



Position paper

YOUNG FARMERS AND THE CAP AFTER 2013

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European young farmers from CEJA have discussed the future of the Common Agriculture Policy (CAP) in several seminars to date¹ and will continue to do so, notably, in their seminar in Spain in February 2010 entitled "The CAP beyond 2013: Reinforcing the role of farmers to better meet the needs of European society". A CEJA working group has now been set up to further discuss young farmers' ideas on the future of the CAP and develop position papers. It is important for CEJA to think about the objectives of agricultural policy and to define what role the CAP should play in the future, and subsequently define the appropriate financial support to achieve these aims. The present position paper also hopes to contribute to reinforcing the CAP's legitimacy in the eyes of European citizens.

Introduction

Young farmers are crucial for the future of European agriculture. At present, only 8% of farmers are under 35 and more than half of the farming population is older than 55 years². Consequently, if the installation of young farmers and the renewal of generations in agriculture does not become a priority throughout the entire continent, European food production will face severe problems in the future. With an additional 80 million people on this planet every year, it is important -in the interests of food security - to maximise the agricultural capacity of farmers and land.

The installation of young farmers, enabling them to produce according to European standards, should therefore be a main priority of the CAP. Young farmers with new ideas and new approaches to agriculture are best suited to face the new challenges and comply with the very high standards society is asking for. European farmers need to respond to the expectations of European citizens and serve society's demands for food safety and security, animal welfare, environmental protection and intelligent land use. In relation to climate change, young farmers wish to produce in an efficient and sustainable way with modern technologies and management practices.

Agriculture should not be considered as a mainstream economic sector in the WTO, due to the special characteristics of supply and demand of agricultural products. Young farmers also need to be guaranteed economic sustainability. A future CAP should therefore support them in fulfilling high European standards while allowing them to compete on a world market that often does not respect the same strict regulations.

¹ November 2008 on « Europe's young farmers and the new market situation after 2013 » in the Netherlands; September 2008 on « European young farmers' priorities for the CAP after 2013 » in France ; February 2008 « Ensuring Competitiveness of young farmers - how the future CAP can help! » in Denmark.

² Source : Eurostat.

Young farmers' key considerations for future agriculture policy

1. **Young farmers should be a priority in both the first and the second pillar of the CAP.** Furthermore, the **integration with other EU policies must be improved.** Agriculture does not only deliver food to European citizens but also provides them with numerous public services. **Public goods and services such as food safety and security, environmental protection, the maintenance of rural areas and the territory as well as quality production** cannot be sold on the market but are sought after by society and should therefore be considered by European policy-makers.
2. The historical model for **direct payments** will have less and less legitimacy in the future. When a new generation is taking over, it does not make sense to stick to agreements that were made decades ago - policy needs to adapt to new circumstances. The discussion on a future way of handling direct payments is ongoing within CEJA. One interesting idea for young farmers is a **payment based on European citizens' legitimate wish for food security and sustainable agriculture while also considering the existence of market failures.** Such a payment should compensate European farmers for the high production standards they have to meet. In order to encourage the setting-up of new young farmers in agriculture, the future payment should be based not only on farm production but on new criteria, taking into account the capacity for job creation in rural areas.
3. Innovation and market orientation are key elements of good entrepreneurship. Farmers are, of course, first and foremost entrepreneurs. **Agriculture policies should support farmers in creating market transparency and in developing innovative ideas on how to improve agricultural production conditions and the diversification of agricultural activities should be supported.** The CAP should focus on agri-entrepreneurs, **concentrating resources on those who want to enter, stay and invest in agriculture.** To encourage innovation and entrepreneurial spirit, the rural development policy should motivate all young farmers to make a **business plan.** Furthermore, it is crucial for the future of European agriculture to **intensify the link between research institutions and the farming sector.** The CAP should provide the budget to finance research which is directly linked to questions submitted by farmers. Decisions on the allocation of research money should not be left to large companies and institutions alone - (individual) farmers should be allowed to submit research questions and have them carried out.
4. CEJA's young farmers believe it to be vital for European agricultural production to **ensure more transparency in the market and to create a stronger link with European consumers.** In order to allow European citizens to make an informed choice on the products they buy, it is important to have a clear indication of the origin of commodities. Indicating where agricultural products were actually grown can serve as an appropriate tool to **better control speculation on food, to ensure fair competition and to empower the position of farmers in the food chain,** leading to better revenue for those actually producing our food in the first place and **preventing the disappearance of added value along the food chain.**
5. The potential of agriculture in areas such as environmental protection and climate change should finally be recognized. **Agricultural policy should help the next generation of European farmers to implement climate-smart farming practices while reinforced knowledge transfer would facilitate the work of young farmers and improve their practices.** The next generation will be affected by the consequences of a changing climate. Young farmers are probably more open to invest in new, climate-smart farming practices than farmers who will soon retire. The CAP needs to provide incentives to invest in these

new technologies and practices. The European Union should also create a link between carbon policy and the CAP.

6. European young farmers are convinced that the agricultural sector plays a major part in **territorial cohesion**. Agriculture is linked to a large variety of jobs in the production chain; it plays an important role in the structure of territories and preserves life in rural areas which would otherwise be threatened by depopulation and desertification. **The diversity of production that is so typical for Europe needs to be maintained**. Within the CAP, attention therefore has to be given to a **balanced distribution of funds**. Without traditional, family farms the European countryside would be much less attractive. **Agri-enterprises in less-favoured areas cannot be left to the market alone and should receive special support through compensation of disadvantages, which ensures their viability and competitiveness**.

How young farmers could be supported

1. Financial support is a first and crucial step

The support measure currently connected to young farmers is **installation aid**. CEJA appreciates that this support was raised in the Health Check, from 55.000 to 70.000 Euros. However, it is now very important that all European Member States use this money provided for under the CAP and this should become compulsory. It is also important that support for young farmers is harmonized throughout Europe.

European young farmers believe that installation aid is only part of the solution. **Other measures which focus more on the development of the farm in the long run, such as investment capital premiums, interest subsidies, state guaranteed covered bonds, bank guarantees, insurances and tax reductions as well as access to general credit facilities should also be considered. Moreover, early retirement schemes can also be helpful to ensure the installation of the next generation**. CEJA believes that a combination of different support measures would be best suited for guaranteeing a vital agriculture sector in the future.

2. Young Farmers need appropriate tools for better market organisation and management

Market support instruments should be more efficient in the future CAP in order to ensure a regular food supply to European citizens in the common interest of both consumers and producers. **Local and regional agriculture with numerous farmers and diversified production should be encouraged. The future CAP should facilitate producer organisations in order to develop a genuine strategy of cooperation between farmers and other stakeholders of the supply chain**. The aim is to achieve added value that is shared among stakeholders. Young farmers need **innovative tools for market management** within the 1st pillar of the CAP. European agricultural producers should be provided with « **safety nets** » and **other risk management tools** which also take production costs into account and help to manage crisis in agriculture. Creating an **observatory for monitoring markets** could allow a better understanding of European markets. The future CAP should **support communication and promotion actions for food products** in Europe and around the world.

3. Other support measures are also important, especially knowledge exchange

In line with the Lisbon strategy, it is a major objective to **increase competitiveness** throughout Europe. Agriculture is an important economic sector, with half of Europe's

population living in rural areas. In order to raise competitiveness in the European agricultural sector it is logical to start with young farmers since they are at the beginning of their careers. If they start on the right track, much can be achieved in the long term.

Knowledge should be made easily accessible and efforts should be made to bridge the knowledge gap. For young farmers, knowledge about the market and exchanges with colleagues is important in order to get an idea of how competitive they really are or can be.

Training and advisory services within the regions help to raise awareness amongst young farmers and broaden their horizons. One of the crucial tasks of the future CAP should be to **facilitate this knowledge exchange** and to support young farmers' trainings on technical issues, management practices and marketing skills. **Exchange programmes** between different farmer groups or individuals from different Member States are also a very effective and interesting way of learning and will contribute to the broadening and widening of young farmers' activities.

4. Young farmers need to count on stable legislation in order to plan ahead

Young farmers usually make large scale investments when they set up their businesses. Legislation therefore needs to be thoroughly discussed with them because they will have to produce with these standards in the future. **It is important to offer clear and comprehensible perspectives to young farmers which facilitate investments and provide them with real opportunities to develop their agri-enterprises.** However, it is even more important that legislation does not change every few years as this makes it difficult to continuously develop a competitive enterprise. The farming sector differs a lot from other industries as its production outcome depends on many different external factors and is therefore unstable. Farmers cannot automatically adjust their productivity or logistical factors and this should not be forgotten in any development of future policies.

Conclusion

In order to ensure future agricultural production in Europe, young farmers need to be supported through installation aid as well as through other accompanying measures which focus on the long-term development of the farm.

It is important that installation aid and other support measures become obligatory throughout Europe as this is the only way of guaranteeing a level playing field between young farmers from different Member States. This is important for the future of European agriculture, but also for the vitality of rural areas. European young farmers should be able to develop themselves as true agri-entrepreneurs, with a strong focus on innovation.

Farmers provide vital public goods and services for European society – food security and safety, environmental protection, the maintenance of rural communities, etc. As such public goods increase in importance, there is a pressing need for agricultural policies which ensure **transparency in the marketplace and on the production line** and **enhance consumer confidence.** The future CAP should strive to build positive relations with consumers through transparency and innovation.

Agriculture can be a platform for meaningful solutions to the challenges presented by climate change. The implementation of climate-smart farming practices and the provision of information and advisory services to young farmers will enable them to improve current systems and ensure environmentally sustainable farming for the next generation.