece	5.39	14.25	19.54	26.55	34.27
Spain	6.04	13.97	22.35	28.02	29.63
France	11.95	23.74	27.30	21.12	15.90
Ireland	12.15	19.64	24.17	22.63	21.41
Italy	5.19	11.17	19.27	28.88	35.49
Luxembourg	11.69	27.82	25.81	17.74	17.34
Netherlands	7.06	19.75	25.70	28.11	19.39
Austria	17.41	28.15	25.15	19.91	9.39
Portugal	3.60	10.59	19.52	28.45	37.85
Finland	14.37	27.23	35.01	17.69	5.69
Sweden	7.67	19.39	28.76	23.07	21.10
United Kingdom	6.26	18.72	27.99	25.99	21.05
EU-15	7.68	16.05	21.96	26.55	27.76

1990	< 35	35 – 44	45 - 54	55 - 64	> 65
Belgium	11.63	16.87	20.91	30.15	20.44
Denmark	10.78	18.60	24.39	26.11	20.13
Germany	15.83	22.66	27.05	27.85	6.62
Greece	8.67	15.05	22.31	28.60	25.37
Spain	7.40	14.46	23.58	31.95	22.62
France	13.29	21.08	21.49	30.37	13.77
Ireland	13.40	20.14	22.02	22.44	22.01
Italy	5.21	12.98	21.02	29.04	31.75
Luxembourg	12.26	20.33	25.91	27.86	13.93
Netherlands	9.40	20.68	27.51	27.92	14.49
Austria*	18.90	26.62	24.88	20.58	9.03
Portugal*	6.55	13.09	22.33	29.07	28.97
Finland*	15.99	26.87	32.39	17.82	6.92
Sweden*	8.96	20.59	27.42	21.48	21.56
United Kingdom	7.57	18.62	25.61	26.61	21.58
EU-15	8.75	16.25	22.81	28.91	23.28

* 1995 figures instead of 1990 are used for Austria, Finland and Sweden

G. Young Farmers by Farm Size (ha)

1997	0 - 5	5 - 10	10 - 20	20 - 30	30 - 50	50 - 100	> 100
Belgium	2000	880	1560	1550	1900	1080	120
Denmark	300	850	1380	590	1340	1430	520
Germany	18020	14740	17440	10020	11650	9450	2750
Greece	29190	7810	4200	1200	980	430	30
Spain	25810	8450	9710	4010	4590	4190	2960
France	7890	4690	7720	7050	14780	23670	13180
Ireland	1160	1710	4110	3430	4040	2420	510
Italy	72360	17300	11540	5090	4700	2740	1140
Luxembourg	60	10	10	10	50	130	30
Netherlands	3200	1070	1190	810	780	270	40
Austria	9460	6830	9330	4140	2510	1000	210
Portugal	9160	1760	1780	610	420	310	350
Finland	730	1330	3220	2810	2960	1270	170
Sweden	740	930	1200	860	1070	1100	370
United Kingdom	1820	970	1630	1350	1810	2480	2390
EU-15	181900	69330	76020	43530	53580	51970	24770
(All farmers)	3666370	867260	706170	364890	392900	344040	179780

1990	0 - 5	5 - 10	10 - 20	20 - 30	30 - 50	50 - 100	> 100
Belgium	2820	1200	2060	1700	1370	530	90
Denmark	130	1120	1700	1360	2170	1760	370
Germany	23010	17180	21800	13930	14110	7610	1390
Greece	53190	11130	6220	1430	970	420	120
Spain	58090	15410	12860	5760	6230	5090	2570
France	16930	9390	16240	15370	27780	27030	7950
Ireland	1960	2470	5860	4720	4470	2170	440
Italy	98550	15390	10510	3900	3040	1940	790
Luxembourg	80	20	30	30	90	180	20
Netherlands	5190	1410	1850	1320	1060	290	30
Austria*	12100	7980	10130	4460	2670	850	200
Portugal	28930	3910	2240	700	560	390	550
Finland*	1080	2060	4440	3660	3390	1170	170
Sweden*	580	1070	1390	1170	1330	1320	410
United Kingdom	2190	1490	2110	1700	2490	2770	2390
EU-15	304830	91230	99440	61210	71730	53520	17490
(All farmers)	4690660	1038870	873190	449310	465210	337980	135970

* 1995 figures instead of 1990 are used for Austria, Finland and Sweden

H. Young Farmers by Economic Size (ESU)

1997	0 - 8	8 - 40	40 - 100	> 100
Belgium	980	2120	4270	1720
Denmark	1300	2160	1450	1500
Germany	31030	32880	16940	3240
Greece	28170	15180	470	20
Spain	30260	25980	3150	350
France	10330	31800	30090	6770
Ireland	6520	7990	2660	220
Italy	70910	33910	8580	1480
Luxembourg	50	80	150	10
Netherlands	520	2020	2610	2200
Austria	16300	15260	1820	90
Portugal	9040	4540	720	90
Finland	3310	5800	3170	230
Sweden	2910	2100	1090	170
United Kingdom	4550	3610	2670	1640
EU-15	216180	185430	79840	19730
(All farmers)	4283440	1584040	492660	161250

1990	0 - 8	8 - 40	40 - 100	> 100
Belgium	1630	4370	3370	390
Denmark	1710	3180	3130	580
Germany	37730	45190	12610	910
Greece	58430	14780	240	30
Spain	79000	25510	1250	230
France	22750	67330	27030	3590
Ireland	11130	9720	1160	80
Italy	99400	28070	5250	1420
Luxembourg	90	180	160	0
Netherlands	1130	3950	4980	1090
Austria*	19450	17290	1590	70
Portugal*	31870	4950	380	80
Finland*	5630	9120	1070	160
Sweden*	3130	2570	1410	150
United Kingdom	5640	5310	3140	1030
EU-15	378720	241520	66770	9810
(All farmers)	5655300	1801050	429990	87670

* 1995 figures instead of 1990 are used for Austria, Finland and Sweden

I. Application of Regulation 950/97, Articles 10 and 11 (1990-1997 annual average)

Member state	Total beneficiaries			Aid requested ('000 Ecu)			Avge. by beneficiary		
	Art 10	Art 11	Total	Art 10	Art 11	Total	Art 10	Art 11	Total
Belgium	930	519	1449	23949	840	24789	26	2	28
Denmark	436	414	850	4314	1091	5405	10	3	13
Germany	3732	608	4340	21806	1745	23551	6	3	9
Greece	1437	530	1967	12665	2656	15321	9	5	14
Spain	3793	2212	6005	38795	3386	42181	10	2	12
France	9467	2485	11952	187439	3771	191210	20	2	22
Ireland	661	201	862	2569	1833	4402	4	9	13
Italy	1944	697	2641	8084	3957	12041	4	6	10
Luxembourg	70	55	125	958	662	1620	14	12	26
Netherlands	386	54	440	5925	57	5982	15	1	16
Austria	1170	1171	2341	5012	6503	11515	4	6	10
Portugal	1166	1199	2365	12829	3740	16569	11	3	14
Finland	760	92	852	?	?	?	?	?	?
Sweden	159	n.a.	159	2413	n.a.	2413	15	n.a.	10
United Kingdom	n.a.	27	27	n.a.	152	152	n.a.	6	6

J. Application of Regulation 950/97 - Article 10 beneficiaries

	1990	1991	1992	1993	1994	1995	1996	1997
Belgium	827	749	1134	1471	844	628	931	853
Denmark	394	354	387	415	438	514	545	444
Germany	3147	3686	4058	5033	5145	3845	2399	2542
Greece	393	493	494	640	705	1085	1691	2974
Spain	2587	1497	1393	3455	4713	5621	5914	5160
France	12936	11389	10330	8465	7245	7787	8677	8904
Ireland	496	386	387	403	357	844	1167	1251
Italy	1542	2263	2191	1742	2213	1711	?	?
Luxembourg	101	83	57	59	?	72	67	49
Netherlands	465	306	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Austria	n.a.	n.a.	n.a.	n.a.	n.a.	540	1671	1299
Portugal	1635	1219	1247	1488	1059	1190	806	871
Finland	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	981	539
Sweden	n.a.	n.a.	n.a.	n.a.	n.a.	114	176	163
United Kingdom	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total	24523	22425	21678	23171	22719	23951	25025	25049

K. Application of Regulation 950/97 - Article 10 aid requests ('000 Ecu)

	1990	1991	1992	1993	1994	1995	1996	1997
Belgium	13859	14302	34877	35395	18857	25795	24678	23827
Denmark	1990	2190	3499	4685	5517	6820	?	5500
Germany	9390	25044	31094	27722	27219	24393	14361	15223
Greece	1570	1753	3427	4105	4819	6811	11675	67156
Spain	20698	10175	15056	35546	44818	61723	76131	46215
France	151730	150241	142664	191926	204074	218267	226968	213639
Ireland	2107	1476	986	1823	1140	4459	5989	?
Italy	7963	11288	11914	6317	2940	?	?	?
Luxembourg	1123	933	756	947	?	1401	1149	400
Netherlands	6348	5502	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Austria	n.a.	n.a.	n.a.	n.a.	n.a.	2517	7841	4678
Portugal	12263	11238	12735	20284	12929	14774	11732	8345
Finland	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	?
Sweden	n.a.	n.a.	n.a.	n.a.	n.a.	2422	3272	1546
United Kingdom	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total	229041	234142	257008	328750	322313	369382	383796	386529

L. Application of Regulation 950/97 - Article 11 beneficiaries

	1990	1991	1992	1993	1994	1995	1996	1997
Belgium	619	459	323	672	368	500	616	592
Denmark	414	349	567	446	420	394	419	304
Germany	383	613	390	689	629	594	680	885
Greece	168	276	344	277	251	372	415	1082
Spain	2779	1357	1099	2160	2643	2774	2065	2817
France	3218	2566	1856	1977	2277	2710	2718	2561
Ireland	147	289	410	371	290	32	31	41
Italy	1003	777	722	648	467	565	?	?
Luxembourg	101	77	44	48	34	41	68	29
Netherlands	?	79	80	57	94	26	12	31
Austria	n.a.	n.a.	n.a.	n.a.	n.a.	834	1393	1285
Portugal	1656	1197	1187	1411	1025	1273	907	1018
Finland	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	41	143
Sweden	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
United Kingdom	33	42	33	32	22	47	5	1
Total	10521	8081	7055	8788	8520	10162	9370	10789

M. Application of Regulation 950/97 - Article 11 aid requests ('000 Ecu)

	1990	1991	1992	1993	1994	1995	1996	1997
Belgium	?	371	375	698	780	1059	1356	1238
Denmark	1078	842	1318	1254	1141	1102	?	900
Germany	1916	725	913	1231	1280	1842	2537	3517
Greece	215	?	6445	757	602	587	6742	3241
Spain	3574	1602	985	3423	3692	5408	5207	3199
France	4680	3434	2723	3000	3803	4025	4336	4164
Ireland	253	509	3151	3447	4185	623	666	
Italy	3393	4922	5886	4010	2133	3400	?	?
Luxembourg	1220	1146	939	342	245	355	608	440
Netherlands	?	24	143	67	75	20	10	?
Austria	n.a.	n.a.	n.a.	n.a.	n.a.	4398	7377	7734
Portugal	5282	3834	3494	4753	2928	3813	2865	3063
Finland	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	?	?
Sweden	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	?
United Kingdom	58	22	55	166	123	637	3	?
Total	21669	17431	26427	23148	20987	27269	31707	27496

ANNEX III – Additional ideas for EU measures to assist young farmers

In Part III, Chapter 1 ideas for EU measures to assist young farmers were suggested. In the course of the research for this study several other ideas were put forward. For the sake of completeness some of those additional ideas are listed here, together with the reasons why they were not included in the study's recommendations.

1. *Make payment of EU element of installation aids compulsory for member states*

A first proposal that could help Dutch young farmers (for example) would be to make the installation premium compulsory instead of optional. However, this would draw opposition from the Dutch government, as it would incur a cost to the national budget. This could be resolved by changing the financing, i.e. make the EU share a compulsory payment and leave it to the discretion of the member state to “top-up” this payment to a maximum which equals the EU payment. The advantage would be that Dutch (and British) young farmers would receive at least half of the installation premium (although, because of the UK budget rebate, the UK Treasury would claim that the EU only provides 17% of the total). The disadvantage could be that other member state might decide not to pay a national top-up thus depriving their young farmers of part of the installation premium.

It was not possible to include this suggestion since the EU rules for young farmer installation are based strongly on subsidiarity – the member states decide what is most appropriate for their circumstances and the EU co-funds some measures. Thus, if a member state does not wish to use a part of the EU framework legislation there is nothing the EU can do.

2. *Implement production rights/production quotas for all CAP commodity regimes*

Some young farmers observe that the most profitable sectors are those in which production rights/quotas are in force. They therefore argue for such measures to be applied in all sectors.

The author of this study did not feel that it was within the scope of the study to examine this specific, and arguable, point. As has been pointed out, the author believes that the best way in which to assist young farmers could be to re-orientate the CAP completely. However, such an analysis did not form part of the specifications of the study.

3. *Commission to propose uniform rate of installation aid to be applied (obligatory for member states) in all member states*

Many young farmers believe that the lack of a “level playing field” in terms of the amounts of installation aids and investment grants on offer is a major drawback in terms of competitiveness within the EU.

This was not considered realistic, either in political or economic terms. Politically, member states are likely to find it unacceptable to be told to spend a precise amount of money. Economically, there are arguments against this as the financial needs of young farmers vary according to the overall economic circumstances within which they are working.

4. *Fiscal measures affecting young farmers should be harmonised at EU level*

Many young farmers believe that there is an “ideal” fiscal framework within which all young farmers would have a better chance of making a good living. They feel that this would only come about if agreed at EU level.

This goal was not felt to be politically realisable in the short to medium term. Nor is it the unanimous view of all young farmers. It was also felt beyond the scope of this study to propose such a fundamental change to EU policies (and Treaties). Nevertheless, it has been proposed that this issue be looked at in more detail.

5. *It should be obligatory for member states to offer installation aids in all sectors*

Several member states, which offer installation assistance, confine this to certain production sectors. It was suggested that it be made obligatory for all sectors to be able to apply for/receive such aids.

The author considered that this was too unlikely to be accepted by member states, since member states like to have some flexibility and choice in how they allocate scarce resources.

6. *Private insurance schemes for young farmers*

It has been argued that such a scheme could better secure a minimum income for young farmers.

The author felt that there was no argument for introducing such a scheme (even if desirable) just for young farmers. It ought to be a more generally applicable measure. Also, the point is partially covered by the recommendation in this study that the possibility of introducing rural credit guarantees be investigated.

ANNEX IV – “Towards a Common Agricultural and Rural Policy for Europe”

Before the phrase “Agenda 2000 – the future for European Agriculture” was coined, and in the aftermath of the Commission’s various studies into the impact of European Union (EU) enlargement on the CAP, the Commission produced its November 1995 Agricultural Strategy Paper. This outlined a possible future CAP and underlined the new emphasis on a policy to deal with rural rather than purely agricultural problems.

To transform this rough sketch into a full canvas the Commission asked Wye College’s Professor Allan Buckwell to chair a group of experts, drawn from pan-European agricultural economics and sociology fraternities, who would fill in the blank spaces. Over a period of several months during 1996 the group met, discussed and eventually agreed on what amounts to a blueprint for a future CAP, or rather CARPE (a Common Agricultural and Rural Policy for Europe).

The Commission finally released the study it had commissioned in 1998. It is interesting to note which ideas were taken up in “Agenda 2000 – the future for European Agriculture” (CAP 2000).

The most striking point in the CARPE study is that it really did attempt to write a fresh policy on a blank sheet of paper. In contrast CAP 2000, for all its rhetoric, represented the existing CAP/rural policy with adaptations. The study and CAP 2000 started from the same analysis of the challenges facing the CAP – enlargement, farmer dissatisfaction, consumer concerns, budgetary problems, environmental/cultural issues, trade liberalisation pressures and the CAP’s many inconsistencies – but the two then pursued different paths.

CARPE’s authors asked themselves, given the above analysis, what was the most logical approach for the EU to take, from the economic, sociological and environmental point of view, to adapt the CAP to tomorrow’s political scene in Europe. The Commission’s approach was rather to propose what was politically feasible. The former was idealistic, the latter pragmatic.

Having conducted a survey of the existing CAP and its inherent problems, the study’s authors defined the objectives of a common agricultural and rural policy, which in their view is “to ensure an economically efficient and environmentally sustainable agriculture and to stimulate the integrated development of the Union’s rural areas”.

CARPE would consist of four main elements:

- * Market stabilisation (MS): this aims to provide a safety net for commodities subject to uncontrollable market fluctuations, and consists of the well-known market intervention tools and border measures, though in reduced form;
- * Environmental and Cultural Landscape Payments (ECLP): these would be offered to farmers (on a regional and pluri-annual basis) who protect against damage and depletion of rural resources and the cultural landscape of rural areas, and to encourage enhancement of these resources and the social fabric of rural areas (in principle covering all of the EU’s rural areas). The study pays particularly close attention to the environmental problems (and benefits) associated with EU agriculture, and concludes that they are diverse. A tiered approach is therefore suggested, whereby Tier 0 is what is legally required of farmers in respect of basic standards, and no payments are involved, Tier 1 provides for payments to be made to farmers who use production systems having a high nature value, and Tier 2 concerns specific environmental management practices in more closely defined areas;

- * Rural Development Incentives (RDI) : the emphasis here is on stimulating opportunities for non-agricultural uses of farm resources, for instance encouragement of non-food crops, training in, say, the marketing and processing industries, improvement of rural infrastructure and so on;
- * Transitional Adjustment Assistance (TAA) : TAAs are to facilitate the transition from an agricultural to a rural policy. They are essentially the CAP compensation payments under another name.

The aim of CARPE is not to offer direct, long-term income support to farmers, rather to encourage and enable them to earn incomes by providing private and public goods, and by undertaking other economic activities in rural areas. Some will produce food for expanding world markets, freed from production restraints ; others may, in the course of adapting their production (with the help of ECLPs), gain from marketing high quality, regionally-differentiated products at premium prices ; others will divert resources into non-agricultural enterprises. Temporarily, in order to facilitate these changes in attitude and activity, farmers can benefit from TAAs. The first three are enduring elements of policy. TAAs should be a declining aid.

CARPE is thus a package whose emphasis is on shifting the balance within EU agricultural/rural expenditure from market support payments, with all their distortive effects, to payments which should benefit all of rural society and the environment, while not excluding farmers.

CAP 2000 incorporated many of the CARPE ideas, for instance:

- * the need for the EU to reduce its market supports in order to be able to trade at world market price levels. Reduction of supports to safety net levels. Arable set-aside would be zero eventually;
- * the idea of offering different levels of encouragement to environmentally-friendly farming was followed to an extent in CAP 2000, though in haphazard form and complicated by the proposal that member states would decide much of the detailed distribution of assistance;
- * multi-annual and regional planning, particularly for rural development initiatives;
- * recognition of the multi-functional role of farmers ;

However, in several important respects, the two sets of ideas diverged. For example:

- * the Commission proposed dairy price cuts of only half the level envisaged under CARPE, and the sugar regime was left entirely untouched;
- * CARPE foresees a serious redirection, over time, of public funds to rural areas. MS would be reduced to a minimum; ECLPs and RDIs would increase in importance. CAP 2000 did not go nearly this far;
- * CAP 2000 did not propose to offer its equivalent of ECLPs across the whole territory of the EU. This is a central part of the CARPE philosophy – that the whole of the CAP should be redirected towards a rural policy operating throughout the EU's rural areas. Under CAP 2000 RDIs are only on offer in selected regions (and fewer than hitherto);

- * CARPE includes very clearly stated objectives for all its elements. In particular with regard to prospective eastern European member states, the study explains how one or other element will be helpful or more difficult for those states. CAP 2000, in contrast, while ostensibly aimed at catering for an enlarged EU, glossed over what sort of CAP is likely to be in place when enlargement takes place, and avoided clear commitments on financing improvements to the rural infrastructure and agriculturally-based industries in the relevant regions;
- * above all, the compensation payments outlined by CAP 2000 were not described as temporary. They were not said to be permanent either – but the issue has effectively been avoided. “Modulation” (or aid ceilings) is not a concept that appears in CARPE, since it is less relevant if transfers are temporary and, in any case, it does not fit with the re-balancing of policy CARPE envisages. The lack of clarity from the Commission and Council on the longevity of payments is important – CARPE pays for its environmental and rural societal initiatives by reducing market-related payments over time. As the Commission and Council do not admit to compensations being temporary, they cannot propose the same transfer of resources.

Thus the Commission’s proposals and the Council’s decisions lacked the logic of CARPE. CAP 2000 goes in the same general direction as CARPE but, as it mirrors some elements of CARPE but not others, it loses its balance. And balance is the central point about CARPE – it envisages a real transition from an agricultural to a rural policy. The resource distribution under CAP 2000 shows that the CAP remains a market support-oriented policy. The environmental and rural development elements remain add-ons rather than central to the policy.

ANNEX V - Conclusions and recommendations of EP Working Paper AGRI 114

“Sustainable rural development: analysis of the initial situation and measures in five applicant countries of Central and Eastern Europe and recommendations for an adapted agricultural and structural policy of the European Union in the context of its fifth enlargement: Estonia, Poland, Slovenia, Czech Republic and Hungary”

This chapter contains conclusions and recommendations. It is subdivided into two parts as the recommendations in particular are addressed to two different quarters.

The first part sets out conditions for successful aid and formulates recommendations for the governments of the five applicant countries.

The second part sums up the recommendations for the European Commission. At the same time, a distinction is drawn between general points and recommendations for the creation of instruments.

Aid policy in the five applicant countries

Conditions for successful aid in the five applicant countries:

- Instruments for the promotion of rural development are used in all five of the applicant countries examined. There are differences in approach, in the focus for aid, and in the areas eligible for such aid. However, it is possible to enumerate some basic conditions that are important for the successful use of rural aid programmes. These are factors which can still be influenced during the pre-accession phase and which should be taken into account in the practical implementation of aid measures. In the following, we enumerate such conditions and address possible approaches to fleshing them out with a view to arriving at a promising aid policy.
- Programme planning and strategy development for the development of rural areas are carried out in all five applicant countries. However, they are predominantly based at national level in the competent ministries and are still relatively strongly determined by agricultural policy approaches, whereas rural development as a process in which new economic opportunities can be prepared remains relatively vague. So far, **the involvement of medium and lower levels** has only been successful in pilot projects covering limited geographical areas. The implementation of further pilot projects in selected regions with selected priorities in terms of content should be strengthened and evaluated for strategy development and programme planning.
- In national aid programmes, **the principle of cofinancing** is already being applied, depending on the scope offered by national budgets. Efforts to introduce the cofinancing principle should be continued.
- From a programmatic point of view the existing strategy and programme planning documents do call for bottom-up approaches to rural development, but some important preconditions for implementation are still not in place. These include **strengthening the municipal and district levels in their self-management and the provision of advisory services** for potential applicants. Advisory concepts should be developed as part of fundamental thinking on the streamlining of aid practice.

- The **involvement of social partners, interest groups etc.** is already a part of individual countries' pilot projects. The chances of implementation and the practical success of this are greatest where a start is made at the lowest possible level, i.e. in the municipality or within a group of municipalities.
- In rural areas in the applicant countries, and in particular in Poland, subsistence farming is widespread as a defining system of values and way of life for whole sections of the population. However, the logic of the programmes and the incentives created by aid are geared to gainful activity and are ill suited to the subsistence-based approach of rural families. This should be given greater consideration in the implementation of aid programmes. Effective **concepts for assisting subsistence-oriented target groups** should be prepared as part of fundamental thinking on initiating and guiding local projects.
- So far, aid activities in rural areas have focused very much on expanding infrastructure, eradicating shortages of supplies etc. Projects of this type are directly in the public interest, arouse little substantive controversy and have found active proponents in the persons of mayors. By contrast, **projects based in the private sector**, involving long preliminary stages before applications are submitted and a relatively high degree of substantive complexity, such as setting up businesses, formation of producers' co-operatives etc. have so far not often been undertaken because of a widespread lack of the necessary activating advice. At most, government advisory agencies provide such advice in the agricultural tourism sector.

Recommendations on the implementation of aid policy in the five acceding countries:

- The governments should define by law which ministries are to be responsible, which government department or quasi-governmental organisation is to take charge of handling arrangements, advice etc.
- Aid should be processed in a more recipient-friendly manner. Service entities for providing information and advice on aid opportunities should be set up at the lower level.
- The geographical definition of aid areas should concentrate on areas defined by criteria. Under no circumstances should a country's entire territory be defined as an area eligible for aid.
- Functional autonomous administrations should be set up at the lower levels and given the option of establishing commercial enterprises themselves or participating in such enterprises.
- Data on which to base planning and evaluation of aid measures (agricultural statistics, unemployment statistics etc.) should be improved and prepared for small areas.
- Provision should be made to enable research accompanying aid programmes to be carried out by institutes based in the country in question and co-operation with universities should be stepped up.

- There should be an improvement in the macroeconomic business environment for companies already operating in rural areas or which have yet to be set up there. This particularly applies to the banking system and lending facilities.
- Support should be provided for non-governmental organisations (NGOs) whose aim is to promote regional development.

Three basic requirements to be put to the governments of the five applicant countries:

From the series of proposals and recommendations enumerated here, three points can be highlighted which have key parts to play in the promotion of rural development in the five applicant countries in that there are several ways in which they can have a positive impact:

a) Self-administration

A functioning self-administration at municipal, borough and district level is fundamental and indispensable for programme planning, for taking account of the principle of subsidiarity and for enabling bottom-up approaches.

b) Independent and activating advice

As a supplement to the establishment and expansion of a functioning administrative structure for the implementation of aid measures, as explicitly envisaged as part of pre-accession aid, departments or institutions should be created to perform the following tasks, or organisations should be given the job of performing such tasks: provision of information and activating advice for potential applicants and/or beneficiaries of aid measures in rural areas; participation in setting up co-operation projects, paving the way for economic projects; support for parties interested in submitting applications in consultation with the approving authority. These tasks should be financed from public funds and should be entrusted to independent units that should be separate from the authorisation and funding management process in terms of their organisation and personnel.

c) Fixed subsidies instead of proportionate financing

In designing national aid programmes it is important to take particular account of the fact that potential applicants in rural regions are likely to have inadequate capital resources but a surplus of labour. Aid systems based on fixed subsidies therefore make a better choice than proportionate financing. To a considerable extent, it should be possible to incorporate and take account of efforts made by applicants themselves.

Aid policy of the European Commission
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General recommendations on structural aid:

In parallel with SAPARD and ISPA, appropriate programme content based on the logic of ERDF and ESF should be prepared and implemented in the pre-accession phase.

Financed under the EAGGF Guidance Section, the SAPARD programme is regarded as a rehearsal for making use of structural aid after accession. After their admission to the EU, applicant countries will be declared objective 1 regions. The structural aid measures organised in this context will then be derived first and foremost from the ERDF, with the ESF also participating in the aid. Financing will only be provided via the EAGGF Guidance Section where measures in the field of agriculture and rural areas are involved. In order to ensure comprehensive preparation, in line with the subsequent involvement of all three funds in financing, all three funds should also be offered in the pre-accession phase since each is characterised by different terms and conditions. What is more, at the EU's end the funds are managed by different Directorates-General and at Member States' end they are also processed by different ministries. Otherwise, during the preparatory phase it will not be possible to rehearse subsequent co-ordination of all authorities (and groups) (necessary for coherent programme planning).

With regard to the fleshing out of SAPARD (EU COM 1998, 153 final) the following recommendations are made:

- Article 2 (1) should be supplemented by the indent "Improving value-added of agricultural holdings and value-added in rural areas". In particular, it is a matter of it also being possible for aid for processing facilities to be based on an operational and regional perspective if this can lead to an increase in regional value-added. This particularly applies to aid for small and medium-sized processing businesses integrated into the regional economic relationships. In the applicant countries it needs to be possible either to modernise existing capacity or to establish new capacity.
- Article 4(1): To enable greater incorporation of regional interests into programme planning, contrary to the provisions of Article 4(1) it must be stipulated that in preparing the plan the competent authority named by the applicant country must involve the most representative partner (of its own choice) at national, regional and local level. At all levels of programme planning, involvement should take place on the appropriate territorial level.
- Article 4(4) and (5): The short preparatory period of six months which the countries are allowed (Article 4(4)) is a problem, as is the long approval time on the part of the Commission (Article 4(5)). It is proposed that the preparation time be lengthened to at least nine months and the approval time shortened to at least four months.
- Article 4(2): During the SAPARD programme, within their national aid programmes the five applicant countries should, if necessary, be allowed to make changes in the areas eligible for aid and in the amount of aid etc. It is proposed that it should be possible to revise the development plans in the event of major changes in the socio-economic situation (Article 4(2)).
- The cofinancing rate of SAPARD is set at 75%, which is too low when compared to the two other programmes PHARE (100%) and ISPA (80%). Given that the agricultural sector is the weakest branch of the economy and that at the same time substantial restructuring needs must be addressed in this context, corresponding distortions and displacements between the programmes are to be feared (Huber, 1998).

With regard to the fleshing out of PHARE, the following recommendations are made:

The "institution building" promoted in the framework of PHARE should not concentrate solely on administration concerned with handling the programme, but should also promote administration concerned with service tasks (information and advice) and/or should promote or assign tasks to other organisations which assume such tasks. Information and activating advice for the potential applicants and/or recipients of aid measures in rural areas must be financed from public funds, but at the same time be able, financially, organisationally and in terms of personnel, to be handled in an independent unit and as such separately from the institution that administers the aid and approves applications. This should be seen as a vital precondition for successful implementation of bottom-up approaches.

Recommendations for further action

The study's findings with regard to the aid policies of the applicant countries, the insight gained from the detailed analysis of regional development projects and the recommendations made should be discussed with representatives of all the groups of interested parties addressed. The obvious way to accomplish this would be in the form of a workshop.

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