EUROPEAN PARLIAMENT

Directorate General for Research

WORKING PAPER

THE FUTURE OF YOUNG FARMERS IN THE EUROPEAN UNION

Agriculture, Forestry and Rural Development Series

AGRI 134 EN

This document is available in English only. An abridged edition in all working languages is available as AGRI 134 AXX.

At the end of this document please find a full list of the other publications in the ***Agriculture, Forestry and Rural Development*** Series.

Publisher: European Parliament
L-2929 Luxembourg

Author: Ross Gordon Consultants SPRL, Belgium

Editor: Mr. Jean-François TRONQUART
Directorate General for Research
Division Agriculture, Regional Policy and Transport, Development
Robert Schuman Building
Office 06B034
Tel: (352) 4300 23424
Fax: (352) 4300 27719
E-mail: jtronquart@europarl.eu.int

Manuscript completed in April 2000.

EUROPEAN PARLIAMENT

Directorate General for Research

WORKING PAPER

THE FUTURE OF YOUNG FARMERS IN THE EUROPEAN UNION

Agriculture, Forestry and Rural Development Series

AGRI 134 EN
04-2000

Preface

At the request of the European Parliament the study covers the situation and future prospects for the 15 current EU member states, plus six of the current candidate countries for EU membership. The title of the study – "The future of young farmers in the European Union" – thus reflects the position in the European Union as it is at present and as it should be in the near future.

The six candidate countries covered in the study are those forming the so-called "first wave", namely Cyprus, the Czech Republic, Estonia, Hungary, Poland and Slovenia. They are sometimes referred to as the "Luxembourg Group", after the EU Summit of December 1997 in Luxembourg, which recognised their readiness to enter negotiations for EU membership.

Subsequent to the issue of the call for tenders for this study the European Council decided, at the EU Summit in Helsinki in December 1999, to include other candidate countries in the enlargement talks. These are Bulgaria, Latvia, Lithuania, Malta, Romania and Slovakia, sometimes referred to as the "Helsinki Group". This study does not, however, examine the situation in those countries.

The study is wide-ranging. Again at the Parliament's request, the study examines not only the success or otherwise of existing EU-level aids for young farmers, but also measures taken at national level. In addition, it looks beyond subsidy schemes and analyses the socio-economic situation within which young farmers operate. Lastly, the study is not simply a critique of existing measures. It examines measures that might be "in the pipeline" and also puts forward recommendations for new measures.

Many elements of the study refer to measures operated under the EU's Common Agricultural Policy (CAP). The CAP was reformed in March 1999, as part of the Agenda 2000 package of EU policy reforms. Those reforms are due to be in operation from 2000 until 2007. The author of this study has taken the view that, given that the CAP's present and future trend has thereby been established, the study should concentrate on suggesting measures that could operate within the existing CAP framework, rather than discussing how the CAP could be further reformed.

It should be stressed that the above-mentioned recommendations are based on the results of the research and the consultants' own analysis but, equally, on ideas and advice received from a wide range of sources based on:

- Interviews with the relevant officials in the appropriate European Commission Directorates-General;
- similar set of interviews with officials of the European young farmers' organisation CEJA;
- a questionnaire sent to EU member state and candidate country administrations (usually the Ministry of Agriculture or equivalent) seeking data and information on a wide spectrum of questions related to young farmers;
- documentary search and analysis in order to build a comprehensive picture of the current set of measures for young farmers at EU level (plus an outline of the picture at national level, including the six "candidate countries" covered in the report).

The information gained was used for the:

- Establishment of a basic database (in Microsoft Excel spreadsheet form), and a report on the information on young farmers' measures currently available within the EU and candidate countries;

- Analysis and prioritisation of the problems faced by young farmers;

- Analysis of the socio-economic factors of relevance to young farmers;

- Analysis of the effects of EU actions on young farmers. A "synthetic indicator" (based on the OECD's Producer Subsidy Equivalent – PSE) was used as a basis;

- Creation of a matrix in which the key young farmer measures and problems can be displayed in such a way as to illustrate where the biggest problems lie.

The findings of these analytical steps are presented through:

- an outline of political proposals which could improve the current situation of young farmers;

- the costing of the above for the EU budget.

Table of Contents

Glossary of terms, abbreviations and symbols

Acquis Communautaire	The EU's accumulated body of legislation
ADASEA	*Association Départementale pour l'Aménagement des Structures des Exploitations Agricoles*
Agenda 2000	Package of reforms to EU policies agreed at the Berlin EU Council meeting of March 1999 covering the CAP and EU Structural Funds, and setting the Financial Perspectives for the EU budget from 2000-2006
AWU	Annual Work Unit
Candidate countries	Cyprus, Czech Republic, Estonia, Hungary, Poland and Slovenia
CAP	The EU's Common Agricultural Policy
CARPE	Common Agricultural and Rural Policy for Europe
CEECs	Central and eastern European countries
CEJA	*Conseil Européen des Jeunes Agriculteurs*
CNASEA	Centre Nationale pour l'Aménagement des Structures des Exploitations Agricoles
C£	Cypriot Pound
Commission	Commission of the European Communities
CZK	Czech Koruna
DG Agriculture	European Commission's Agriculture Directorate
EAGGF	European Agricultural Guidance and Guarantee Fund (the CAP budget), frequently known by its French acronym *FEOGA*
Ecu	European Currency Unit (for EU budget references pre- 1999)
EEK	Estonian Kroon
EP	European Parliament
ESU	European (Economic) Size Unit
EU	European Union
EU-12	15 current member states of the EU
EU-15	12 member states of the EU prior to the accession of Austria, Finland and Sweden in 1995
Euro (€)	European single currency (for EU budget references in and after 1999)
Europe Agreements	Agreements between the EU and candidate countries providing framework for bilateral relations (including trade)
EUROSTAT	Statistical Office of the European Communities
FADN	Farm Accountancy Data Network (European Commission)
Farming	Agricultural and horticultural production
GDP	Gross Domestic Product
gmina	Polish community (basic unit of territorial division)
ha	Hectare
HUF	Hungarian Forints
ISPA	Instrument for Structural Policies for Pre-Accession
km	Kilometre
Länder	German regions (N.B. Singular = 1 *Land*)
LEADER	*Liaison Entre Actions pour le Développement de L'Economie Rurale* - Community initiative for funding pilot projects for rural development schemes
LFA	Less Favoured Area
LU	Livestock Unit

Member states	The 15 current member states of the EU
MIP	Material Improvement Plan
PHARE	Poland Hungary Aid for the Reconstruction of the Economy
PLN	Polish (new) zloty
PC	Personal computer
Regime	CAP common market organisation
RGC	Ross Gordon Consultants SPRL, the study's author
SAFER	*Société pour l'aménagement foncier et l'établissement rural*
SAPARD	Special Accession Programme for Agriculture and Rural Development
SIT	Slovenian tolar
SME	Small or Medium-sized Enterprise
UAA	Utilised Agricultural Area
UTH	Unit measure of farm work
VAT	Value Added Tax
Voivodship	Polish province
WTO	World Trade Organisation

EU member state (and candidate country) acronyms (found mainly in tables and charts)

B	Belgium
Dk	Denmark
D	Germany
El	Greece
E	Spain
F	France
Irl	Ireland
I	Italy
L	Luxembourg
NL	Netherlands
A	Austria
P	Portugal
Fin	Finland
S	Sweden
UK	United Kingdom
EU	European Union
US	United States of America
Jap	Japan
CY	Cyprus
CZ	Czech Republic
EE	Estonia
HU	Hungary
PL	Poland
SI	Slovenia

Exchange rates

All currencies quoted against the Euro (€) in the course of this report are converted at the following rates:

Currency	**Acronym**	**Rate used 1 EURO =**	
Belgian Franc	BEF	40.3399	(a)
Danish Krone	DKK	*7.446*	*(b)*
Deutsche Mark	DEM	1.95583	(a)
Greek Drachma	GRD	*334.7*	*(b)*
Spanish Peseta	ESP	166.386	(a)
French Franc	FRF	6.55957	(a)
Irish Pound	IEP	0.787564	(a)
Italian Lira	ITL	1,936.27	(a)
Luxembourg Franc	LUF	40.3399	(a)
Dutch Guilder	NLG	2.20371	(a)
Austrian Schilling	ATS	13.7603	(a)
Portuguese Escudo	PTE	200.482	(a)
Finnish Markka	FIM	5.94573	(a)
Swedish Krona	SEK	*8.282*	*(b)*
UK Pound Sterling	GBP	*0.5985*	*(b)*
Czech Koruna	CZK	*36.22*	*(b)*
Cypriot Pound	CYP	*0.575*	*(b)*
Estonian Kroon	EEK	*15.66*	*(b)*
Hungarian Forint	HUF	*258.4*	*(b)*
Polish New Zloty	PLN	*3.963*	*(b)*
Slovenian Tolar	SIT	*203.3*	*(b)*

(a) Official permanent Euro conversion rates as set on December 31, 1998.
(b) Rates applicable on April 1, 2000 (to 4 significant figures). Please note that these rates change on a daily basis and the conversions provided in the course of the report are therefore only indicative.

List of figures and tables

Executive Summary

1. Introduction

This study has been commissioned by the European Parliament's Directorate-General for Studies (Department of Agriculture, Fisheries, Forests and Rural Development). It may eventually form the basis for further action by the European Parliament and suggestions for action by other EU institutions.

The study provides an analysis of the current situation of young farmers within the EU and in six "first-wave" candidate countries for EU membership (Cyprus, Czech Republic, Estonia, Hungary, Poland and Slovenia).

The study describes the problems faced by young farmers at present. This description is based on statistics, and on opinion provided by a large number of sources contacted and researched, both at EU and at national level.

An analysis of the ways in which the EU and national governments act to address the problems has then been conducted. Emphasis is put on actions that have been taken at EU level since it is here that the European Parliament has its primary interest. In particular, the study tries to assess the success and impact of the various measures taken, and examines some specific additional questions, such as taxation policies in the countries concerned.

In order to draw together the strands of the research made for the study, a matrix has been created which prioritises the problems with which young farmers are still faced, despite EU and national efforts to assist in alleviating those problems.

On the basis of an assessment of the continuing problems faced by young farmers, the study suggests ideas for future EU actions to deal with this situation, costed, wherever possible.

It is important to stress that the study is concerned with the problems of young farmers within the known overall policy context. The study does not, for example, make proposals fundamentally to alter EU agricultural policy (though some comments are put forward on this subject). Rather, the study makes concrete, achievable proposals for action in the coming years, based on the existing policy framework.

2. Background to agriculture in the EU and applicant countries

Data have been drawn, where possible, from EU level sources (e.g. EUROSTAT and FADN). Comparisons have been made between the situation in 1990 and 1997, the latter being the most recent year for which a full set of reliable statistics is generally available. Where such data are not available, (e.g. comparable 1990 figures for Austria, Finland and Sweden), the best alternative figures are used. For the candidate countries, no consistent data series exists; for these countries, the best alternatives have been used.

EU agriculture is characterised by a continuous restructuring. In general terms, this has meant, and continues to mean, a fall in the overall number of farm holdings (19% have disappeared between 1990 and 1997, in the EU-12), accompanied by a steady increase in average farm size (from 13.3 ha in 1990 to 18.4 ha in 1997). The proportion of farms run as family business enterprises has remained stable. Approximately 98% of all EU farms are family farms according to a recent Court of Auditors report (using EUROSTAT data).

A crude extrapolation from these figures would suggest that the number of young farmers will become severely depleted in 30 years' time. Although this appears unrealistic, it is clear that an analysis at this time of young farmers' potential for averting this eventuality is timely.

At the same time the relative importance of farming in the EU economy, in terms of contribution to GDP, value of production and provision of employment, has declined. This has consequences in terms of the arguments to justify public expenditure on farming.

The development of farm incomes is examined briefly. Farm incomes are notoriously unstable (with significant fluctuations year by year). The study does not analyse this aspect in depth, therefore, nor seek to draw conclusions on the basis of one or two years' figures.

Of course, the situation in the different member states and candidate countries varies, sometimes considerably. However, the overall trends are basically common to all.

3. The situation for young farmers in the EU and the candidate countries

Farmer numbers in each age group have been examined, again for the 1990 to 1997 period. Overall the number of farmers is declining. However, within the global figures, there are differences in the rate of decline.

The under-35 age category shows a significant rate of loss (28%) in the EU. This compares to rates of farmer loss in the next three categories, 35 to 44 (19%), 45 to 54 (21%) and 55 to 64 (25%). This is very discouraging from a young farmer's viewpoint. More worryingly, the over-65 group shows a rate of decline of less than 3%, suggesting that older farmers are not retiring and passing on their farms to the younger generation.

Another set of figures shows that the number of young farmers as a proportion of total farmer numbers is declining across the EU. This is not simply an average figure. The picture is the same for nearly every member state. Young farmer numbers as a percentage of total farmers have fallen from 8.75% to 7.68% over the 1990 to 1997 period (while those over 65 years of age have risen from 23.28% to 27.76%).

The study has gone further into the data, examining young farmers per farm size category, and by economic performance of the farm. These data suggest that young farmers gravitate towards larger and/or better (economically) performing farms. This is an important point since policy aims may be based on assumptions about the types of farms potential young farmers would be interested in.

A brief analysis is conducted of the situation of young farmers in the different production sectors. It is difficult to draw conclusions from this about the relative merits of different production types for young farmers, and the situation varies greatly between member states.

For the candidate countries, reliable data on young farmers are difficult to find. Those presented in the study cannot be used for comparisons with the EU situation. In general, they indicate young farmer numbers rising, but significant structural change is underway.

4. Problems arising from the present situation

Having completed a statistical analysis of the situation of young farmers, the study proceeds to examine specific problems emerging from the research.

4.1. Installation costs

This has long been, and remains, the single most important difficulty facing young people wishing to enter farming. It includes: land sale and rental prices; cost of machinery; cost of farm improvements; cost of sustaining more than one family during a farm hand-over period; the debt burden from buying out co-heirs; and, buying of production rights. Furthermore, as the trend to increased farm size continues, so those costs increase. Costs vary per member state, not least due to competition for scarce land resources between different societal groups.

4.2. Succession

There are many legal and fiscal barriers to the new entrant to farming. Again these vary between member states. The study attempts to identify some inheritance and taxation systems which seem most helpful to potential young farmers.

4.3. Gender

Women trying to set up as farmers in their own right, or who are potentially involved as a spouse, face specific problems in addition to those faced by their male counterparts. These include inadequate social security provisions (e.g. maternity and child care), and insufficient training opportunities. Nevertheless, the proportion of farmers made up by women is rising.

4.4. Education and training

Insufficient and/or inappropriate training and education are a general problem for young farmers, not one confined to women.

4.5. Decline in rural areas

Unlike many of their older counterparts, potential young farmers face a choice about whether to enter farming. The decline in many rural areas of Europe, in terms of infrastructure, activities and social life, mean that farming is a less attractive proposition. The picture is patchy, regionally, with some (often remote) areas facing significant problems.

4.6. Rural depopulation

Depopulation should not be confused with rural decline or, more specifically, with the state of farming. In some cases (e.g. in regions in the Netherlands or the UK), the rural population may even be rising. However, this may mask a decline in farmer numbers, a poor economic situation in farming and lack of prospects for young farmers.

4.7. Social problems

This is a broad category. The study highlights certain points raised by the research. For instance, the decline in rural infrastructure and employment prospects affects the attractiveness of rural life for all young people, but especially women. This leads to an exodus of women from some areas, resulting in an uneven population structure. In the five new *Länder* of Germany, a

specific problem of high urban unemployment exists. This has prompted a greater interest in farming than there might otherwise have been. This leads, in the long term, to a further decline in rural areas. Such problems are perhaps most acute in the candidate countries, where farming is economically difficult and social structures are in flux.

4.8. General problems

Two of the most significant problems raised in the research have been the general economic malaise in farming, and the poor image of farming with the general public. In the former case, the impact on a prospective young farmer is obvious – he/she is more likely to seek more rewarding employment. In the latter case, the effect is more insidious – farming is becoming an "unattractive" profession. Such general problems cannot be dealt with by seeking solutions for young farmers in isolation.

5. EU and national measures in force to deal with young farmers' problems

This part of the report examines measures already in place, which aim to deal with the issues raised by the earlier analysis. The examination goes further than a description of those measures. It covers measures aimed specifically at young farmers, as well as those from which they may draw an indirect benefit. It looks in depth at their application to date (as far as possible) and draws conclusions as to their effectiveness.

The study also examines national taxation regimes, the potential impact of the recent Agenda 2000 EU reform process, and the possible effects of EU enlargement.

Finally, the study prioritises young farmers' problems, taking into account the effectiveness of the measures already in place to assist them. The result is a picture of the situation of young farmers after EU and national attempts at assistance have been implemented.

5.1. Measures at EU level

EU-level measures consist mainly of adaptations to general structural support for farming (part EU- and part nationally-funded). Thus young farmers are eligible for special aid payments for their first installation as farmers, and for enhanced investment aids for farm improvements. In addition, there is funding of education, training and occupational assistance. The EU early retirement scheme also confers some benefits on young farmers.

The report outlines how the Agenda 2000 "package of measures" is changing the situation for young farmers. While the new emphasis on rural development under Agenda 2000 is theoretically helpful to farmers, and the installation aid possibilities are improved, some aspect of assistance to young farmers are reduced (e.g. training).

It should not be forgotten that member states are not obliged to implement any of the EU measures for young farmers.

5.2. Measures at national/regional level

This section deals with both national implementation of EU measures and measures which exist only at national or even regional level.

As far as national implementation of EU measures is concerned, the performance of member states is very varied. This reflects less their attitude to young farmers and more their overall philosophies about how to treat all farmers. Thus some member states (e.g. the Netherlands and the UK) hardly use the EU measures on offer. Others (such as several member states in the south of Europe) use general structural measures to try to modernise their agriculture, rather than acting in favour of young farmers specifically. A third group (including Belgium, Denmark and France) has active policies of trying to manage installation of young farmers.

Candidate countries do not yet benefit from the main EU measures. However, their own national measures are examined, as is the profound structural change experienced since 1990.

This section of the study also outlines other measures from which young farmers could derive a benefit. For instance, some CAP market regimes (e.g. dairy) could offer young farmers preferential treatment. Many others do not.

5.3. Observations on national tax regimes

It must not be forgotten that EU and national direct measures to assist young farmers are fairly limited in scope. Indirectly, the tax regimes applied in some member states can be favourable towards young farmers (or the converse). The study therefore examines some of the advantages and disadvantages apparent in national tax systems.

5.4. Conclusions about the operation of current measures to assist young farmers

An analysis has been done of how EU measures are applied in the member states. Statistics are displayed showing the relative "performance" of the EU member states. A summary of the different ways in which the assistance is offered has been prepared. Some conclusions are drawn.

A measure of the relative importance of and benefit of the main EU measures to assist young farmers has been devised (using adjustments for overall farm income and cost of living in the member states). While this is a fairly crude measure of relative assistance to young farmers, it allows a picture to emerge. It shows, quite graphically, that those countries with more complex young-farmer assistance measures do not necessarily provide more assistance **in real terms** to young farmers. Looking at installation aids and enhanced investment grants for young farmers in particular, the countries spending the most money on subsidies do not necessarily pay the most money per beneficiary.

5.5. The impact of EU actions to assist young farmers

The main point of note is that the EU has not completed an evaluation of the impact of its measures to assist young farmers. This point has also been made in a recent Court of Auditors' report. Thus the EU authorities have little true idea of how effectively taxpayers' money has been spent in this policy area.

It is difficult to draw conclusions simply on the basis of statistics. A crude measure of success would be if young farmer numbers were rising in the member states which apply the EU measures. However, since overall farmer numbers (and younger farmer numbers) are falling, it would be inappropriate to judge on that basis alone. France, for example, has the most structured and comprehensive approach to young-farmer installation of all the member states, and yet the number of farmers and young farmers in France continues to decline.

6. The potential impact of Agenda 2000 on young farmers

The main impact of Agenda 2000, in the short to medium term, is likely to come through the improved assistance measures for young farmers contained in the new emphasis on national/regional Rural Development Plans (Regulation 1257/99). While the regulation essentially continues existing measures for young farmers, the (theoretical) funding on offer is increased. However, the overall budget is restricted – hence the actual aids paid out might not be improved.

Weighed against this is the fact that the measures are still voluntary for member states. Also, some measures, such as training and other occupational assistance, are reduced in scope.

In the long term, the move towards rural development rather than market support within the CAP is likely to allow for measures better targeted at young farmers to be introduced. However, these will come within a more restricted budget.

In addition, the increased share of CAP spending in the form of direct aids – which results from Agenda 2000 – should help reduce fluctuations in farm incomes. This may make the prospects for young farmers slightly more stable.

However, as far as the CAP's market regimes are concerned, Agenda 2000 offers very little of specific benefit for young farmers

7. The potential impact of EU enlargement on young farmers

EU enlargement is unlikely to offer any specific benefits for young farmers in the existing EU. Indeed, EU enlargement without a significantly increased EU budget for agricultural measures will result, inevitably, in a dilution of assistance to existing EU farmers.

For young farmers in the candidate countries there should be significant advantages from EU membership, particularly if their governments take up the opportunity to use EU measures to aid young farmers and improve structures. However, the main benefits are likely to come in the form of access to the direct payments and production rights available to existing EU farmers under the CAP.

8. Prioritisation of young farmers' problems

The study sums up the current situation of young farmers by reviewing the problems they continue to face despite the EU and national efforts assist them.

A matrix has been created which shows, at a glance, the relative importance of those problems. As can be seen, the high cost of installation remains the most intractable problem. This is at least an identifiable problem. Other problems, such as the negative image of agriculture, are more difficult to assess and then deal with.

9. Proposals for EU actions to address the problems of young farmers

9.1. Introduction

The study does not suggest a revolutionary approach. The existing framework for agricultural policy has now been established for the period 2000 to 2007. There will, nevertheless, be a major review of all CAP spending (and in certain sectors in particular, e.g. dairy) in 2002 and 2003. The rural development regulations are due to be reviewed in 2003. Therefore, the study suggests measures to be taken at EU level within the known framework and time period 2000 to 2003.

9.2. A note about the CAP

Nevertheless, the point is made that it is difficult to deal thoroughly and effectively with the problems of young farmers unless one starts with a blank sheet of paper.

The study points out that such an exercise was undertaken in the pre-Agenda 2000 period. The result – a proposed Common Agricultural and Rural Policy for Europe (CARPE, 1996) – contained many interesting ideas, but was too radical a step for the EU to take in one go. Also interesting is the fact that it made no suggestions for special treatment of young farmers.

9.3. Suggested EU actions

The suggested actions fall into the following main categories:

9.3.1. Improving information about young farmers

- A comprehensive database on the situation of young farmers, in the EU and candidate countries, should be established and maintained by the Commission.

- The Commission should evaluate the impact of EU measures to assist young farmers, in time for proposals to be made for the mid-term review of Regulation 1257/99.

- The Commission and Council should ensure that young farmers' organisations have access to sufficient EU funds to undertake their important role.

9.3.2. Tackling installation costs

- The mid-term review of Regulation 1257/99 provides an important opportunity for installation aids and supplementary investment grants to be increased. It is also the time when direct aids re-channelled into rural development, under national schemes, could be directed towards young farmer assistance measures.

- Investment aids for young farmers should be further enhanced where the young farmer provides significant environmental improvements and/or where the farm is situated in the LFA and/or where new employment opportunities are being created.

- Consideration should be given to proposing that it should be obligatory for member states to offer at least a minimum level of installation aid for young farmers.

9.3.3. Encouraging early retirement

- The Early Retirement scheme should be amended to provide for preferential treatment to be given to retiring farmers who pass on their farm to a young farmer. Ways of providing adequate pensions for retiring farmers more generally should be considered.

9.3.4. Easing farm transfers

- The Commission should review the funding of farm-transfer agencies.

9.3.5. Meeting economic challenges

- Young farmers are operating within a CAP which includes many production rights systems (quotas, premium rights etc.). While such systems exist they impose constraints on young people wishing to enter farming. As long as such constraints exist, the Commission should again explicitly urge member states to allocate, in their national reserves of production rights (within CAP market regimes), rights to which young farmers would have preferential access.

- The forthcoming reforms to the sheep/goatmeat and sugar regimes (both in autumn 2000) give immediate opportunities to offer production rights to young farmers.

- Young farmers could significantly improve their cost structure by improving input purchasing and marketing of their produce. An effective means would be intelligent use of computers and the Internet. The current eEurope initiative should be adapted to include specific measures to assist young farmers in training, equipment and use of these new techniques. Another priority is training young farmers in how to create and manage the operation of integrated production management and marketing systems.

9.3.6. Education, training, & networking

- The EU should fund training in computer/Internet use.

- Minimum farming qualifications should be a prerequisite for receipt of CAP direct aids. The EU should help fund education and training programmes to bring young farmers standards to the required level.

- There should be a renewed EU information programme to educate the general public, especially young school children, about farming. This would help to improve the image of farming, both within the EU and abroad (at an important time in international trade terms).

- The EU should reinforce funding of, and encouragement of, organisations and networks aimed at assisting young farmers with the complexities of installation, for example via the LEADER initiative.

9.3.7. Taxation and legal/inheritance hurdles

- The EU should sponsor a conference aimed at highlighting the tax and legal/inheritance issues facing young farmers. An aim should be to reduce the burden of agriculture-specific taxes on young farmers, in order to assist in reducing or deferring start-up costs.

9.3.8. Rural development conference

- The Commission should organise a second rural development conference, following the November 1996 conference in Cork, Ireland. At such a conference, the situation of young farmers and the future of the farming industry should be given prominence.

- There needs to be a fundamental debate about whether young farmers explicitly, or new entrants more generally, should be assisted by the EU, and about how to assist new entrants from non-farming backgrounds.

9.3.9. Candidate countries

- The EU should give more encouragement to the candidate countries to target investment aids to young farmers, and to early retirement measures, under the SAPARD fund.

- Similarly, more funds should be devoted to education and training of young farmers.

- The EU should allow the candidate countries to pay higher levels of installation aids, during the immediate post-accession period. The Commission's responses to the candidate countries' positions on agriculture appear to acknowledge this possibility.

- SAPARD funds should not cease on accession, otherwise SAPARD-funded schemes for young farmers could come to an abrupt halt.

- Cyprus should become eligible for a SAPARD-type fund.

- Recommendations for the candidate countries have been presented separately since, it has been assumed, they will not become full EU members in the timeframe involved (i.e. before end-2003).

10. Probable cost of suggested actions

A table has been prepared in which the probable cost of the actions listed above is shown. It has not been possible to cost them all, for a variety of reasons.

In general, the measures proposed do not represent an enormous cost for taxpayers. In many cases, the cost would be negligible or nil.

In addition, the study shows the European Parliament's decision-making position in relation to each measure proposed. In this way, the Parliament can see immediately where it can have an impact on policy development. In general the greatest influence for the Parliament will come via the Parliament's new powers in setting the annual budget for rural development measures introduced under Agenda 2000.

11. Additional ideas for the EU to suggest to member states and candidate countries

Several additional ideas for EU measures were put forward by sources for the research. For the sake of completeness these are listed, together with the reasons why they have not been included in the study's recommendations.

Part One
THE PRESENT SITUATION OF YOUNG FARMERS IN EUROPE

Chapter I
PRESENT SITUATION IN THE EU AND CANDIDATE COUNTRIES

This chapter outlines the context in which young farmers, and potential (young) new entrants to farming, are seeking to work. The aim is to show that, while young farmers experience particular difficulties, these must be seen within the overall situation of farming.

The information contained in this chapter will allow some conclusions to be drawn about where and how the particular problems of young farmers arise. It will also help in the analysis of those problems, and in the suggestion of specific measures to assist young farmers in dealing with them. However, such an analysis cannot be conducted on the basis of statistics alone. That can only be done when the information in this chapter is examined in conjunction with the data and research results presented elsewhere in the study.

1. The current situation of farming as a whole

This section contains key statistics on the situation of farming in the EU as a whole and in the candidate countries. The data for the EU-15 and the candidate countries have been kept apart simply because there is not yet a series containing comparable data for both.

1.1. The situation of farming in the EU-15

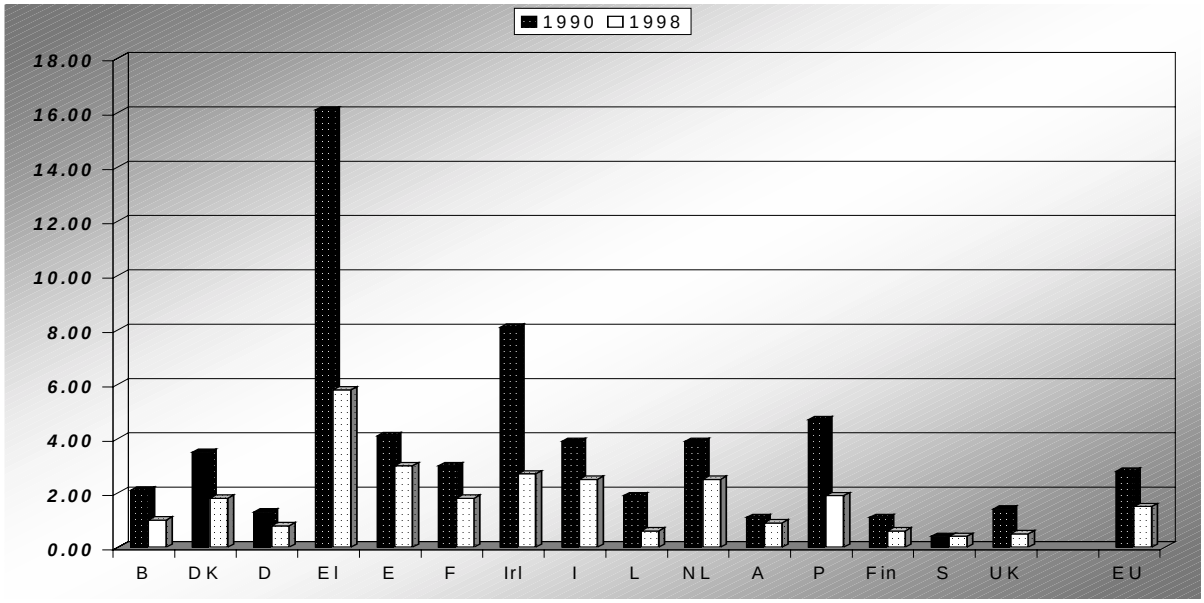
This section concentrates on the main indicators of the state of agriculture, namely the contribution of agriculture to GDP and employment, farm income and farmer numbers by production sector, size of holding and economic performance.

Most of the figures from which the graphs were created are contained in Annex II. In order to show the dynamics of the agricultural situation, data for 1990 and 1997 have been used. 1997 is the most recent year for which a consistent series of data is available on structural aspects of farming.

Where possible, 1998 and 1999 figures have been used. For Austria, Finland and Sweden, whose accession to the EU was completed in 1995, the year 1995 has been used instead of 1990 in order to respect the consistency of data recording.

For the candidate countries, years vary according to availability of data.

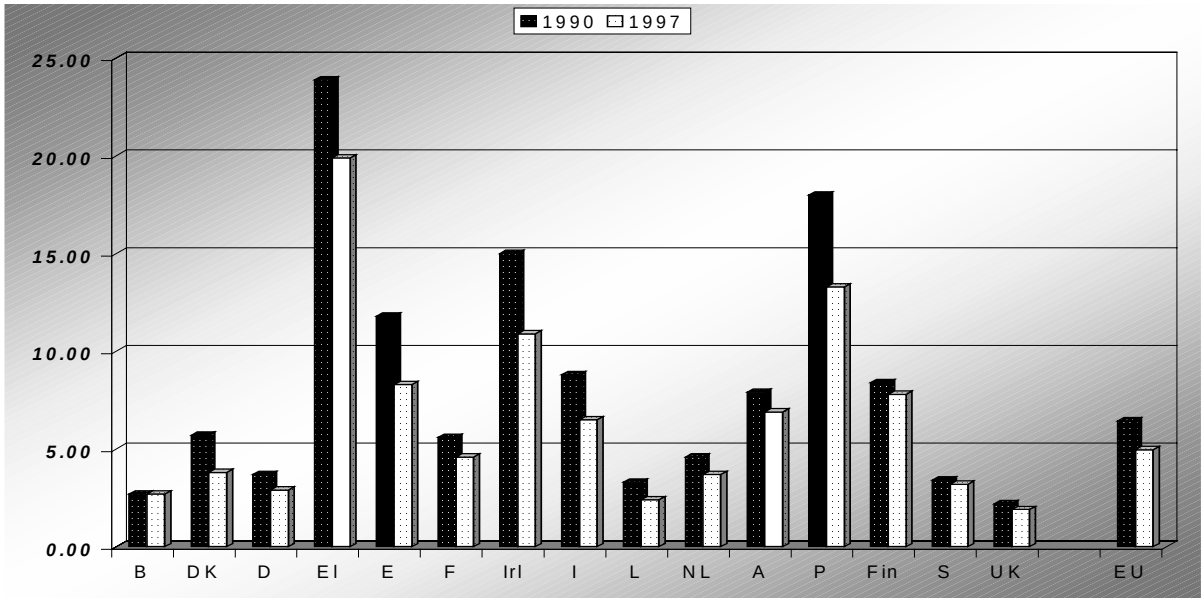
Figure 1. Contribution of agriculture to GDP in the EU (% of total GDP)



Source: EUROSTAT

It is clear from Figure 1 that the importance of farming within the EU's total economy is gradually declining. This does not necessarily indicate any particular problems for new entrants into farming. However, later in the study some concerns of young farmers about the position of farming in society are raised.

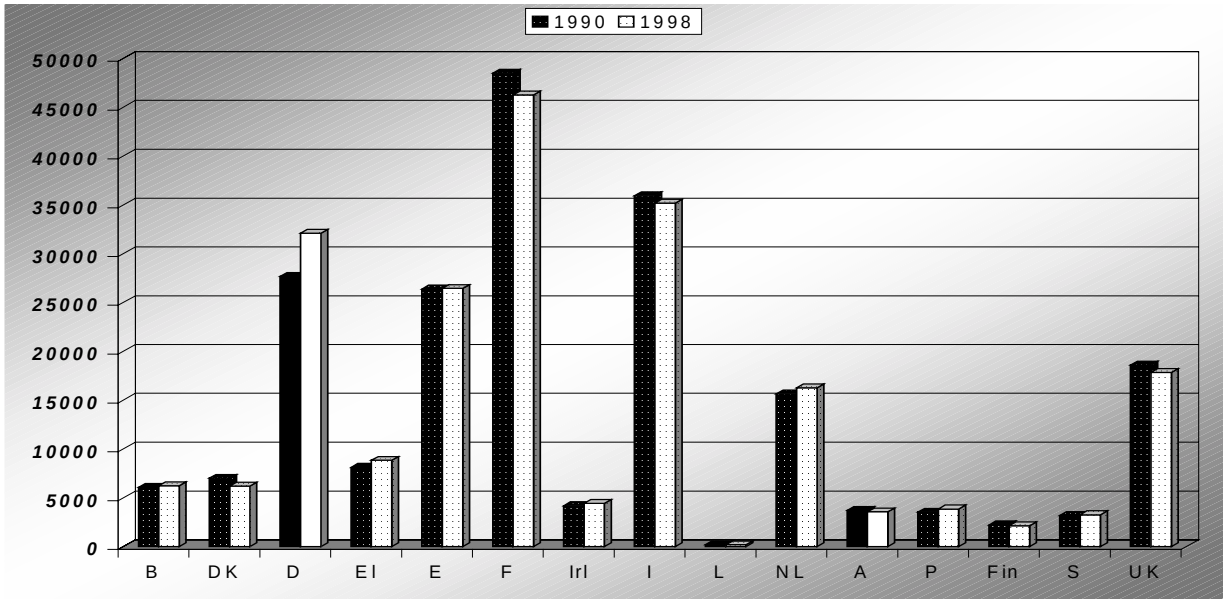
Figure 2. Percentage of the EU workforce employed in agriculture (% of total)



Source: EUROSTAT

Figure 2 shows the declining importance of farming as an economic activity in terms of providing employment. It shows the percentage of total employment represented by farming. In some cases the falls in percentages might reflect the decline in numbers engaged in agriculture. In others they might result from the prosperity of, and increased (or reduced) employment within, other sectors.

Figure 3. Total value of EU agricultural production (million Ecu)

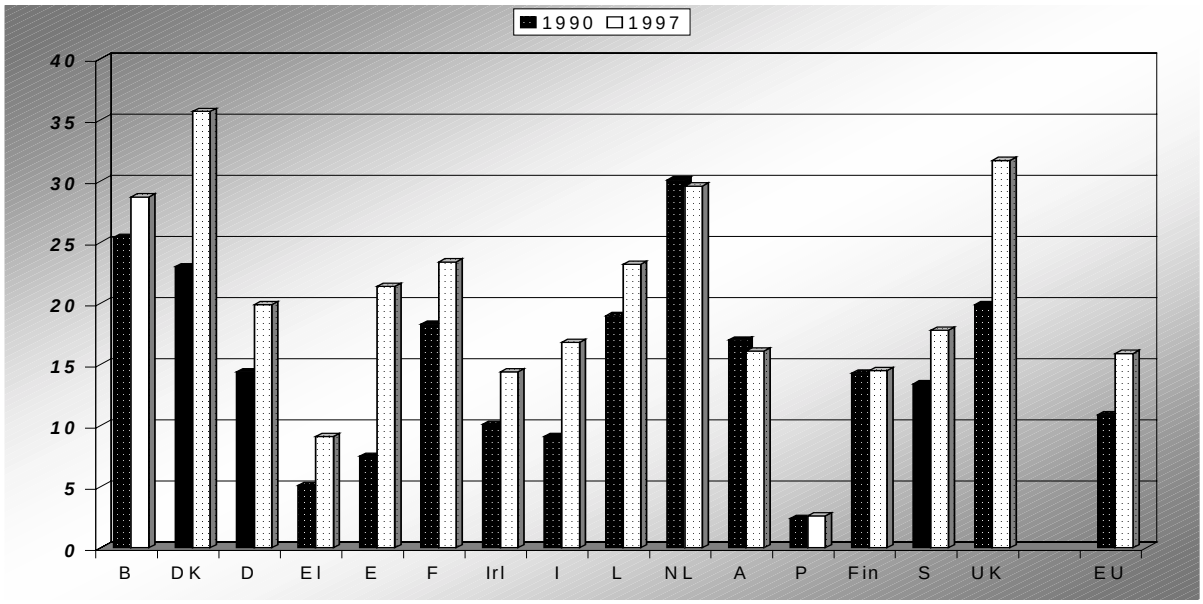


Source: EUROSTAT

The purpose of Figure 3 is to show the overall economic size of the farming sector. Value of production can change from year to year according to market circumstances, the overall economic situation, trade influences etc. It would be wrong, therefore, to draw too many conclusions from the value of production in any one year. Nevertheless, the graph gives a snapshot of the value of the farming industry.

When taken in conjunction with the falling share of agriculture as a percentage of GDP, throughout the EU, the situation is of concern for young farmers. The two sets of figures seem to indicate that, while other sectors are developing, agriculture is standing still. Thus the prospects for employment in agriculture are likely to be viewed by young people as relatively less attractive than for other occupations.

Figure 4. Average income per agricultural holding in the EU ('000 Ecu)

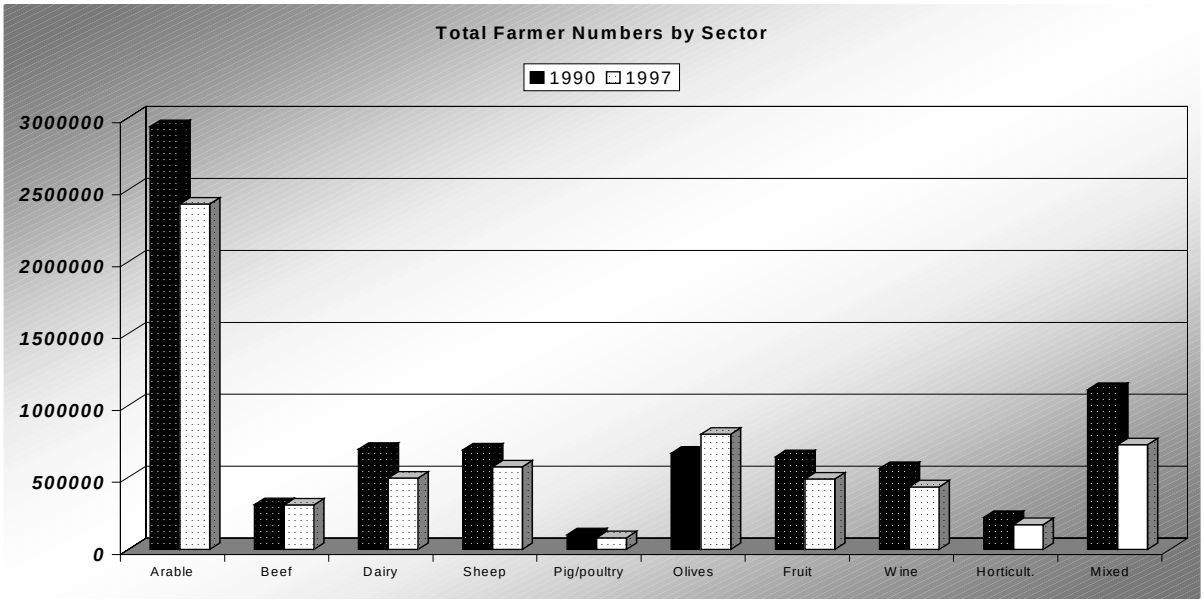


Source: EUROSTAT

As with the value of production, it would be wrong to read too much into any one year's figures. Furthermore, as farmer numbers decline (and farm sizes increase) average farm incomes might be seen to rise (see Figure 4). This is not necessarily a measure of the profitability of farm businesses. However, growing farm sizes normally mean that costs of production are being spread over larger enterprises, leading to economies of scale.

Income figures such as these should not be taken as a barometer of the state of farming in general in the EU. Indeed, the discrepancies between countries which, in some cases, border each other seems to underline that it would be wrong to read too much into the figures. For example, the experience of Finland and Sweden since their accession to the EU appears to be very different. One has to recall that Sweden deregulated its agriculture in the early 1990s. It then reintroduced many direct support measures on accession to the EU. The direct aids inherent in the CAP will have had a direct impact on farm income levels in Sweden.

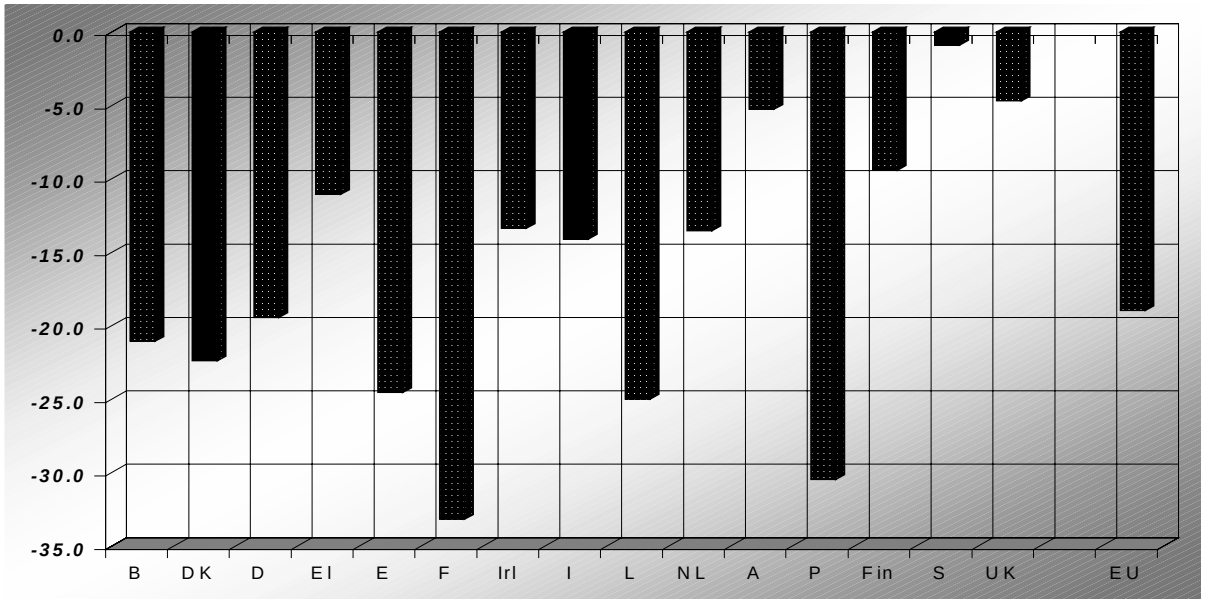
Figure 5. Total number of EU farmers by agricultural sector



Source: EUROSTAT

The trend in farmer numbers per sector mirrors the overall trend in farming: declining numbers engaged in farming. However, as can be seen in Figure 5, there are two sectors displayed here in which numbers of farmers have increased. In the case of beef this probably reflects the nature of beef production, with farmers entering and leaving production according to the state of the beef production "cycle". The apparent increase in the number of olive oil producers between 1990 and 1997 is likely to be because the figures for Spain and Portugal were not fully representative until 1996, rather than due to an actual rise in the number of producers. Under Spanish and Portuguese accession arrangements, there was a 10-year transition period (i.e. until the start of 1996) before all producers became fully eligible for production aid.

Figure 6. Change in number of EU agricultural holdings (% 1990-1997)



Source: EUROSTAT

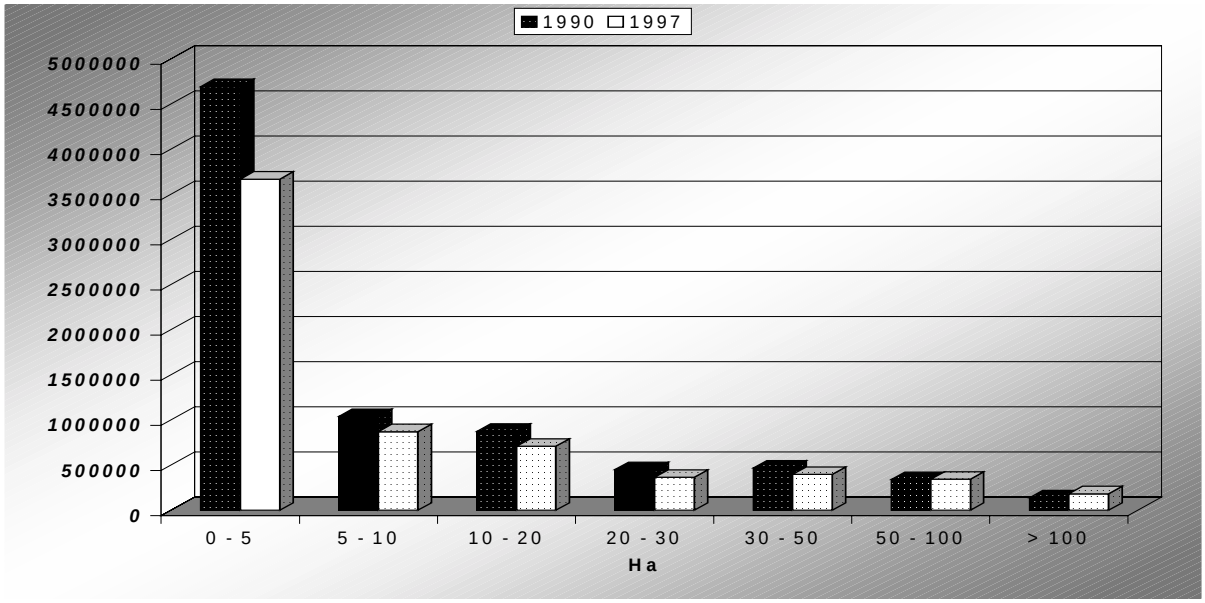
The fall in overall numbers of holdings, shown in Figure 6, is again a reflection of the structural change continuing in the farming sector.

As farming has modernised, and become more mechanised, the number of people engaged in farming has declined. For example, the number of farmers in the EU-12 declined by 19% between 1990 and 1997, a trend that continued despite 1995 EU enlargement. This is the case for farmers themselves and for farm workers.

It might be expected that the steepest fall in farmer numbers has been in those countries which were less well advanced in terms of such modernisation in 1990 (e.g. Greece, Ireland, Italy and Portugal). Those countries which experienced a restructuring of their agriculture earlier should have tended to shed a lower proportion of their farming population since 1990. However, this is not the case. While Spain has "lost" 25% of its farmers, Portugal 30% and France 33%, Denmark has shed 22% of its holdings and Greece and Italy only 11% and 13% respectively.

The picture is thus very mixed. Care must be taken not to read too much into such global figures. Restructuring continues in all countries, regardless of their state of advancement, due to many factors.

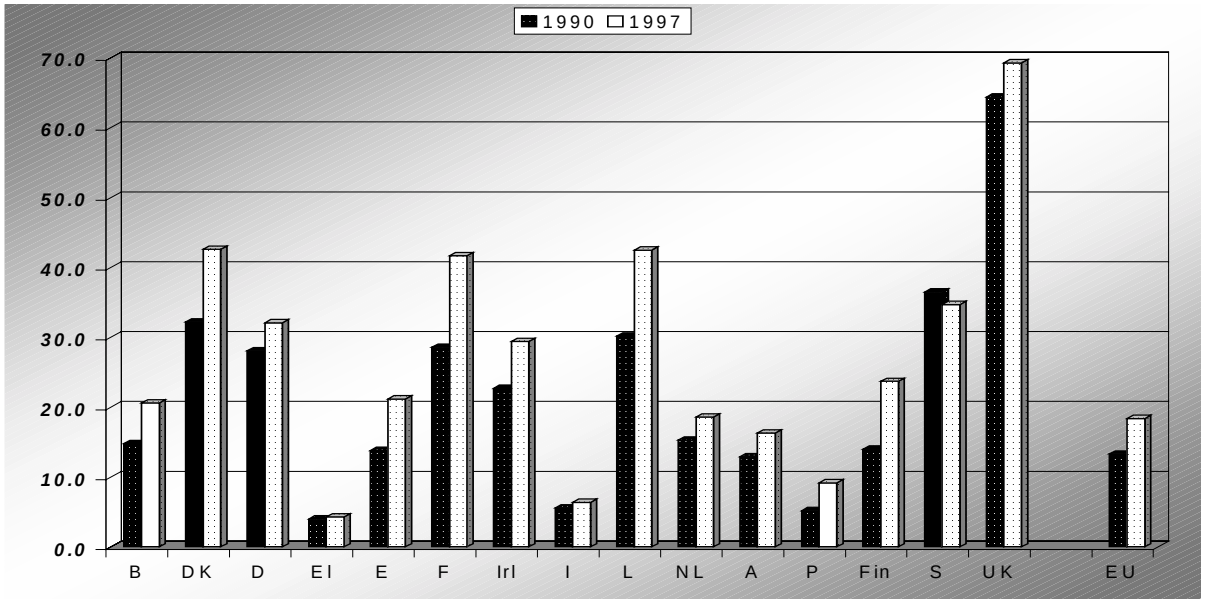
Figure 7. Total number of EU farmers by farm size (ha)



Source: EUROSTAT

The fall in numbers of smaller farmers (0-5 ha), at 22%, is much more marked even than the next biggest category (5-10 ha) at 16%, and more so when looked at in terms of absolute numbers, as shown in Figure 7. However, all farm-size categories up to 50 ha are experiencing falls in numbers of 15%-19%. It is unsurprising that the decline in farmer numbers is less marked where larger farm structures are concerned. Indeed, in the two largest farm-size groups (both over 50 ha), numbers of farmers have been increasing. While size of farm cannot automatically be a measure of profitability, larger farmers do tend to be more efficient in production terms. Thus farms with larger structures tend to be more attractive to farmers (new entrants or otherwise). However, size is not the only important measure. Smaller farms with a high value of production (e.g. horticulture) predominate in some countries (e.g. the Netherlands).

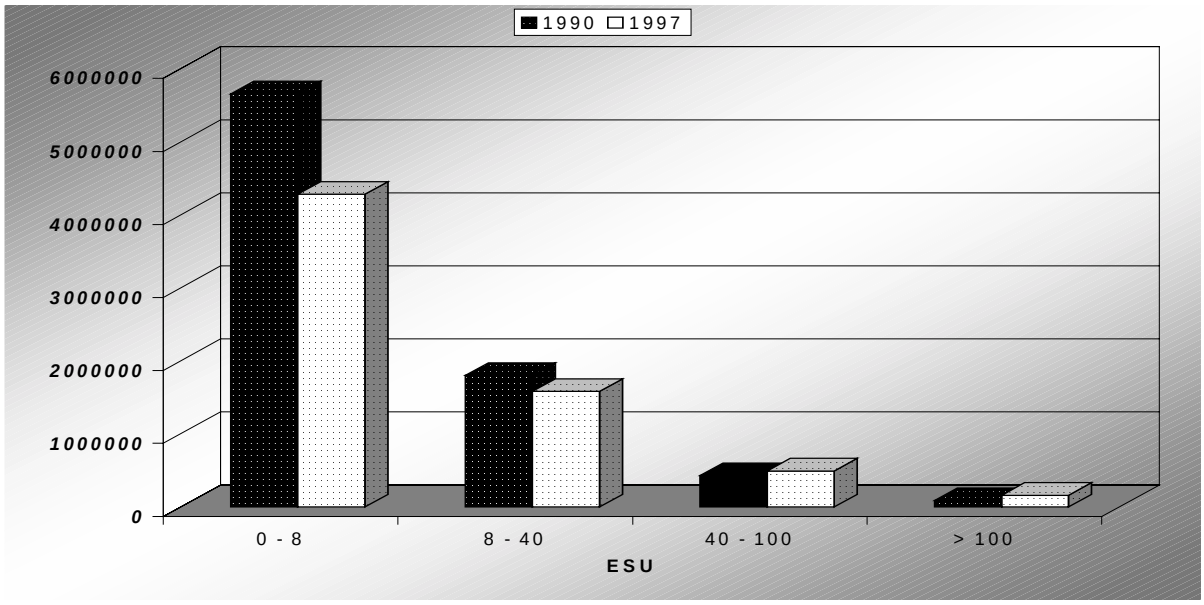
Figure 8. Average farm sizes in the EU (ha)



Source: FADN

Figure 8 illustrates the average size of farms in each EU member state. There is no absolute correlation between those countries with the smallest farm structures and those which are losing most farmers. Clearly the UK, with the largest farm structures, is losing fewer farmers in percentage terms. However, elsewhere the picture is mixed.

Figure 9. Total numbers of EU farmers by economic size (ESU)



Source: EUROSTAT

Again unsurprisingly, as Figure 9 shows, numbers of farmers are decreasing in the farms with lower economic returns, and rising in the case of those with a greater economic worth. The ESU is a measure which EUROSTAT uses to represent standard gross margins. It is a broad measure, but it is clear that the fall in numbers of farms below 8 ESU (24%) is significant.

1.2. The situation in the candidate countries

EUROSTAT figures do not yet include complete data for the six candidate countries. Work is underway to ensure that they are included in the future. However, such data are likely to be available only in the first part of 2001 at the earliest.

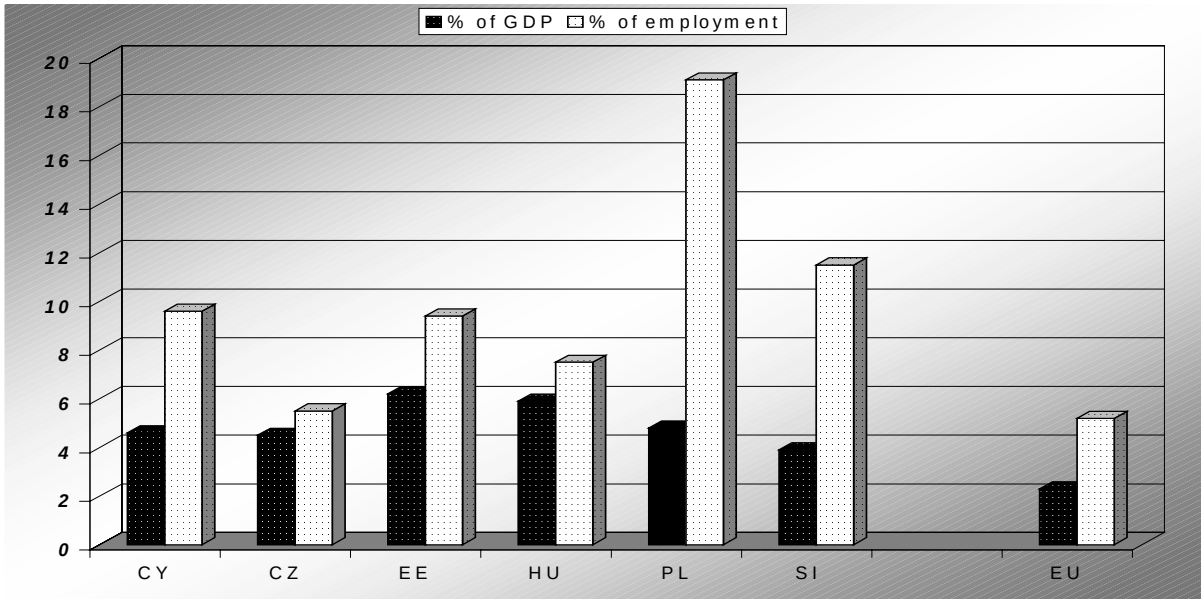
As a result, the figures reproduced here for the candidate countries are not always strictly comparable with the data derived from EUROSTAT and FADN. Nevertheless, they serve to indicate the situation in those countries, and some trends that can be matched against trends in the existing EU member states.

Given the huge changes which five of the six candidate countries have undergone since 1990, it is not relevant to compare recent data to historical data. For this reason, the statistics used are designed to provide a snapshot of the agriculture situation in the applicant countries as they advance down the path towards EU accession.

Furthermore, as will be explained, agricultural restructuring in these countries is broad brush rather than targeted at young farmers, so a correlation between young farmer numbers and the measures aimed at restructuring is less easy to analyse over an extended time period.

In most cases, the candidate countries hope to have more complete data, comparable with EU statistics, following agricultural censuses to be conducted in the year 2000 (2001 in the case of Poland; 2002 in the case of Cyprus).

Figure 10. Importance of agriculture in the candidate countries (1998, %)



Source: *RGC* compilation from national statistics

It can be observed from Figure 10 that agriculture is of greater economic importance in the candidate countries than in the EU. Within the group of candidates, the disparity between the ratio of agricultural employees and value of agricultural production can also be discerned.

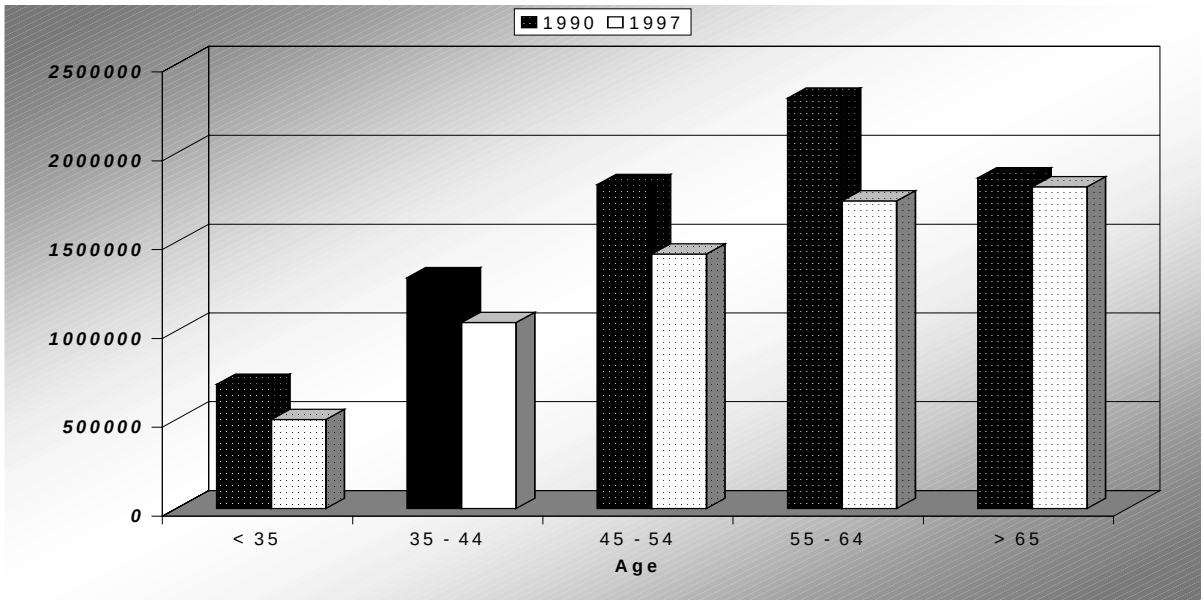
2. The current situation for young farmers

This section focuses on the current situation for young farmers within the overall agricultural situation. It uses mainly data from EU sources with some national sources where necessary.

2.1. The situation of young farmers in the EU-15

Most EU data that split farmers by age use the brackets under 35, 35-45, 45-55, 55-65 and over-65. Although the official EU definition of a young farmer is one under 40 years of age, the availability of statistics, coupled with the fact that many EU member states use a definition of under 35 years of age, have mitigated for a definition of under 35 in this study.

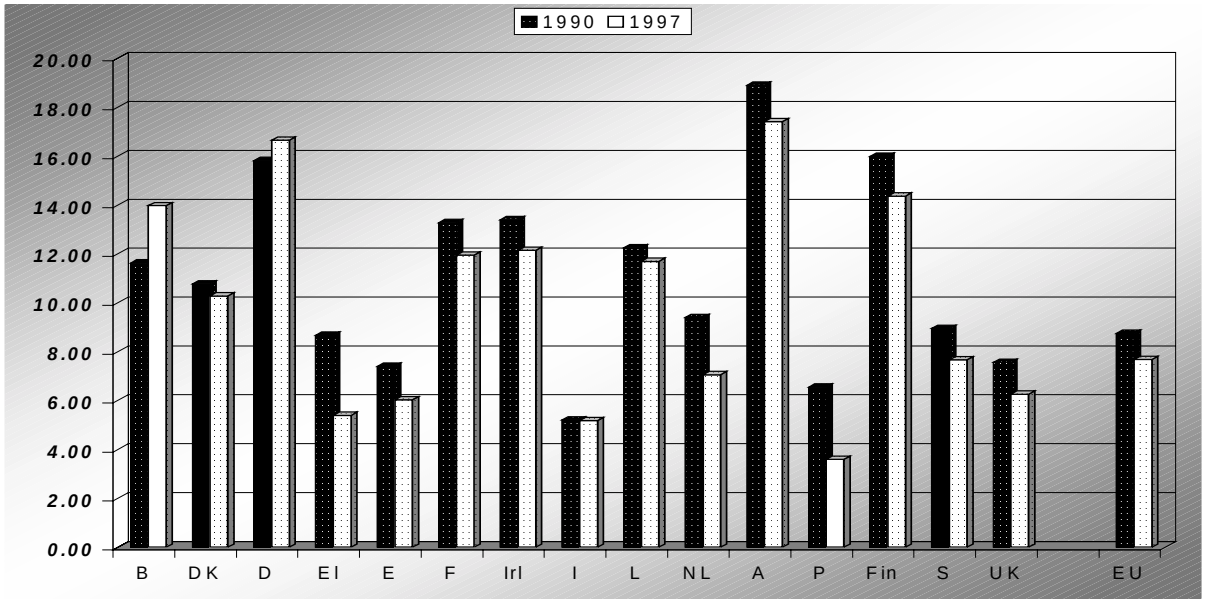
Figure 11. Number of EU farmers split by age group



Source: EUROSTAT

Figure 11 confirms that overall numbers of farmers are declining. The decline for the under-35 age group is 28%, 35-44 - 19%, 45-54 - 21% and 55-64 - 25%. The graph also shows that numbers of farmers over 65 years of age are almost stable (a fall of less than 3%). This graph would therefore seem to indicate that young farmers are finding it much more difficult to start/remain in farming than are their elders.

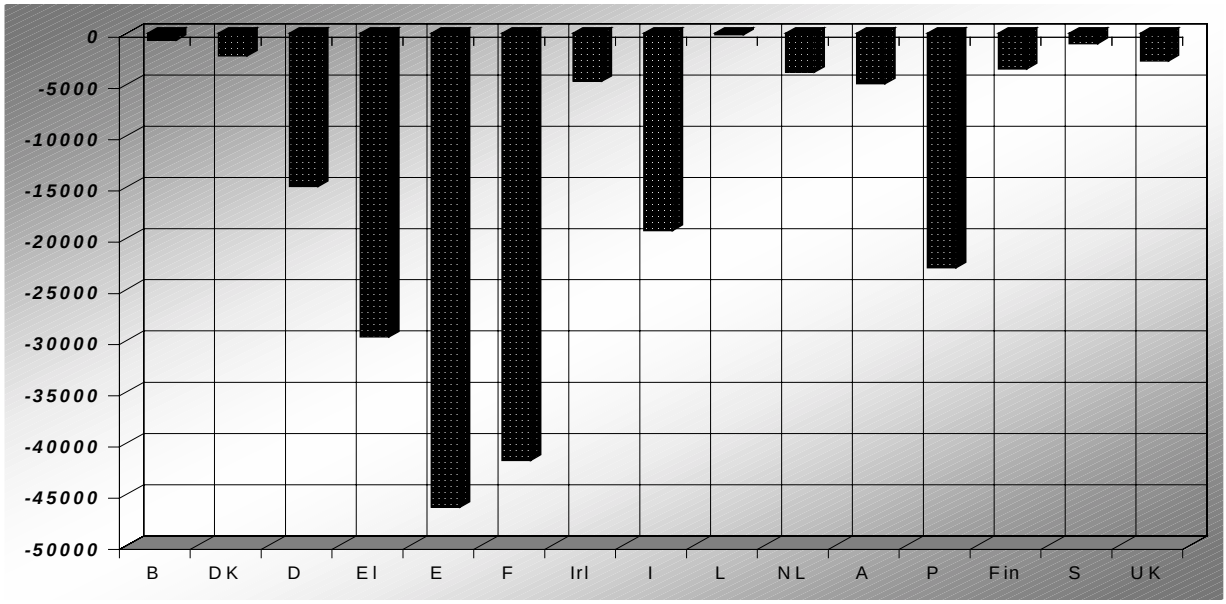
Figure 12. Young farmers as a percentage of total farmer numbers in the EU



Source: EUROSTAT

Looked at on a member-state basis, as seen in Figure 12, most countries have experienced a decline in the number of young farmers, as a percentage of the total numbers engaged in agriculture. However, the trend is not consistent. Some countries, such as Belgium and Germany, have seen an increase in numbers of young farmers as a percentage of the total. These figures conceal other interesting facts: for instance, in Italy, Portugal, and Greece about one third of farmers are over 65 (and Spain's figure is around 30%). The figure for Austria, Finland and Germany is below 10%.

Figure 13. Change in young-farmer numbers in the EU (1997:1990)

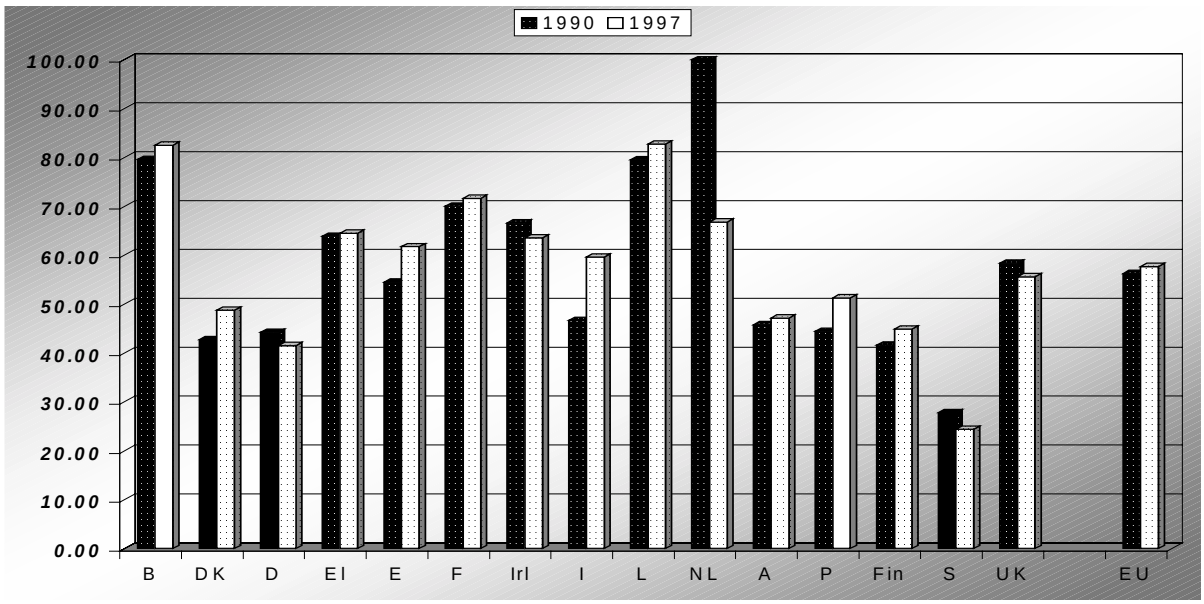


Source: EUROSTAT

Figure 13 shows that actual numbers of young farmers have fallen in all EU member states and that the actual fall in numbers is most acute in Spain, France, Greece and Portugal.

A crude, straight-line extrapolation of these figures, although not an accurate reflection of current and future farmer numbers, would suggest that the number of young farmers (under 35) would reach zero by 2020. Thereafter, assuming a working life of 35 years, total farmer numbers would reach zero by 2055!

Figure 14. Proportion of full-time EU farmers (% of total farmer numbers)

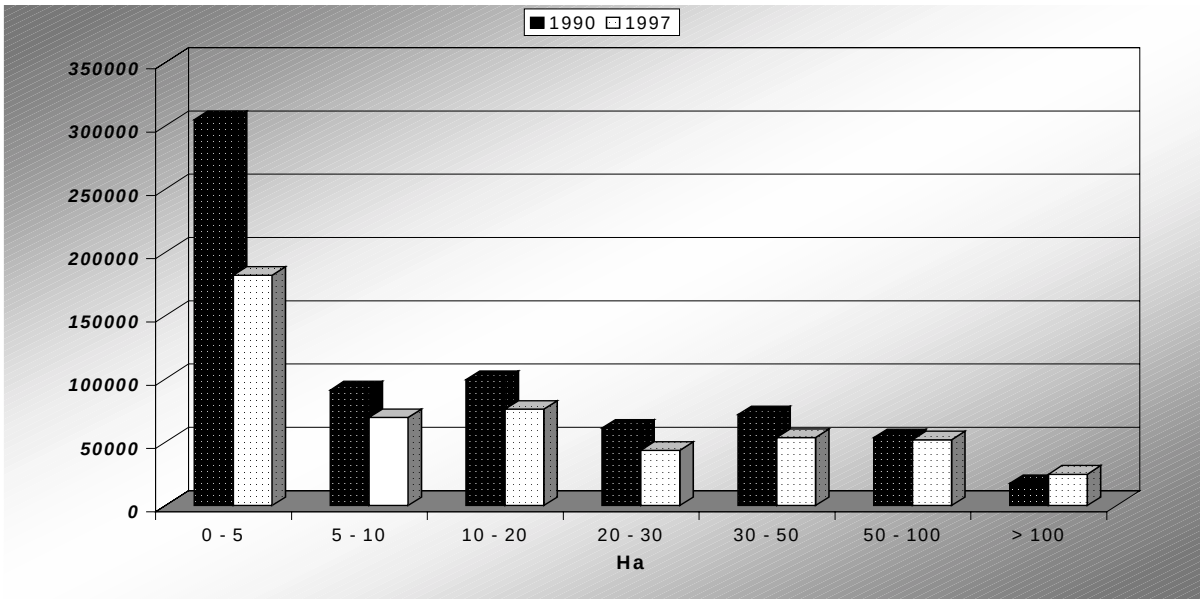


Source: EUROSTAT

Figure 14 shows that, in many countries, young farmers are increasingly engaged in farming full-time. In the Netherlands, however, the number of full-time young farmers has fallen dramatically. This probably reflects the economic situation for young farmers, and the Dutch government's policies towards young farmers, but also the opportunities for alternative/part-time employment in a country where unemployment is very low and mobility easier due to the relatively small geographical size.

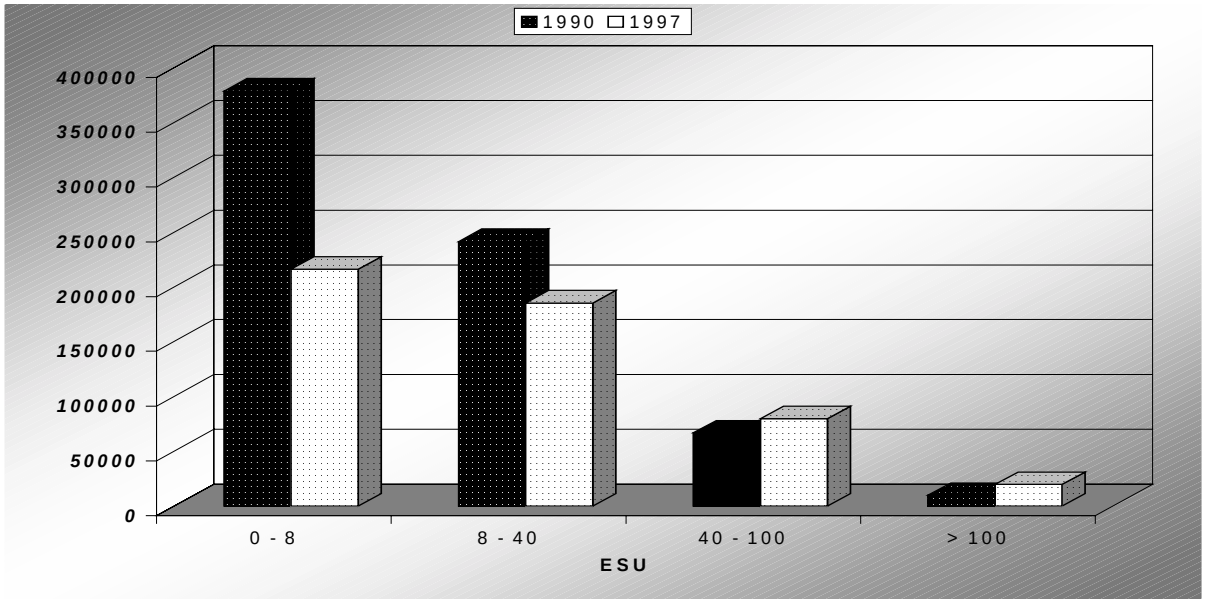
Overall farmer figures would suggest a far higher percentage are part-timers, especially in southern Europe (perhaps 50%). Past EU measures to assist young farmers discriminated against part-timers, but new measures applicable from 2000 should not, so the full-time/part-time split becomes less relevant.

Figure 15. EU young-farmer numbers by farm size



Source: EUROSTAT

Figure 16. EU young-farmer numbers by economic size (ESU)

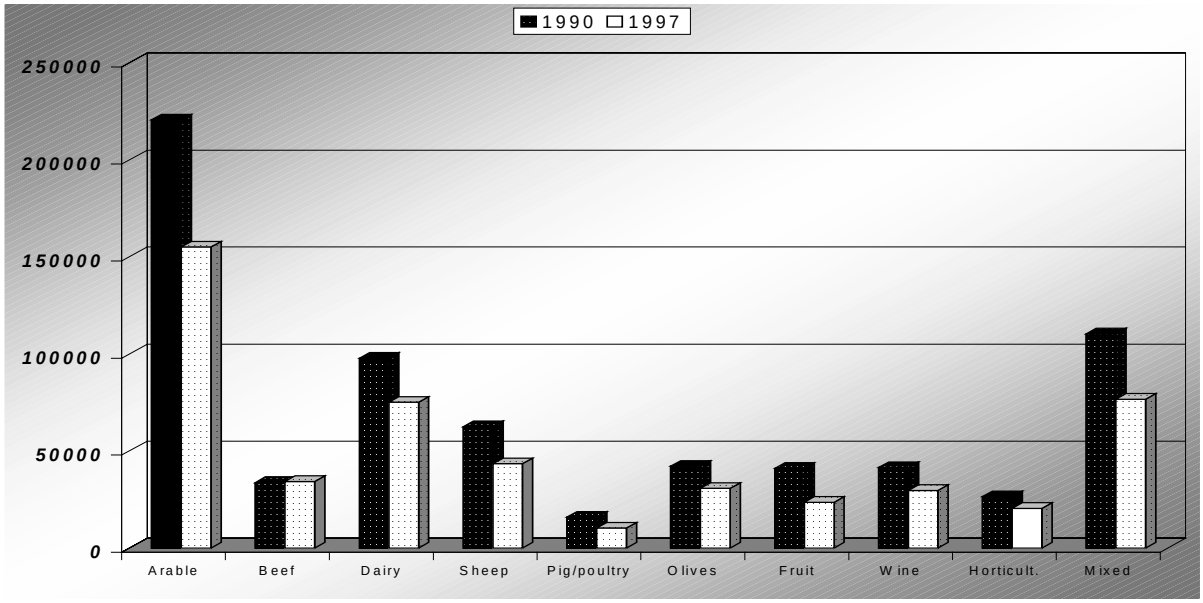


Source: EUROSTAT

Figures 15 and 16 suggest that the trend identified in this report for all farmers - a significant decline in numbers of farmers on small and/or less-economically-viable farms, and a rise in numbers farming larger/more viable farms - is apparent for young farmers also. If anything, the trends are more extreme. Young-farmer numbers are falling more dramatically in the smaller and less-economically-viable farms than equivalent figures for all farmers.

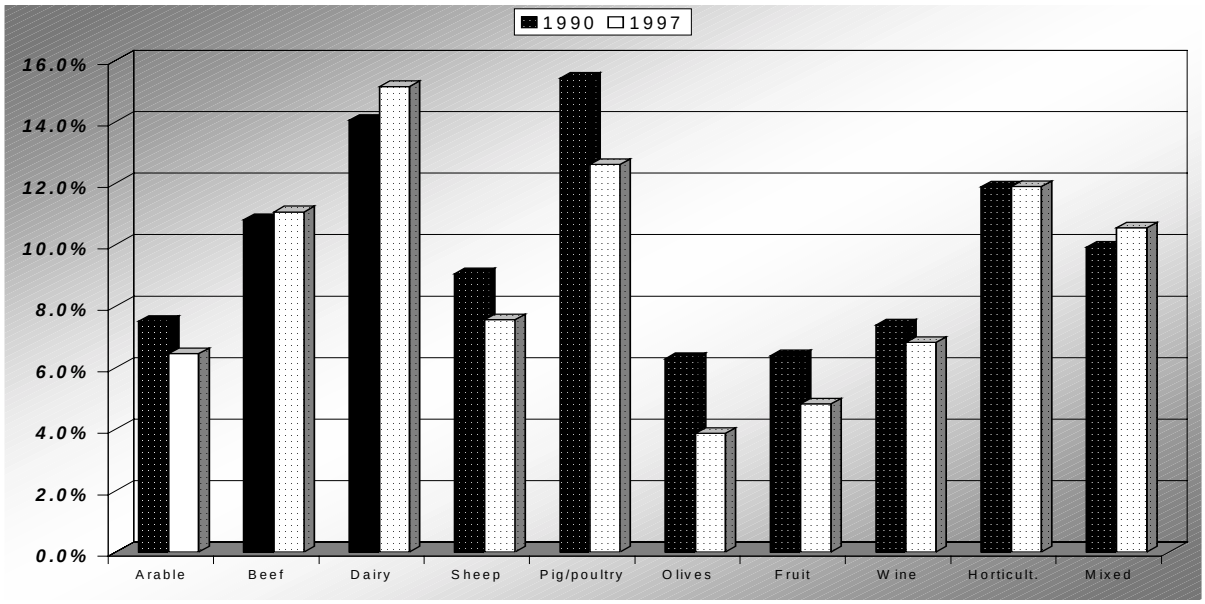
The concept of the "family farm" is often invoked when talking about farm size. It is often contended that this epithet be synonymous with "small farm". EU statistics, as compiled by EUROSTAT, however, show that farms owned or managed by family members represent almost 100% of all farms (alternative ownership being in the domain of companies or other "legal persons"). For this reason, family farms are not singled out for special treatment.

Figure 17. EU young-farmer numbers, by agricultural sector



Source: EUROSTAT

Figure 18. Percentage of young farmers total, by agricultural sector



Source: EUROSTAT

Figures 17 and 18 give a sectoral illustration of how young farmer numbers are changing in the EU. The most significant increase between 1990 and 1997 can be seen in the dairy sector, while the percentage engaged in some other sectors has fallen significantly. The dairy sector is interesting since the operation of milk quotas often acts as a hindrance to new entrants because of the value they add to a farm purchase price (which acts as a barrier to young farmers). Of interest also is the olive-growing sector, where the percentage of young farmers has fallen significantly, whereas the figures for all EU farmers showed an increase in numbers. The opposite is true for mixed farming, where the percentage of young farmers engaged has risen while the total numbers of farmers in this type of production has fallen.

2.2. The situation in the candidate countries

Due to the lack of a complete set of statistics on the farming situation in the candidate countries, a compilation of statistics is presented in Table 1. Please note that the year of reference varies per country. In several countries operating under the Communist system, earlier figures could be meaningless, unreliable or both.

Table 1. Statistics on farming in candidate countries

	Cyprus (1994)	**Czech Republic (1995)**	**Estonia (1999)**	**Hungary (1998)**	**Poland (1996)**	**Slovenia (1997)**
Number of farms of which:	51,164	23,644	42,213	40,178	3,066,535	90,820
- family type farms	51,164	21,156	41,446	27,848	2,041,380	90,612
- other	0	2,488	767	10,028	1,025,155 (a)	208
Family type farms by farm size (%):						
- > 1 ha	36.6	3.0			n.a	29.0
- 1 – 2 ha	19.5	9.3			22.6	
- 2 – 3 ha	12.8		15.1			
- 3 – 4 ha	7.4	16.4			32.8	40.0
- 4 –5 ha	5.7					
- 5 – 10 ha	11.5	20.7	17.2		25.5	23.9
- 10 – 15 ha	4.3	21.1	27.6	n.a	10.6	6.5
- 15 – 20 ha					4.4	
- 20 – 30 ha	2.1	9.2	17.5		3.7	0.5
- 30 – 50 ha		7.5	15.4			0.1
- 50 – 100 ha		6.4	6.5		0.2	0.0
- 100 – 500 ha		5.2	0.7		0.2	0.0
> 500 ha		1.3				
Average size of family type farm (ha)	3.6	37.6	21.2	170.4	7.9	10.1
Number of workers (holders) on family type farms of which (%):	94,608	36,212		70,300	n.a (2,035,664)	249,345 (90,612)
- < 18 years		0.9				30.4 (6.2)
- < 25 years	9.6 (0.5)				(3.3)	
- 19 – 30 years		18.3				
- 25 – 34 years	16.3 (10.5)				(14.2)	
- 31 – 50 years		54.7				
- 35 – 44 years	24.0 (24.9)		n.a	n.a	(26.9)	32.1 (36.2)
- 45 – 54 years	22.9 (25.6)				(22.5)	
- 51 – 54 years		10.8				
- 55 – 59 years	15.2 (18.8)	7.4			(9.4)	18.0 (27.3)
- 60 – 65 years		7.8			(8.4)	
- > 65 years	11.9 (19.7)				(15.2)	19.4 (30.3)
Share of women in total workforce (holders) on family type farms (%)	42.4 (11.9)	32.6		30.2	(27.6)	47.5 (28.0)

(a) Includes 2,467 co-operatives, 2,016 public sector farms and over 1 million individual plots
Source: RGC compiled from national sources

The number of family-type farms in **Cyprus** has been increasing over the last few decades. The share of young farmers (under 35 years of age) declined from 17.2% in 1977, 15.1% in 1985, to 11.0% in 1994. In absolute numbers, there was a 22% decrease between 1985 and 1994. The average size of family-type farm was only 3.6 ha, the smallest size of the reported candidate countries. Women make up 11.9% of all holders.

Research by the Cypriot Agricultural Research Institute revealed that 14% of all operators of agricultural holdings were reported as yielding no agricultural income, while a further 24,6% produced agricultural income less than C£360 (€626). Both categories of farms can be considered as not economically viable or hobby farms. This is almost 40%!

Of all agricultural holdings only 25% have agriculture as their exclusive source of income. Over 90% of the part-timers earn more than 50% of income from off-farm employment. Part-time farmers are generally younger than full-time farmers. Holding size of part-time farms, for which the main source of income is agriculture, is twice the size of full-time farms.

Changes in land tenure in the **Czech Republic** occurred after 1989. Privatisation of Czech agriculture, which in the pre-transition period was dominated by very large-scale collective ("old" co-operatives) and state farms, has led to the emergence of basically three new forms of farming: the transformed co-operatives; other companies (joint stock or limited liability); and, individual farms (family or otherwise). In 1995 the legal entities made up 10.5% of the number of holdings and individual private farmers 89.5%. The share of agricultural land area farmed by individual private farmers was 22.7%. The average size of holdings was 1,086 ha for the legal entities and 37.6 ha for the farms owned by a natural person.

In the Czech Republic, only 16.3% of all permanent workers in agriculture were employed by family-type farms in 1995. Of the permanent workers on family farms 19.3% were younger than 30. In this age category, 25.2% were female compared to 32.6% in the total workforce on family farms.

Estonian farm structures during the Soviet era were characterised by large *kolkhosy* (state farms) and *sovkhozy* (collective farms), each typically having some 3,500 ha and 300 employees. Following independence, the *kolkhozy* were privatised and transformed into legal enterprises and the land was reinstated to former owners and their heirs.

The transformation process has led to three different types of farms: firstly, transformed co-operative farms, which still manage around 26% of the agricultural land; secondly, private family farms, which account for 37% of the land and have an average size of about 23 ha; and, thirdly the household plots, consisting of part-time farms with an average size of less than 2 ha and which are to some extent still dependent on the co-operative farms.

In January 1999, the Estonian agricultural sector had 767 farm enterprises (734 co-operative and state farms, and 33 agricultural auxiliary enterprises) and 41,446 private family farms. The average size of the private family farms was 21.2 ha, approximately 9.9 ha of which was agricultural land with the remainder forest or other land. Almost one third of farms are less than 10 ha, and some 60% are between 10 and 50 ha.

The main characteristic of the **Hungarian** farm structure in the past has been the predominance of large-scale farms, co-existing with a large number of small individual farms and household plots. The situation is evolving towards a more balanced situation between large corporate farms and co-operatives on the one hand, and individual farms on the other hand. In 1998 there were 8,313 corporate farms, 1,715 co-operatives, and 27,848 private enterprises. Additionally, it is estimated that there are around 1 million individual small plots.

Due to privatisation and other transitions, private farmers have begun to play a larger role in land use. Just over half of the land in Hungary is farmed by private farmers. Although the average size of a private farm is 170 ha, not all of this land is productive and/or used for agriculture. The average agricultural area comes to 130 ha of which 92 ha is arable land.

The exact number of young farmers is currently unknown. Based on the estimation by the national young farmers' association AGRYA, they represent close to one third of the total number of farmers. The ageing of generations means a considerable problem, since many of old farmers are "compulsory entrepreneurs". These persons, after losing their former jobs, try to live on their own land. Thus, they often continue agricultural production after retiring to complete their pension. The ratio of farmers older then 60 is higher than that of young farmers. On the other hand the proportion of middle-aged generations (40-60 years) is small.

Farming was never comprehensively collectivised in **Poland**. Several attempts between the 1950s and the 1980s were defeated as a result of continuous resistance by the farm population. Successive communist governments finally accepted the private farm as the main base for food production in Poland. There were some state-owned farms, however, mainly concentrated in the northern and western parts of Poland where they made up almost 40% of agricultural land use in 1990 compare with the national average of 18%.

Although most of this land is still state owned, much of this is now rented to private managers so that the land managed by the state sector has been reduced from around 20% in 1990 to 7.5% in 1996. These farms used to be important employers and had important service activities such as repair shops and grain storage. The co-operatives, like the state-owned farms, were also concentrated in the mid-western part of Poland. The co-operative share in land use fell from 3.9% in 1988 to 2.6% in 1996.

Private farms are the dominant feature of Polish agriculture, particularly in the east of the country. In the south, non-agricultural income is traditionally fairly well established and agriculture is a part-time occupation for many. However in the central and eastern parts of the country, this non-agricultural income plays a smaller role.

The public view of the Polish Agriculture Ministry is that, in the medium term, only 400,000 to 500,000 farms are sustainable. According to the Institute of Agricultural and Food Economics (IERiGZ), only 200,000 to 300,000 agricultural holdings could generate enough capital to expand. In a survey of farmers carried out during the 1996 census, only 17.2% of farmers responded positively when asked if their farm had development potential. Yet given the strong cultural attachment to "small-scale farming" in many areas, typified in south-east Poland, significant changes to the size and number of small holdings cannot be expected. This phenomenon has a strong social impact. If this population stays attached to the land on increasingly unsustainable holdings, then important rural development policies will be necessary.

In 1996, 17.5% of the holders of individual farms were younger than 35 years. Of this age group 20.8% were women, compared to 27.6% in all age categories.

Along with the increasing number of the younger farmers, the average level of education of the population involved in individual farming has increased as well. However, it still remains significantly lower than the average education in other sectors of the economy. The low average education level of the farmers seems to be one of the major problems. In 1996, only 12.4% of the farmers obtained an agricultural education, preparing them to perform their duties as the farm managers. About 29% of farmers attended certain agricultural courses and training, while 58.6% of farm managers did not have any appropriate agricultural training. The low level of education not only prevents a faster development, but makes the mobility of the excessive labour very difficult.

In the pre-independence period, more than 90% of the UAA in **Slovenia** was in the hands of small independent farmers and only about 8% was occupied by "socially-owned" holdings, today known as "agricultural enterprises". This was the result of the Land Property Law of May 1953, which limited the size of private farms to 10 ha of arable land (or 15 ha in some cases). Any excess was transferred to the agricultural enterprises. Most private holdings were involved in cattle and dairy production, whereas the "socially-owned" sector tended towards intensive animal production, in particular pigs and poultry.

The main objective of agricultural reform has been to encourage the development of agricultural holdings of a viable economic size; the privatisation process could not lead to any major or rapid change in agricultural structures.

Based on EUROSTAT standard definitions, the 1997 Farm Structures Survey showed that in 1997 there were about 91,000 agricultural holdings in Slovenia. The "agricultural enterprises", with an average area of 390 ha, account for only 0.2% of this number. Family farms have an average area (including forests, wooded land, fallow land and other non-cultivated land) of 10 ha. Their average agricultural area is only 4.8 ha.

The remainder of the land, belonging to holdings too small to meet EUROSTAT standards, is divided between alpine pastures, communal areas, kitchen gardens and other unused land. It includes 64,000 ha of arable land and 230,000 ha of permanent pasture and adds a further 330,000 ha to the EUROSTAT figure to give a total UAA of 787,000 ha. Some of this land is farmed by family holdings, but most is overgrown and not cultivated.

In Slovenia holders make up 36.3% of the farm labour force. Spouses provide 23% of the labour force while other family members and non-family labour make up 40.1% and 0.2% respectively. Of the holders, 6.2% are younger than 35 years. Of the holders under 35 years of age, 23.7% are female.

3. Observations

3.1 The situation of farming in the EU-15

3.1.1. Lower overall numbers of farmers

Lower overall numbers of farmers in the EU and candidate countries, and the increase in farm sizes, logically means fewer start-up opportunities for new entrants to farming overall. Thus the opportunities for young farmers to enter farming are reduced.

To alter the trends observed in overall farmer and young farmer numbers would thus probably require a fundamental shift in EU agricultural policy. Policy would have to move away from the restructuring of farms into more economically-viable units (more attractive to young farmers) and towards the maintenance of as many farmers as possible on the land, particularly in certain regions vulnerable to farmer loss. Such a shift seems unlikely in present political circumstances, given that the European Council decided on significant (and long-term) reforms to the CAP as recently as March 1999.

This does not mean to say that measures to assist young farmers are not worthwhile. It means simply that, within the present policy framework, such measures will help young farmers but probably not reverse the broad trends observed.

3.1.2. Lower young-farmer numbers as a proportion of the total

That young farmer numbers are falling in absolute terms is perhaps unsurprising. However, the fall in young farmer numbers as a percentage of the total (in most member states) is obviously a cause for concern.

The more dramatic observation to be drawn from the data is that older farmers are not declining at the same rate, indeed hardly at all. This will clearly have a serious impact on the ability of young farmers to take over farms.

3.1.3. Reduced importance of farming in society

It is perhaps going too far to suggest, from the statistics alone, that farming is now unimportant. Society's view of farming is based on many complex interactions. However, looked at in purely economic terms, farming is clearly of declining importance throughout the EU. In some countries, its economic weight has reached very low levels. This is relevant when considering the political importance of the sector. In particular, public attitudes to spending taxpayers' money on farmers may be coloured by such figures.

3.1.4. Encouraging the retirement of older farmers

The data in Figure 11 show that there is only a slightly downward trend in the number of farmers over 65 years of age. This suggests that older farmers are working until a later age and that they have not been ready to hand over their farm to another family member or third party, or have not found a successor.

Assuming that EU policies are to encourage a shift in the age structure to younger farmers (as evidenced by the continuation of measures encouraging farmers to retire early and to pass their enterprise to a younger farmer), then further measures of encouragement seem to be necessary.

3.1.5. Sectoral points

It is difficult to draw conclusions from the sectoral data. It appears that, despite the barriers to entry into farming in the dairy sector, for example, this is a sector where young-farmer numbers have been declining less rapidly than total farmer numbers. This suggests that the relative economic attractiveness of the sector outweighs the barriers to entry.

3.2. The situation in the candidate countries

As the statistics available from the candidate countries are far from complete, and often outdated due to further restructuring of agriculture, a comparison over time is not very useful. Nevertheless, some comments can be made.

It is interesting to examine whether a similar family-type farm structure can be seen for the candidate countries as for the EU-15. In general, family farms do seem to account for the vast majority of farms in the candidate countries. However, there are two major exceptions: in **Hungary** (and, to a lesser extent, the **Czech Republic**) there is still a significant proportion of co-operatives/other structures involved in farming; and, in **Poland**, there are over a million farms not classified as "family" as they are very small, more-or-less subsistence operations.

In general terms, numbers of younger farmers as a proportion of the total appear to be rising in the candidate countries (except in Cyprus). This reflects the general restructuring of agriculture underway, and the tendency for younger farmers to be more dynamic. Such farmers tend also to take over larger farm holdings.

Chapter II
PROBLEMS ARISING FROM THE PRESENT SITUATION

This chapter does not present an exhaustive account of every problem faced by young farmers in every country under examination. Rather, it draws from the research undertaken and presents an objective view of those problems seen from a European perspective.

Nevertheless, the chapter does include significant issues which have been raised and which, while not apparent in all countries, seem to indicate trends of importance for more than one country, or even warnings of problems which could occur at EU level in the future.

1. Installation process and costs

The installation process/costs are cited by all correspondents in *RGC's* research as the most important barrier to a young farmer wishing to set up in farming. The problems include: availability of land (especially to young people not coming from a farming family); the price of land; the cost of machinery; the need to purchase production rights (to qualify for CAP subsidies); and, indebtedness.

The main specific problems facing a young farmer wishing to set up in farming (the process of installation) appear to be:

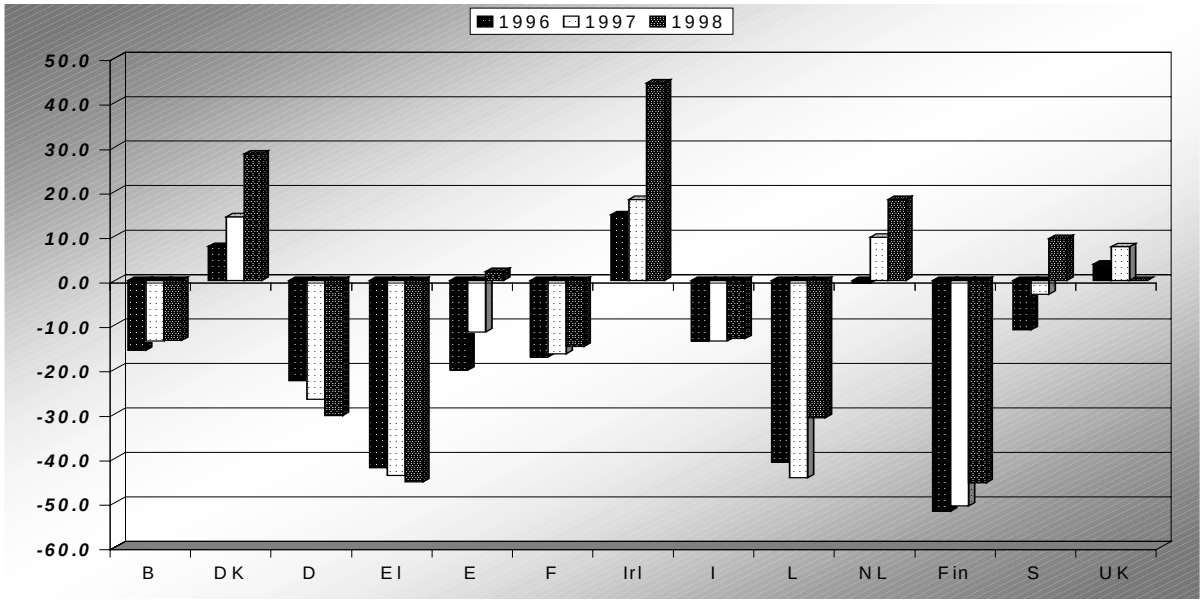
- availability of farms (especially if the young farmer is a not a family farm member);
- high costs: these include the price of land, the cost of machinery etc;
- indebtedness: as a result of high costs young farmers are forced to borrow large sums of money. Levels of indebtedness vary between member states.

These problems are faced by young farmers at a time when their incomes are relatively low.

1.1. Observations on land prices and subsidies

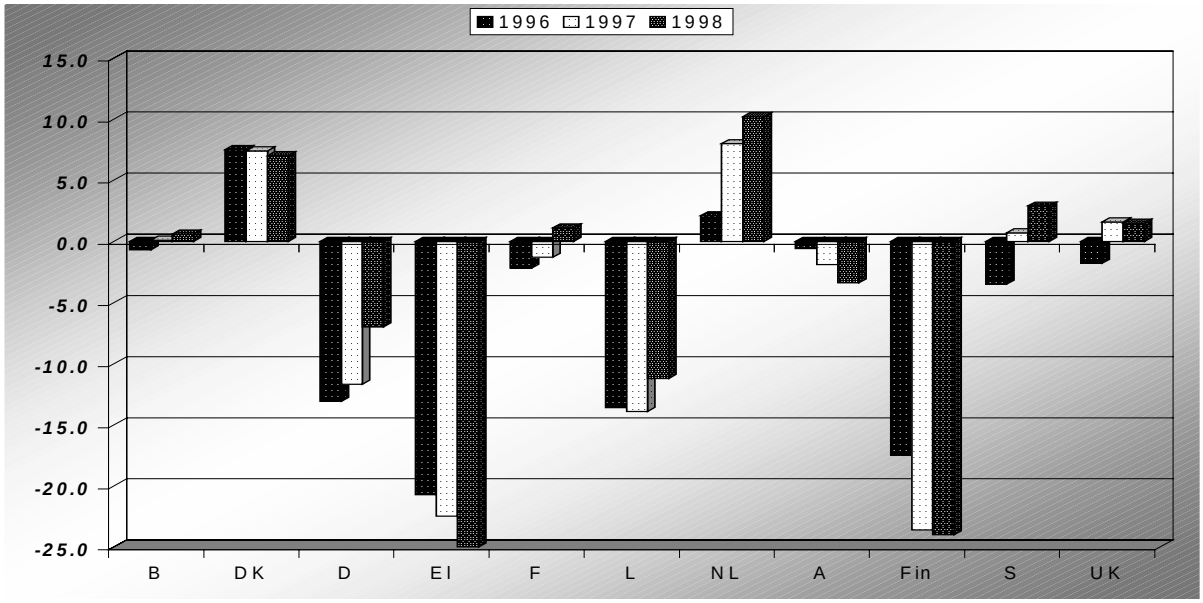
Farmers' mobility and young farmers' ability to start farming are profoundly affected by land prices and the effect of CAP direct support payments on values. Where there are limitations on farmland ownership, through availability or simply because of very high prices, the rented sector plays a more important role in ensuring that there is mobility within the farmland market. In some member states, such as Ireland, overall improvements in the economy and competition from urban encroachment have helped to drive land prices up.

Figure 19. Percentage change in EU land prices (1990:1996-1998)



Source: EUROSTAT

Figure 20. Percentage change in EU land rental prices (1990:1996-1998)



Source: EUROSTAT

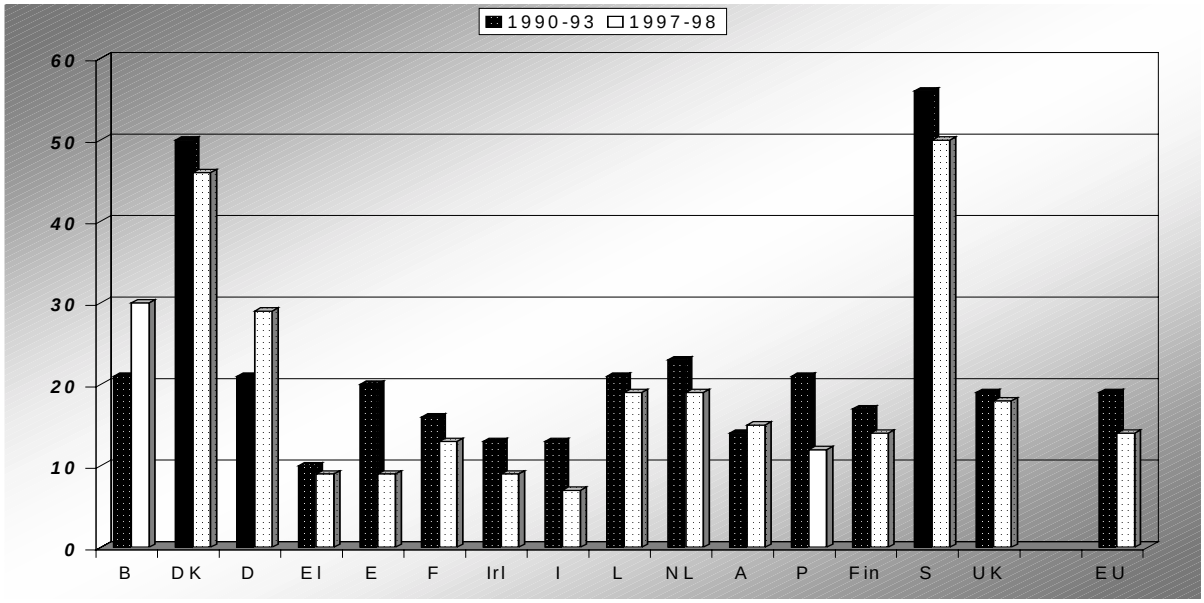
Figures 19 and 20 show the development of land prices and rental costs. The years 1996, 1997 and 1998 are shown in relation to the index year of 1990.

Data were not available for all EU member states.

As shown, there is no consistent land-price market in the EU (and this is true also regionally). They also show the volatility in land prices and rents, with significant changes in this cost occurring, for example, in Denmark and Ireland (land prices), and Germany and Sweden (rents), over only a three-year period.

High land prices and land taxes, as well as the burden of inheriting debts, discourage young farmers. New entrants must secure enough equity to overcome the difference between the market value and agricultural use value of land in areas where there are competing pressures.

Figure 21. EU farm-rent and interest-rate burden (% of net farm income)



Source: Agriculture in Denmark 1999

Figure 21 further emphasises the problem of farmer indebtedness by comparing it with farm income. The problem is most severe in Sweden, Denmark and Germany.

The main factor influencing prices in the EU are support payments and quotas. The OECD points to a significant increase in land prices coupled to arable area aids. Various studies cited by the OECD highlight land price increases linked to subsidies. Based on a 1% increase in wheat payments (measured in Producer Subsidy Equivalent), there is a 0.4% rise in land value. In the UK the land price rise was estimated at 0.25% for a 1% increase in gross farm income. Quota systems, such as dairy or sugar, when tied to land, will tend to be capitalised into the land value, doubling the negative impact on a young farmer who has to find capital not only for the quota in the first place, but also because of the land value.

In practice, high land prices caused by support for commodities or quotas not only add to the capital intensive demands faced by young farmers, but force them to channel assets into areas which may not bring a return if land prices fall. Subsidies to farmers in any form have a similar impact by increasing individual wealth. If the subsidies are then cut or reduced, new entrants are forced to finance assets at a price kept artificially high relative to the market and with the added risk that the assets may fall in value.

The greater the direct influence of the market on land demand, the more responsive land values are to changes in farm incomes and non-agricultural use pressures. While farm support payments capitalised into land values have an impact on the market, the more significant short term variables, such as national interest rates, inflation rates and capital costs, usually have a greater effect on land prices.

Farmers' increasing dependence on direct aid payments, intensified by the recent Agenda 2000 reforms, will continue to support the trend for high land prices and exacerbate the problems of young farmers. Farmland is agriculture's most capital-intensive outlay (compared to machinery

and other input costs). Farmers in the UK, Germany and Italy face average prices of about £4,600 (€7,686), DM18,000 (€9,203) and LIT 24 million (€12,395) per ha. Even a crude multiplication of these values by the average farm size in each country provides some guide to the enormous capital required for a new entrant.

This assumes that a young farmer will attempt to establish a holding close to the average size, on the assumption that this represents a viable norm. While many farmers will inherit land in some form, the scale of the capital required makes it extremely difficult for a new entrant to begin farming as an owner, and increases the importance of the rental market.

Land ownership, where land is registered as eligible for arable payments or with quota rights, "attached" acts as an income guarantee. As was clear from the 1992 CAP reforms, compensating farmers for commodity-price falls results in record land prices.

Since headage premium rights for livestock are held by a farmer and not attached to the land, such premiums have no direct effect on land values. However, extensification conditions apply to area and premiums and so the two cannot be divorced entirely.

Other factors, such as tax regimes and local planning restrictions, will also change market values considerably, and some investors, particularly in high value markets such as the UK, treat farmland as a tax shelter for non-agricultural assets.

Direct aid also has the effect of enriching the landowner, often at the expense of the tenant. This could be the case where a tenant has increased a dairy herd through buying milk quota, which would then remain attached to the land. The other extreme would be if sales of quota are allowed, the tenant can effectively reduce a farm's value by selling the quota.

Lower land prices resulting from lower subsidies could also increase gross margins and encourage agricultural practices more environmental than profit-oriented. With initial farmland investment costs lower, farmers would not be obliged to farm the land so intensively in order to make a return on their investment.

1.2. Specific observations about individual countries

Installation costs vary widely per member state and candidate country, as might be expected, and also within countries. Below are some examples of how such costs occur. It is not possible to produce a complete comparative picture, due to lack of available information/incompatibility of national data. One particular problem for comparison purposes is that different sources use different definitions of "installation costs".

In **Belgium**, both **Wallonia** and **Flanders** have agencies empowered to purchase marketed farmland in the interests of farmers, and have pre-emptive rights over non-farmers. However, this is only possible where the land will form part of a broader land redevelopment programme. Only around one third of Belgian farmland is owned by the producer.

Belgian land prices are driven up by Dutch farmers buying at the border and by urban dwellers moving to the country (the latter also encroaching on farmland).

Denmark applies a maximum upper limit of 150 ha to the aggregate farm area that can be owned by one farmer. Landowners are allowed a maximum number of five holdings adding up to no more than 150 ha. The road distance between holdings cannot be more than 2 km.

Land ownership or leasing is subject to strict conditions designed to maintain Denmark's rural farming structure. Farmers wishing to rent or buy agricultural land are required to live on the holding for at least eight years. If the area rented or bought is more than 30 hectares, they must show professional qualifications and make a commitment to farm, i.e. not lease out, the land for eight years. Farmers are limited to owning three farms, on the condition that they are all within 10 km of one another.

Measures to encourage a family-farm-oriented structure in **France** include a system of regulating both farm sales and leases. These require authorisation unless the transfer satisfies the concept of ensuring the continuance of a "family holding with personal liability". Authorisation is needed even where an owner wants to recover tenanted land to farm himself.

One way around high installation costs is for farmers to group together and take over a farm. Thus, in France, there has been a rise in the presence of such groupings (e.g. GAEC, CUMA, EARL and GFA).

France has directly addressed the problems of farm structures and problems faced by farmers in securing access to land markets. Rather than entrust farmland regulation to legislation, or leave it entirely to market forces, France has, since 1960, used a system of non-profit making institutions called the SAFER (*Sociétés pour l'aménagement foncier et l'établissement rural*). SAFERs are government controlled but owned by farmers' organisations, mutual societies and administrative bodies or companies. SAFER's buy about 45% of the agricultural land for sale each year.

The role of SAFERs is to improve the structure of farming by acting in the farmland market, either as purchasers of land on the open market, or leasing land. Where one of France's existing 26 SAFERs buys land, with the option of exercising pre-emptive rights over all others, it must resell its purchase within between five and ten years either to young farmers or to improve the viability of a less-sustainable holding such as a family farm. Its purpose is to build an ideal structural type, defined as a family farm with personal liability.

In **Germany**, a regional agency for the buying of land from farmers on behalf of farmers, (*Siedlungsgesellschaft*) is authorised to purchase marketed blocks of land with a minimum area of 2 ha, but only where there are no farm buyers. The agency's pre-emptive rights only apply over non-farmers.

Around 50% of German farmland is farmed by the landowner (nearer 90% in the new *Länder*). Rural land is protected for agricultural use by planning principles. These are specifically supposed to favour extensive, family-farmed agriculture and to discourage alternative, non-agricultural land uses.

The productive value of land in Germany is calculated as the annual net revenue multiplied by 18. This reflects the maximum lease length available for a whole farm (in the case of plots, a 12-year maximum applies). Otherwise no special arrangements, other than market supply and demand are applicable, with no preferential arrangements for young farmers.

Greece, in common with Italy, Ireland and Denmark, all of which share a commitment to family farming, has a very small rented sector, at just 22% of the farmland area.

Ireland has the lowest share of rented land in the EU, thanks to a system that actively works to promote ownership by requiring authorisation for sub-letting. Ireland has the highest proportion of owner-occupied land in the EU, with just 12% of farmland leased.

Italian farmers face the problems of high land prices and lack of help to acquire land. Competition with housing, industry and services keeps land prices high. Unlike many other EU nations (Germany, France, Denmark, Belgium and the Netherlands) there is no legislative or zoned planning protection for rural land. This means that land competes with other potential uses, and makes land unaffordable for farmers on urban fringes where there is building potential, especially in the North.

A national agency in Italy, the (*Cassa per la formazione della proprietà contadina*) has the right to mediate between vendor and purchaser in farmland transactions. The agency also offers long-term credit to purchasers and can intervene to buy farmland for suitably qualified farmers. These farmers can then take advantage of the agency's 30-year low interest mortgage loans (at as low as one third of the market rate). In order to qualify, the farmer must be a resident farm owner and family labour must make up at least one third of labour. In addition, a condition stipulates that the land cannot be divided nor converted from farm production for a 30-year period. The agency is not designed to assist young farmers in particular.

In **Luxembourg**, 46.6% of landowners farm their land, the remaining land being leased. A 1982 law regulates farm rents, which stipulates a minimum contract length of nine years in the case of a whole farm and where the contract is not ended by the lessee. Successive three-year contracts are possible. For plots of land, the minimum rental period is six years, although three-year contracts are possible, annually renewed thereafter. There are no specific professional requirements attached to renting land.

In the **Netherlands** the price at which a young farmer can take over a farm is particularly high. Prices of one million guilders (€453,780) are no exception. On top of this there are costs for legal fees, taxation, advisory services and sometimes Property Transfer Tax, Gifts and Inheritance Tax. These additional costs can easily amount to 30,000 guilders (€13,610), an amount needing to be financed as well.

More than 30% of total farmland area in the Netherlands is leased, and approximately 50% of farm holdings. Authorities in the Netherlands must approve a sale or lease, according to criteria including whether a rent is reasonable.

The national Bureau for Agricultural Land Management has pre-emptive rights over other purchasers in rural regions, but must buy land at market values and can then temporarily manage land in order to fulfil improvement or development projects. The Netherlands imposes strict rural land use development conditions, at a municipal level.

In the **UK**, although it is argued that tenancy reform and especially the introduction of short-term tenancies was an advantage to young farmers in helping them get a foothold on the ladder, this argument is not proven. The tenanted land market is not the exclusive domain of young/new entrant farmers. Consequently, young farmers often face stiff competition from existing farm businesses wanting to expand their present holding but without the necessary capital to purchase additional land.

This problem of new-entrant opportunities is being exacerbated by what is happening to the local authority farm estates in many counties of the UK. Traditionally regarded as a first rung on the farming ladder, the farm estates in many counties has diminished over the years. Indeed, over the past 12-18 months, at least 3 county councils who have put their entire farm estate on the market.

2. Succession and inheritance problems

The vast majority of European farms are family farms. This means that the best opportunity for a young farmer to set up in farming is by taking over the family farm, if such a situation pertains. The situation for people from a non-family-farm background is thus rendered very difficult, as well as expensive. Even for the family-farm members there can be significant problems and extra costs.

2.1. The situation in the EU-15

A very high percentage of new entrants to farming comes from within the family. The overall average for the EU could be as high as 80-90%.

There is an important distinction to be made between:

- **inheritance**, a legal transfer of rights, and;
- **succession**, the process of taking over a farm business which may last many years.

While inheritance is a relatively rapid legal process transferring wealth, succession is a much slower social one that may take many years of gradual handing over of management decisions. This hand-over includes the actual skills of farming as well as the preparations to continue the business of farming.

In order to address this, government policies often aim to maintain family holdings and encourage a smooth transition from one generation to the next by offering preferential tax breaks. Nevertheless, whatever the value of tax breaks, they appear to have a less direct effect than subsidies and grants on routine farm management because their most profound impact is at the moment of inheritance, i.e. once decisions about handing over a holding have already been made. Government or CAP subsidies and grants can have a direct and distorting impact on the value of land and are a factor more easily calculated by farmers (with the information freely available from farming organisations and companies) than information on personal taxation.

Studies conducted among UK farmers showed that age had less of an effect on farm management decisions than whether there was a clear successor to a holding. Potter and Lobley argue that patterns of inputs, simplification of the business and share of income derived from farming are all more similar amongst farmers without designated successors. "Farmers without successors, regardless of age, manage the smallest-farmed areas and are least likely to have acquired or rented additional land in the last ten years."

This "successor effect" may be present throughout a farmer's career. Where there is no foreseen or designated successor, farms not only suffer once a farmer retires or dies, but also suffer during their working life. Young farmers may be more open to risk when making business decisions compared with their older colleagues who have a successor to consider. However, the Potter and Lobley study concludes, "differences between successor and non-successor farms may therefore be at least as significant as differences due to age."

Farmers without successors may even run down or gradually disengage from farming compared to those with successors who make greater capital investments. Young farmers early in building their farm businesses are more likely to be looking for ways to expand their production as they build on capital. But this also means that farmers engaged in the process of handing over a farm to a son or daughter over many years are more likely to make longer-term investment decisions.

The process of succession can be complicated by the obligation to compensate eligible relatives who do not inherit property. Where a young farmer taking over a holding has to compensate other eligible heirs, there are likely to be significant additional installation costs. In the EU there is a clear split between those countries with a system of succession through a single heir who pays compensation to other eligible heirs (**Denmark, Sweden**, **Finland, Austria, Greece**), and systems which demand that all heirs are treated equally (**France, Italy, Spain, Portugal, Belgium, the Netherlands, Luxembourg**).

Only in the **UK** and **Ireland** is there a simple system of single inheritor who has no requirement to compensate others. In terms of avoiding the splitting up of farmland into smaller holdings and ensuring that larger holdings remain intact, this is probably the most effective method of keeping larger units operating in the EU. While there appears to be some correlation between the larger EU farm sizes and the single heir system, this is complicated by other factors.

Any mechanism, including succession, which diverts assets away from the business of farming is bound to have a negative effect on the farm itself for a young farmer. After the Irish and UK single, non-compensatory inheritance systems, the most beneficial systems are those allowing farmers to compensate other eligible heirs over a long period of time.

There is clearly a case for encouraging succession as early as possible (and wherever feasible) in the interests of continuity and more efficient land use. This encouragement may include better provisions earlier in the farming career of young farmers with benefits for children succeeding and financial inducements to maintain family labour on farm so that skills are passed on.

Farming in **Belgium** takes places predominantly on leased land and this is a big advantage to young people who can enter without the costs associated with land purchase. In theory, this should help access for those without a farm background, but in practice only farming families lease land for farming purposes and they are as rooted to the land as if they owned it.

Farm transfer is a family matter with **Danish** farmers – younger farmers taking over land from their parents. The transferee acquires the land, house and capital. However, although land still passes in a preferential way from parent to child, Danish farmers have to pay for take-over and therefore their debts are the highest of the young farmers in Europe. It is essential for the farmer or spouse to have an outside job to manage the costs of the loans when taking over initially. State policy aims to reduce the cost of loans.

French agricultural policy first recognised the need to support young farmers in 1973. Transfer is still a family matter and it is three times more expensive for non-farming individuals to enter farming than it is for farmers' children. Larger farms manage transfers well, usually giving the chosen transferee a part of the farm to be responsible for prior to transferral of the entire holding. According to responses to *RGC's* research, for less-prosperous holdings the transferor tends to work for the parent as a farm help or is often the youngest son with the worst academic record who cannot obtain other employment. French policy has been considered successful. However, the government target of 12,000 new entrants a year is not being met and land released by retiring farmers is mainly purchased by existing farmers. Despite all expenditure since 1993, people have been leaving farming in France at a rate of 4.2% per annum since 1993.

In **Germany**, farms are small- to medium-sized. Approximately half are part-time. Take-over favours the retention of a viable undivided farm. In general young farmers take over after helping out on the farm. The real cost of taking over is the cost of supporting one's parents until they die (*Allentein*). It is possible that payment to other heirs is required but parents usually give money to the other heirs. Young farmers invest more than their parents and have higher debts.

Studies on the issue of finding a "successor" in Germany confirm the EU experience that larger farms have less difficulty in finding a successor than smaller holdings. (Only 8% of farms over 100 ha have no clear successor, whereas 39% of farms from 10-20 ha face uncertain futures in this regard). There are regional variations, too, with 43% of Northern German holdings "certain" of their successor, compared to 24% and 29% in Central and Southern Germany respectively. Although this may largely be due to farm size, it can also be linked to the fact that there are no uniform rules on inheritance of farmland in Germany. Common rules apply in Schleswig-Holstein, Hamburg, Niedersachsen and Nordrhein-Westfalen in the North and West, but separate regional laws apply in Bremen, Rheinland-Pfalz and Hessen. The *Land* of Baden-Württemberg even has three different sets of rules within its region. The concept of splitting farms equally among all heirs (*Realteilung*) is the tradition in the south-west and areas of North Germany, whereas other regions tend to maintain the uniformity of the holding, with other heirs being "compensated" or bought out. This practice has become more and more widespread, with the successor often assisted by the use of tax value or yield value of a holding rather than the (normally higher) market value in calculating the "compensation" payable to other heirs - a practice unique to farmland.

A recent study concludes that the current rules maintaining the unity of farm ownership is outdated and hinders flexibility. It recommends that Germany should consider elements of French inheritance law which allow for the division of the holding, but linked to long-term leasing of the land to the heir that succeeds the overall running of the farm, i.e. maintaining the unity of the farm, but avoiding the large financial burden required to compensate fellow heirs. It welcomes the decision of Baden-Württemberg to remove the current special inheritance status rules (*Sondererbrechtsregelungen*) for agriculture at the end of 2000, which is considered "no longer appropriate" because of the importance of leasing agricultural land in the new agricultural structures of Germany.

Research shows that succession "rates" are more certain in the five new *Länder*, but this is probably due to the larger farm structures, and to social questions following German unification (e.g. the far greater entrepreneurial spirit found in the younger generation) and, above all, the higher levels of unemployment.

In **Greece** availability of farmland is a serious problem. Parents normally split their farm amongst their sons and daughters, thus dividing it into smaller segments.

In **Ireland** take-over between family members involves virtually no cost. Although there is a high rate of renewal of farms, small farm size leads to persistent structural problems. Therefore farms generate low levels of income.

Italian farm structures are based on the principles of "equity between heirs" and "family before business". Fathers retain control until death and, after that, farms are legally split between heirs. In reality, one heir will continue farming and lease land from the others. "Young" farmers are, in fact, old by the time they inherit. Responses to *RGC's* research suggest that they often have very low levels of education and they do not necessarily farm in a different way from their parents.

Italy, similarly to France, operates a succession system that treats all heirs alike. However, Italy has specific family-farm-oriented legislation designed to keep holdings together. A right of pre-emption, i.e. first refusal, operates for family members when one decides to sell. If one member of a family no longer actively farms and does not sell within five years, other family members have a purchase right at a price determined by local agricultural authorities.

Problems of succession in the **Netherlands** do not arise from a lack of candidates. Take-over of capital-intensive farms in the Netherlands is organised so that successors can try and minimise financial difficulties. The system is based on a (*maatschap*), an arrangement whereby there is an association between parents and successors for the period of transition between the generations. This period of transition has lengthened as farm prices increased. Nowadays these associations run for 10-15 years and 70% of entries into farming are based on them. Land is progressively acquired. Dutch agriculture is therefore effectively only available to farmers' children.

Another problem in the Netherlands arises in farm take-overs other than in a direct family line. Farm take-over in a direct family line is exempt from Property Transfer Tax. However, this exemption does not apply when a farm is handed over in other cases e.g. from an uncle to a nephew or where there is no family relation.

An additional problem in the Netherlands is linked to the young farmer's brothers and sisters. Legally, parents are free to hand over their farm at whatever price they prefer to whomever they wish. At most they can incur a large claim from the tax authorities for Gifts Tax. However, in practice, parents will try to treat all children as equally as possible. Still, by handing over the farm against a value below the free market value it is possible that the other children will regard this as a preferential treatment. Farm take-over is very complex in itself. While the brothers and sisters of the young farmer may understand the emotions around the farm, this is not the case with their partners who may feel they "lose" a lot of their prospective inheritance.

In **Portugal** inheritance takes place amongst the family. There is a practice known as *morgadio* where the farm is maintained as one unit. The family provides cheap labour. *RGC's* research indicates that younger farmers are becoming more educated and this will promote change.

In **Sweden** it is estimated that 65% of farm transfers are between family members. Some recent statistical work suggests that the share of young farmers in the total number of new farm ownerships has fallen during the 1990s, suggesting that younger farmers are finding it increasingly more difficult/less attractive to go into farming. These are preliminary results only and could conceal other reasons for apparent changes, such as the domestic agricultural reforms of the early 1990s and the impact of EU accession after 1995. The figures also suggest that, in cases where installation aid is granted, new farmers are younger when the farm is transferred to a non-family member than when it is a transfer within a family. Succession in Sweden usually involves splitting farms between the farmer's offspring.

Promoting young farmer entrants is not considered a priority in the **UK**. Most people inherit from their parents with very low costs involved. Farms are large and two generations can usually make a living. In general younger people do not farm in a significantly different manner from their parents. The extent of large estates makes it easier for people from a non-farming background to gain access to farming. However, this picture is typical only for central and southern England and conditions would vary considerably in other English regions, Wales, Scotland and Northern Ireland.

2.2. The situation in the candidate countries

In **Poland** a considerable constraint, which is currently limiting agricultural restructuring and modernisation, is the lack of a full and effective land registry. At present there are three separate systems operated by three different ministries, none of which constitutes a complete operational land register containing all the information necessary in a market economy. The Ministry of Interior and Public Administration is responsible for a land register which contains a description of land plots and their "holders" but does not grant legal title or ownership, and does not cover

the whole country in a consistent fashion. The Ministry of Justice is responsible for the district property registers which contain details of ownership and property rights, but coverage is incomplete and out of date (only about 30% of property is currently included). The Ministry of Finance holds a fiscal register used to determine property taxes. In addition, a fourth ministry, the Ministry of Agriculture and Food Economy, is responsible for surveys of agricultural land and soil quality and for the calculation of taxes on rural property.

This complex situation causes problems in the land market, which slows down farm consolidation and restructuring, results in a lack of collateral to obtain credit for investment, and creates uncertainties for land managers that affect their long-term decisions.

In April 1998 the Surveyor General presented a draft programme to modernise the land registry system and to create an integrated system linking together a Real Estate Cadastre (containing physical details of property), a Real Estate Register (containing details of property rights and ownership) and a Fiscal Cadastre (containing valuations and tax liabilities). This will provide security for property buyers and sellers, will facilitate the process of land consolidation, strengthen the financial position of local authorities and support the operation of the market economy. It will, however, take considerable time and resources to implement the new system.

In **Slovenia** farmers tend to inherit the farm when they are around 40 years of age. There are very few new entrants into farming (1%) from a non-farming background. Most farmers take over the parental farm. Statistics are not very accurate as many young farmers work on the farm together with their parents.

3. Specific problems for women farmers

While women young farmers clearly face significant barriers to entry to farming, there is little evidence to show that they are subject to significantly more difficult or different problems from those of young male farmers. The data show that women-farmer numbers are rising as a proportion of the total.

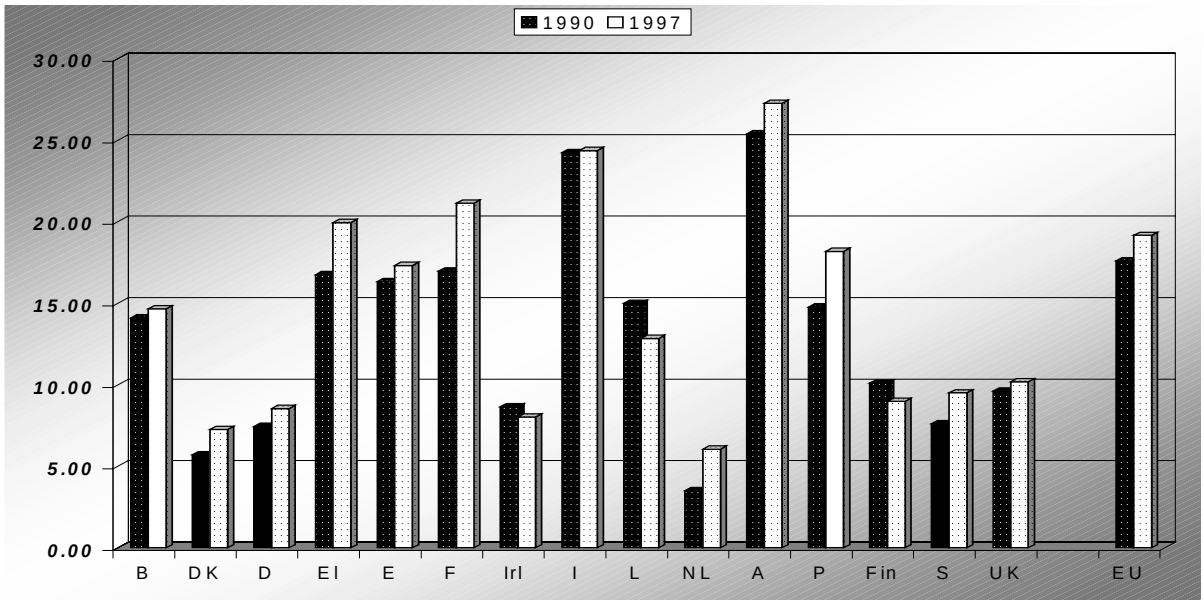
3.1. The situation in the EU-15

As is outlined in the CAP study "Labour situation and strategies of farm women in diversified rural areas of Europe", women perform a number roles and activities related to farming. These range from domestic work/family raising, through on-farm activities to providing important additional income from off-farm labour.

On-farm work is often seasonal, part-time or occasional and often unpaid. Self-employment is frequently the status given to women on the farm. This can carry lower social-security benefits.

It is very difficult to generalise about the situation of women in farming in the EU. Women certainly face many challenges in setting up in farming, and are subject to similar disadvantages to women in other professions/walks of life (lack of maternity provision, need to take time off for maternity etc). However, these problems do not seem to be more acute in farming than they are elsewhere. Nor does it seem possible to differentiate between the problems faced by young women farmers and those of their male counterparts. *RGC's* research suggests that young women farmers do not feel discriminated against. Figure 22 suggests that, in most member states of the EU, the ratio of women farmers is generally growing. Some specific issues have been raised.

Figure 22. Percentage of women in total EU farmer numbers



Source: Eurostat

3.2. The situation in the candidate countries

There is very little information on the situation of women farmers in the candidate countries. However, one example (below) might be considered to be typical.

In **Slovenia** the position of women is described as marginal. It is not a "real" economic role in farming terms but that of household management. Working conditions on farms in Slovenia are difficult. A large number of farms lie in mountainous areas. Also, some correspondents claim that many young women do not favour a life of hard work in remote areas so they decide not to marry a young farmer. This has obvious consequences for the next generation of farmers.

4. Education and training

Meaningful data on the state of education and training for young farmers have been difficult to amass. Figures on numbers of students following various courses vary according to the country concerned's educational system and traditions. However, responses to *RGC's* research suggest that this is a major area of concern for young farmers. The concern is rather general – young farmers do not feel that they are being properly prepared for the difficulties of managing a complex business in a difficult and changing socio-economic period.

4.1. The situation in the EU-15

It is difficult to obtain reliable statistics on the numbers of students enrolling on agricultural courses in the various member states. EUROSTAT has been unable to provide these. Some national statistics indicate the general trends.

In **Denmark** about 1,000 young people start agricultural education each year. There are about 800 new entrants to farming each year. The average age of farmers setting up is 29. The average age of all farmers is 52. Approximately 50% of new entrants succeed family members.

The **French** government agrees that agricultural student numbers are declining, though the figures available are for numbers of students from an agricultural background (though extrapolating from the numbers/percentages below, total students are around 185,000 annually).

The French government points to the declining numbers of farming students coming from an agricultural background. In 1998 they accounted for just 19.09% of the total, compared to 19.5% in 1997, 21.4% in 1995, 34% in 1990 and 40.1% in 1985. By adding in those from families of salaried farm workers, the numbers do not rise much (to 20.8% in 1997 and 42.4% in 1985 for example). Nevertheless, says the French Ministry, while the proportion of students coming from an agricultural background is falling, the numbers remain relatively constant at around 37,000 annually since 1995.

In France, some 11,089 were enrolled in 1999 in higher education (*enseignement supérieur*) in agriculture (including research students). Technical education figures were 177,294, apprenticeships 24,966 and continued professional training 134,108. France spends a total of approximately FF7 billion (just over €1 billion) on agricultural education annually.

In **Germany**, young farmers' representatives stress that ways and means of keeping abreast of latest techniques and technological developments are needed, not on a full-time basis, but in the form of "entrepreneur schooling" and a greater series of exchange programmes. More globally, the training of more people in rural areas with regard to new media (Internet etc.) will do much to help these areas.

Recently-released figures in Germany highlight the difference in young farmers attitudes between the "original" 11 *Länder* and the five new *Länder*. In 1999 the number of completed agricultural diplomas fell by 0.7% relative to 1998, falling 3.2% in the "West", but rising by 6% in the "East". German Farm Ministry officials put this trend down to the lack of alternatives open to young people in rural areas in the five new *Länder*.

Since 1995, the general trend has been upwards, with the number of completed agricultural qualifications in Germany rising by 21% since 1995 from below 13,000 to over 15,650.

Numbers of students enrolling for agricultural courses at universities in the **UK** are declining. This a worrying trend given the increasing technical sophistication of farming.

In the UK, the cost of attending the Royal Agricultural College at Cirencester for a three year bachelors degree in farm management is £5,500 (€9,190) annually in fees. Neither the College nor UCAS (the university enrolment organisation) have figures for UK enrolment generally.

4.2. The situation in the candidate countries

Although the level of education of young farmers is better than that of their older counterparts there is no specific agricultural training to be had in **Cyprus** apart from some short-term courses organised by the Department of Agriculture. This means young farmers have to travel abroad to attend an agricultural college. The Ministry of Agriculture, Natural Resources and Environment is in the process of drawing up a policy instrument to provide training at an intermediary level.

In **Estonia** the level of professional education is low, especially in the case of smaller family farms. Many private enterprises do not have the necessary experience to manage a farm. Improvements in education however are taking place.

A major handicap for rural people in **Poland**, which has knock-on effects throughout the entire rural economy is access to the education system. The state system consists of eight years of general education from 7 to 15 years of age, followed by attendance at a grammar, technical or vocational school. New proposals will change this to six years of primary school, three years of junior high and then either three years of grammar/secondary school or two years of vocational school. In rural areas, normally one school catering for all pupils aged up to 15 is available locally. Then pupils must travel to a grammar, secondary or vocational school. Although tuition costs are met by the state, families must pay for travel, and frequently also accommodation as it is often not possible to commute daily from rural areas. This is an additional burden on the rural population and significantly reduces the numbers of students who continue their education beyond the age of 15. More than half of all farmers have no secondary-level education at all, nor any formal agricultural training.

In rural areas, only 2% of the population has a university-level education, compared to 9.8% for Poland as a whole, and those working in agriculture are five times less likely to have completed any form of higher education than people working in other sectors. There are not yet any signs of improvement in this imbalance as, although rural communes represent 38% of the total population, only 2% of students in higher education come from these areas.

5. Decline in rural areas/infrastructure

This section raises, briefly, some of the concerns young farmers have about the general decline of the quality of rural life. This decline, experienced in most rural areas of Europe, results in young people preferring not to remain in those areas. Furthermore it can mean that the quality of life, even for those who do remain, is much reduced.

5.1. The situation in the EU-15

The "decline in rural areas" described by many sources in *RGC's* research manifests itself in many ways. Some examples are given below.

Italian young farmers describe the lack of services and amenities as the reason young people prefer to live in urban areas and work in non-farming industries.

In **Germany**, the recently-introduced eco tax will clearly hit rural areas harder than urban areas due to the greater need for mobility and lower levels of transport in the countryside.

In **Sweden**, as in many other countries (but not all), the rural population is declining in many areas of the country. There is a general trend that young women leave the countryside to a greater extent than do young men. Other problems such as lack of transport, employment and services (schools, healthcare, post offices etc) are involved. A vicious circle seems to have been created. The main areas affected are the non-coastal regions of the north of Sweden.

In the **UK** loss of facilities in rural areas, transport being the most significant, is often cited as a problem. This is not a problem confined to young farmers but adds to the perceived burdens of living and working in the rural environment.

This study does not develop these points further. The EU's several structural and social policies over recent years point to a recognition of the problems experienced in rural areas. These problems affect the entire farming population, and not just young farmers, though young farmers certainly feel that they are more affected.

5.2. The situation in the candidate countries

The same trends are apparent in the candidate countries. Some examples follow.

The **Estonian** government is worried about the decline of rural areas as is shown by one of the proposed measures under the SAPARD programme. This consists of support for the renovation and development of villages and the protection and conservation of the rural heritage and improvement of the rural infrastructure.

In **Poland** the dispersed settlement pattern and resultant high costs of infrastructure provision in rural areas, along with generally low incomes derived from farming and high unemployment (registered and hidden) are responsible for the fact that infrastructure tends to be poorer in rural areas than in urban regions. This results in more difficult rural living and working conditions as compared with towns. In many places the road network is inadequate, energy lines require modernisation; telephones are lacking, water and sewerage facilities are considerably worse than in towns, whilst access to banks, post offices, schools, cultural institutions, as well as health-care facilities (particularly specialist centres), is much more difficult. These difficulties significantly hamper the development of off-farm activities and discourage new settlement in rural areas.

The situation is worse on farm holdings, due mainly to the dispersed building layout and the high cost of installing connections together with insufficient funds to co-finance the costs.

A further problem is the social infrastructure, which is underdeveloped and does not satisfy rural needs. The considerable progress made in the provision of technical infrastructure in the last decade has not been accompanied by improvements in social infrastructure. No progress has been made, in particular, in the provisions of cultural facilities, schools and health care facilities (e.g. the number of people per doctor is still four times higher in rural areas than in towns whilst the number of patients per dentist is twice as high).

The **Slovenian** government is aware that the decline of rural areas should be prevented or stopped. To this end the Department of Rural Development within the Slovenian Ministry of Agriculture, Forestry and Food (MAFF) has adopted an integrated rural development and village renovation project (CRPOV project). Various types of sub-programmes are being established, focusing on the living and social environment, social and cultural activities as well as the economy. To stimulate economic diversification, additional activities on farms, to develop artisan trade and rural tourism as well as additional sources of income on holdings, various activities are carried out. The aim of these projects is to maintain the population density of the Slovenian countryside, to find new sources of income via diversification, to carry out multi-activities and to develop rural tourism.

In recent years, differences between cities and villages, urban and rural environments in Slovenia have been increasing though. Rural areas are losing their economic strength, their infrastructural development is lagging behind, and some parts of the country also exhibit negative demographic trends and depopulation.

6. Depopulation

Depopulation could be seen as synonymous with the decline of rural areas. However, in some cases one can occur without the other. In some regions farming may be prosperous relative to other regions, while experiencing depopulation. In other cases the opposite is the case – farming can be in decline, while the countryside is in fact experiencing an increase in population. Again, this is a problem that is not directly related to young farmers alone.

6.1. The situation in the EU-15

Depopulation is a serious problem in some countries, and not an issue at all in others. The issue varies within countries as well as between them.

In **Finland**, for example, migration from the countryside to population centres has been particularly strong in eastern and northern parts of the country and many rural areas are depopulating. EU aid has slowed the decline of rural areas, according to the Finnish Ministry of Agriculture. Aid, however, is not sufficient to maintain the population base in all rural areas. During the present period of rapid economic growth, in particular, demand for labour in the population centres is great and people are moving from agriculture into other occupations. This is problematic not only for rural businesses but also in terms of business activity in general. Services deteriorate as far as both agriculture and other businesses are concerned, which makes it difficult to maintain and start business activity in these areas. An area density of farms which is too small endangers the practice of agriculture particularly in remote rural areas. Transportation distances for milk and livestock for slaughter are long in north and east Finland, which raises transportation costs and presents the risk of a fall in producer prices. To make production feasible, everywhere in the country, substantial regional aid is needed.

In **Greece** the significant difference in economic prosperity between rural and urban areas has caused a (continuing) migration of young people (men and women) from the countryside to towns and cities. There they pursue further educational studies or find non-agricultural jobs. Anecdotal evidence suggests that they find it difficult to return to the countryside. Those who do not migrate permanently face difficulties in finding a spouse, with obvious implications for the next generation.

In contrast, in the **Netherlands**, depopulation is not an issue. On the contrary, more people are tending to move to those rural areas with attractive living conditions and a good infrastructure for commuting to other areas.

6.2. The situation in the candidate countries

Depopulation of rural areas in **Cyprus** is obvious, especially in mountain areas, far from the cities. Young people are almost systematically looking for a "better future" in the towns, deserting mountainous villages. As a result, agricultural land is gradually being deserted and replaced by natural vegetation. Agricultural practices are performed mainly by older people who are not efficient in new methods. Agriculture, as a whole, is therefore declining in these areas.

The Cypriot government is making an effort to construct new roads in the mountainous areas, to establish regional schools and small hospitals, to improve social life, to promote agro-tourism etc., but results are so far poor. The most encouraging sign so far is that retired people are gradually moving in the opposite direction, from the towns to their native villages looking for a

better quality of life in the countryside. However, this trend can give little comfort to potential young farmers.

About 25% of the population in the **Czech Republic** live in rural communities with less than 2,000 inhabitants. Rural areas are characterised by an insufficient technical and social infrastructure such as limited public transport, an underdeveloped communications network and a lack of schools. A tendency to de-population has negatively affected the demographic structure of rural areas, leading to an over-representation of the 55-plus age group.

In **Estonia** the size of the rural population, its relative share and population density has not substantially changed in recent years. However, the importance of the agricultural sector in rural employment has fallen from 56.4% in 1989 to only 26% in 1998.

Around 40% of **Hungary's** 10 million inhabitants live in small towns and villages, a share which (in contrast to the trend elsewhere) has increased in recent years while urban population has fallen. Within the rural population, inhabitants of small villages have moved to bigger villages, where activities other than agriculture may have better resisted the recession.

Some 38% of the total population of **Poland** is located in rural areas (of which 51% is involved in farming). After the privatisation of the state industries there was a trend that people went back to rural areas where they could at least grow their own food. More recently, however, this trend has been reversed so that there is a steady population drift from countryside to town, but at a relatively slow pace, partly due to a housing shortage.

In the countryside the share of people below 14 years of age and above 70 years old is much higher than in towns. The percentage of multi-generation families is also much higher than in towns. Households with five people or more account for 12% of the total number of households in towns whereas in rural areas they constitute 30% of families.

Preservation of the population density in the countryside is one of the objectives of **Slovene** agricultural policy. Like the CAP, Slovene agricultural policy also emphasises the multi-functionality of agriculture, which it perceives as an economic activity in conjunction with environmental, spatial and social functions. The presence of a "Fund for Regional Development and Maintenance of Population Density of the Slovene Countryside" indicates the importance the Slovene government puts on preventing depopulation of rural areas.

For many of the very small private farms, income from agriculture is not - and has not been in the past – the main source of income. This is an essential characteristic of Slovenian agriculture, favouring the development of pluri-activity and keeping an important share of the population in rural areas. This balanced rural development, an important aspect of Slovenian society, has played the role of social buffer in certain periods. This role seems to have been very important between 1990 and 1993.

7. Social problems

In this section various other sociological concerns raised during *RGC's* research are aired. Though not specific to young people, social concerns, such as the poor prospects of finding a spouse, are clearly more serious for younger people than for older generations.

7.1. The situation in the EU-15

Within many member states one can identify a number social problems.

Family tensions can be caused by having to negotiate over farm take-overs with parents. In addition, in some cases, it has been established practice that parents and/or grandparents remain to live on the farm after take-over. Having more than one generation can create problems with people not feeling free to do as they please.

Also, when a farmer retires or hands over the farm, there is often a need to find alternative accommodation. This can be expensive and a psychological barrier to giving up a farm.

Another problem arises from the proximity of non-farmers. Non-farmers increasingly buy houses or former farmhouses outside towns and villages and become neighbours of farmers. Although they have moved to the countryside they do not always appreciate farming odours and noises. Also, it becomes harder for farmers to obtain environmental permits to change or expand the farming business as there are non-farming buildings in the vicinity.

7.2. The situation in the candidate countries

Social problems in the candidate countries run deeper than just those experienced in agriculture. Nevertheless, the change from the Communist regime has had a disproportionately-large effect on the agricultural community.

8. General problems

In this section the overall problems of agriculture are raised. It is important to recall that young farmers operate within the general system and situation of the farming industry. Their problems cannot in most cases be separated out from the general problems of agriculture as a whole.

8.1. The situation in the EU-15

A major cause of the reluctance of young farmers to enter the industry is the poor income situation and prospects in farming. Below are some examples/anecdotes illustrating this.

The **Danish** farmers' union points out that younger farmers are particularly vulnerable in this respect because of the large investment need to establish themselves and the often high debt load they carry as a result. The decline in farm incomes/profitability for a large number of farmers is leading to the erosion of the rural infrastructure in many areas.

In reviewing the current situation in **Germany**, there are clearly many discrepancies between the trends in the five new *Länder* of the former German Democratic Republic and the "original" 11 *Länder*, most notably the higher proportion of young farmers, and the increasing level of installation. While part of this can be explained by the generally larger farm structures and the modernisation process that agriculture in the five new *Länder* has undergone since 1990, there are a number of social issues which affect attitudes. Most obviously, the relatively high levels of unemployment, especially in the cities, frequently mean that children in rural areas have few tempting employment alternatives. Furthermore, one of the legacies of the planning system of the old GDR was that, after 1990, many people who had previously farmed the land were unwilling to take on the additional personal risks of farm ownership or, in some cases, did not have the necessary management or all-round agricultural skills. There is strong anecdotal evidence that the generation of "East Germans" who had not finished full-time education before the fall of the Berlin Wall in November 1989 are more willing to take on risk and additional commitments (e.g. investment loans) than their parents' generation.

In **France** it is recognised that economic difficulty is not peculiar to young farmers. Indeed, the uncertainty of the economic future of agriculture seems to be better handled by the young. Nevertheless, it remains a problem, especially in non-regulated sectors.

In **Ireland** two recent surveys have shown that, even on farms where a family succession could be guaranteed, in only 10%-40% of cases could the farm alone provide secure income.

In **Italy** the young farmers' organisations expressed similar doubts about the lack of economic returns on heavy investments as the principal problems facing young farmers.

In the **UK** there is a general economic malaise throughout the industry and an associated lack of confidence in an assured future. Whilst some young farmers see this as a challenge to their entrepreneurial and innovative skills, for others it represents a bleak future and one to which they do not wish to subscribe. This was highlighted in a recent survey conducted by the NFU (National Farmers' Union of England and Wales) for a publicity initiative on LFAs where over 40% of LFA farmers were found either to have no successors at all or had family that did not want to take over the business.

The speed of structural change in farming is cited as a particular problem in **Sweden**.

Farmers' organisations in several member states cite the poor image of farming as playing an important role in dissuading new entrants. There are many reasons for this (e.g. food safety scares, criticism over environmental and animal welfare matters etc). Combined with the poor economic prospects in farming, this negative image plays an important deterrent role.

Several correspondents cited the stress and expense of handling the bureaucracy involved in obtaining assistance for young farmers as a significant problem.

8.2. The situation in the candidate countries

In the **Czech Republic** economic development of farming has not been favourable in recent years. Almost 50% of farms have not been profitable for many years and there is substantial indebtedness and low financial liquidity. Thus some 70% of farms have serious financial problems.

According to Czech sources, the causes may be found in the stagnation or very low growth of agricultural incomes with concurrent rapid growth of input prices and lagging behind of technologies and investments. The net value added by the agricultural sector is reduced due to the above shortcomings and thus does not adequately cover costs and does not lead to the generating of operating surpluses for the further adequate development of farms.

For **Hungary**, since 1990, the recession in agriculture has been even more pronounced than in other sectors in the economy, leading to a sharp reduction in agricultural employment and social problems in rural areas; the main reasons being the restructuring of land ownership and the collapse of traditional export markets. Recovery has been visible since 1994, however, and has been faster for agriculture than for the economy in general.

During the economic and social transitions of the 1990s, the Hungarian government started land reform. In that framework older farmers have been able retrieve their one-time properties, but only a few young farmers have been able to buy land. During the early 1990s young farmers took an active role in family farming and, in the second half of the 1990s, they started establishing their own individual family farms. They had two alternatives: tenure of older farmers' land or intensive production on a detached part of the family farm. Tenure caused important problems since young farmers had little capital and farming equipment and thus could not achieve high crop yields. The income from these smaller yields was even further reduced by the additional rental costs. Farmers using intensive production methods have been in a slightly better situation as they could use their up-to-date knowledge in modern production technology. The lack of previous reliable bank records makes it difficult for young farmers to receive loans from banks. A number of initiatives have been started to solve this problem but gaining the necessary financial resources remains difficult to young farmers as a direct consequence of the low profitability of the farming sector.

A thorough analysis of the situation in rural areas, and in agriculture, in **Poland** has made it possible for the Polish government in its policy strategy to identify the most important problems to be addressed in the EU pre-accession and post-accession periods. Some of the problems derive from historical circumstances, others spring from the introduction of a market economy.

The main problems in rural areas are listed below:

- poor development and maintenance of physical, social and cultural infrastructure;
- mono-production in some regions, dependence by too many people on agriculture for their livelihood coupled with limited opportunities to earn non - agricultural income;
- difficult access to business support services;
- little entrepreneurship, social and cultural activity;
- high unemployment (both recorded and hidden);
- low incomes of the rural population resulting in reduced demand for non-agricultural goods and services;
- weak institutions to support rural development;
- endangered rural cultural heritage.

Major problems facing the agricultural sector are:

- fragmented farm structure;
- production which does not match market needs, both in terms of quantity and quality;
- underdeveloped market organisations and insufficient integration within the food marketing chain;
- insufficient on-farm investment, both for replacement and modernisation;
- lack of skills in production, technology, marketing and management;
- weak farmers` organisations.

Most aspects of Polish rural areas are in need of urgent modernisation. The intention of the Polish government is to raise standards of the quality of life that will ensure that rural dwellers can actively participate in the whole country's economic and social life.

One of the more important initial challenges is to halt a decline in rural incomes and to put in place mechanisms which can stimulate income enhancing opportunities such as, incentives designed to promote job creation. The low incomes of rural families have multiple impacts, such as worse standards of living and social and political conflicts. Moreover, the financial problems of rural families mean that fewer and fewer young people have the chance to improve their knowledge and skills and, as a result, rural disadvantage tends to linger on, or even deepen.

9. Summary

This section brings together the points made in the previous sections, and sets the scene or an analysis of the ways in which the EU and member states attempt to address the problems raised above. These problems are:

- **Installation costs** are too high.
- Young farmers need to borrow heavily in order to overcome this problem, at a time when their borrowing ability is low. **Heavy indebtedness** is therefore a feature of young farmers' business lives.
- This comes at a time when prospects for a reasonable **income** from farming are **poor**.
- The **image** of agriculture is also **poor**.
- The **CAP** is a major factor behind high installation costs.
- Creative solutions and strong business training are necessary for young farmers to be able to escape from these combined problems. And yet, young farmers feel, there are **insufficient education** and training opportunities available to them.
- Taking over a farm carries further complications for a young farmer. **Inheritance** is not always straightforward. And, the process of **succession** can take many years, involving not just the heavy costs cited above but the additional problem of (often) having to support more than one family on the income from one farm.
- One particular problem, addressed in a variety of ways in the different countries of Europe, is that of inheritance of a farm where there is more than one heir involved. The person taking on the farm may have to pay siblings significant "**compensation**".
- There appear to be few significant identifiable problems specific to **women young farmers**.
- **Inadequate education** and training possibilities for young farmers is a particular concern, though the data to back up young farmers' views is not clear.
- The **decline of rural areas** is clearly a problem. However, it is not confined to young farmers, and nor can specific measures for young farmers really address the many interlocking problems involved.

For young farmers, whose numbers are already declining fast, all of these problems come in addition to the problems faced by all farmers – the declining situation of agriculture in the economy and the apparent inability of the CAP to reverse this trend.