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NOTE

From: General Secretariat of the Council
To: Delegations
Subject: Strengthening of EU policies to support young farmers
- Information from the Presidency

Delegations will find in Annex a document submitted by the Presidency to be presented under "Any other business" at the Council ("Agriculture and Fisheries") at its session on 10-11 November 2014.

Strengthening of EU policies for young farmers

Across the EU, youth unemployment is high, particularly in rural areas (in May 2014, 5.2 million young people were unemployed in the EU-28 area, which equates to over 22% of all young people in the EU). Between the last two agricultural censuses, young farmer numbers decreased by 34% between 2000 and 2010, with only 7.5% of the farming population under 35 compared to 30% over 65 in 2010.

The recently approved CAP 2014-2020 contains significant measures supporting young farmers. Besides the consolidated measures envisaged by rural development, in the direct payments system - starting on 1st January 2015 - it will be possible to allow a 25% increase in the value of direct payments for the first 90 ha of agriculture land run by young farmers for the first 5 years. Moreover, on 13 October 2014, the Agriculture Ministers underlined that the review of the European 2020 strategy for growth and jobs should support more young people to enter in the agriculture sector, with the main aim to reduce youth unemployment.

Although these CAP measures, there are still some critical aspects related to the settlement of young entrepreneurs in agriculture since there are still some barriers to enter in the sector:

- economic barriers, as low income relative to other economic sectors;
- market barriers, difficulties to access to the main factors of production, especially access to credit and access to agricultural land;
- weakness in the transfer of innovation, limited exchange of information and professional experience among all the different realities across the European Union.

To overcome these barriers, the Italian Presidency is committed to bring to the attention of the Ministers of agriculture of the EU some feasible solutions for eliminating the afore mentioned obstacles.

More specifically:

1. Access to credit

One of the main obstacles that young farmers must overcome to start their activity is linked to access to credit. Besides facilitating the use of the instruments implemented in the CAP 2014-2020, wishing for their simplification, it could be useful to involve the European Investment Bank (EIB) to provide a financial support to young farmers willing to access the financings necessary for setting-up or further investment.

As it does with SMEs the EIB should provide access to finance and favorable loans should be available to young farmers who are attempting to start a business in the agricultural sector.

Such credit, should be given when the young farmers prove to have a professional qualification or training skills and present a business plan able to prove the quality of the proposed investment.

The EIB intervention should act jointly or complementary with the existing national instruments.

2. Access to land

Regarding access to land, the current regulation does not allow to support young entrepreneurs starting innovative and competitive companies, given the impossibility of fostering the purchase of the ownership of the holding with a structural equipment also in terms of farm land, so to make them economically sustainable. The current community rules on state aids allow the purchase of farm lands just within a broader investment project and within 10% of the total value of the investment. For young farmers, a derogation of this rule should be provided.

3. Experience exchange

To facilitate the exchange of information and professional experiences among different EU realities, it could be useful to envisage experiences as the “Erasmus” project, attended for a short period of time by young farmers thanks to the support of the national rural networks and the European rural network. To this regard, European Commission guidelines should be provided.