



SUSTAINABLE  
RESILIENT  
EU FARMING  
SYSTEMS

# Future farm demographics and intergenerational renewal in EU farming systems

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# Demographic challenges of EU farming systems

- The Baby Boomer Generation will retire within the next 10 to 15 years
- Cohorts of Generations Y and Z are much smaller in size
  - Many family farms may not have a potential successor
  - Increasing scarcity of qualified labor to hire -> increasing wages
- (Particularly poorer) rural areas experience ongoing outmigration and aging
  - Deteriorating infrastructures
  - Richer rural areas may benefit from migrant workers
- The other side of the story
  - Many (most) farms are not profitable
  - Most farms are not operating with state of the art technologies
    - Modern farming is high tech
  - Fierce competition among farms, particularly for land



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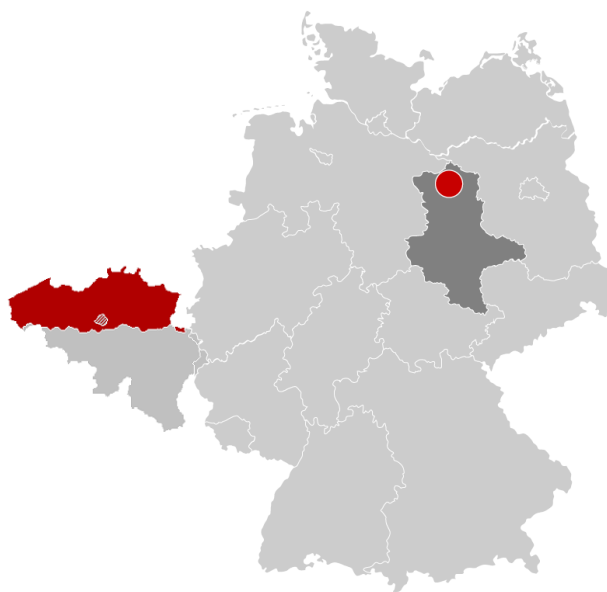


# Selected study questions and regions

- Does it matter for agricultural systems if farms lack a successor?
- Are Young Farmer Payments a useful policy instrument?

## Flanders (Belgium)

Medium farms (Ø ~50 ha),  
family-based,  
20% hired labour,  
livestock



## Altmark (Germany)

Large farms (Ø ~250 ha),  
family and corporate farms,  
80% hired labor,  
arable and livestock



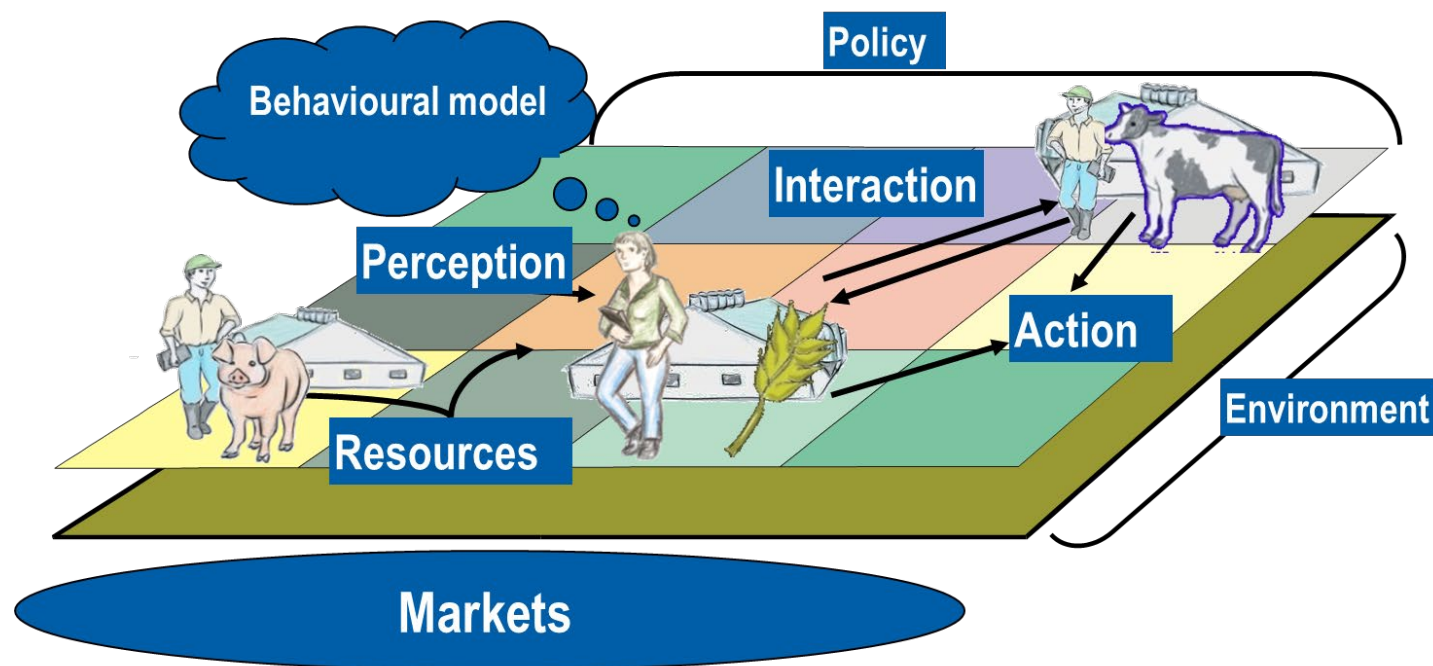
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# Methodologies

- Participative approaches: focus groups, stakeholder workshops
- Agent-based simulations with AgriPoliS



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## Impacts of lacking potential farm successors

Scenario name	Share of farms w/ a successor The Altmark	Share of farms w/ a successor Flanders
100%	100%	100%
50%	50% of family farms 80% of corporate farms	50%
25%	25% of family farms 50% of corporate farms	25%



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# Impacts of lacking potential farm successors

## ● Farm operational status (in %) 2036 versus 2016

Status	25% Altmark	50% Altmark	100% Altmark	25% Flanders	50% Flanders	100% Flanders
Operating	47.3	55.2	67.8	52.4	56.6	68.5
Closed due to:						
1) Opportunity costs	13.9	14.9	<b>18.6</b>	2.8	2.8	3.0
2) Successor's opportunity costs at gen. change	7.1	7.5	7.7	<b>20.3</b>	<b>20.4</b>	<b>20.6</b>
3) Illiquidity	5.9	5.8	5.9	7.6	7.6	7.9
4) No successor	<b>25.8</b>	<b>16.6</b>	N/A	16.9	12.6	N/A

- Altmark:  
Most farms exit due to lack of successor
- Flanders:  
Most farms exit during generational change because of low profitability
- Farm exits allow more efficient and larger farms to grow

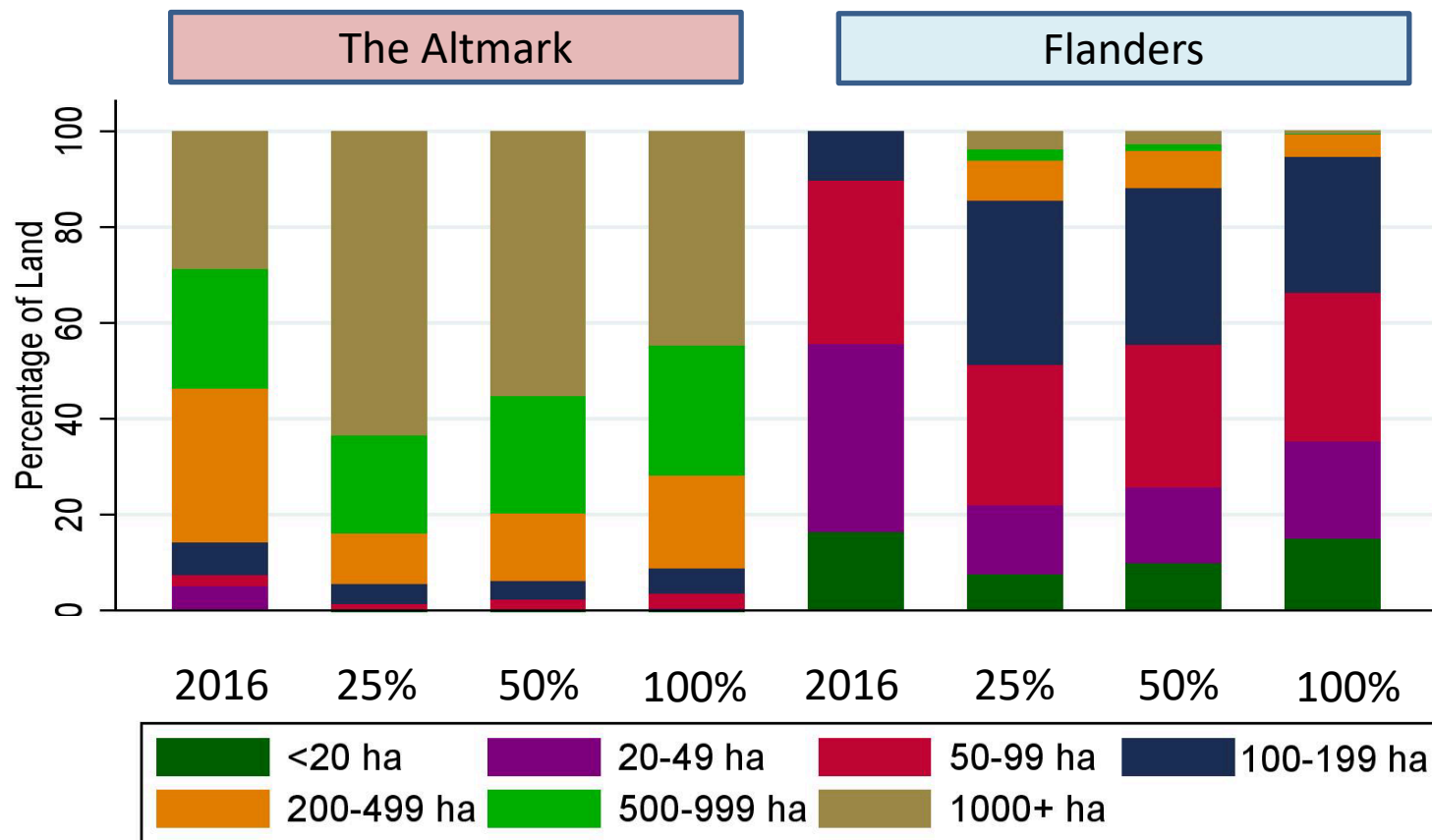


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# Impacts of lacking potential farm successors

## Farm size distribution in 2036



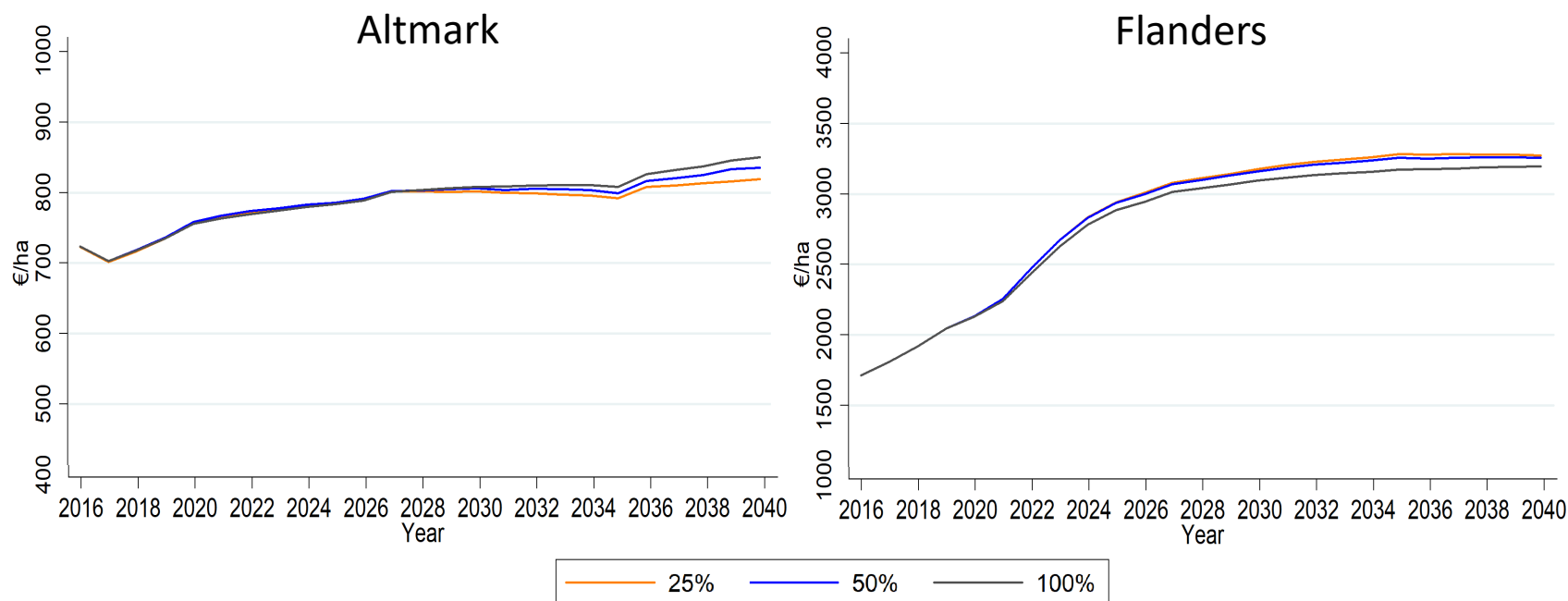
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# Impacts of lacking potential farm successors

## ● Evolution of Sector Factor Income / Net Value Added



- Only marginal effects of availability of farm successors
- Sector Factor Income may even increase with less successors



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# Impacts of Young Farmer Payments

- Three scenarios: no YFP, current level, CEJA (doubling)
- Two regions: Flanders and Altmark
- Effects neglectable for
  - structural change (few additional farms survived)
  - land use
  - Total Factor Income (slightly higher rental prices in the long run)
  - employment (though small shifts between family and hired labour)
- Stakeholder workshops confirm model results
- General conclusion
  - Waste of money!



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# Policy recommendations

- Educational support
  - Not only regarding production, but also management of complex farms
- Investments in attractive rural areas
  - E.g., infrastructures for young families and migrant workers
- Policies for alternative business models
  - Current policies are deterring innovations
  - E.g., shared / co-operative farming, new products and production systems
- Clear and consistent policies
  - Currently, many regulations send mixed messages



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## Policy options for resilience-enhancing farm demographics

### Policy Brief

June, 2020



## Shifting the focus from “more” to “more successful” generational renewal

### Business Brief

May 2020

The Young Farmer Payment has been criticised as being poorly targeted and ineffective

#### Motivation

European agriculture as well as the wider economy face substantial demographic changes in the upcoming decades. The baby boomer generation will retire within the next 10 to 15 years and the cohorts of the young generations which will enter the labour market in the next decades are much smaller in size. Accordingly, the farming sector will have to compete with other sectors and urban areas which offer attractive career prospects. At the same time, digitalisation of the economy and the society will provide many new opportunities for the young generation as well as the different economic sectors. Moreover, the whole society and agriculture in particular will face increasing pressure to adapt to the challenges of, e.g., climate change and biodiversity losses while world food demand steadily increases. Not surprisingly, there is widespread concern over the “generational renewal problem”, referring to the ageing of the farming population and the low number of young people choosing agriculture as a profession.

For the financial period 2014 to 2020, the EU CAP allocated €6.42 billion towards generational renewal. This includes per hectare payments for young farmers

Agriculture must compete for the young generation with other sectors and the urban areas, which offer more flexible lifestyles and often higher

#### Motivation

The SURE - Farm project aims to better understand the resilience of European farming systems and to develop recommendations for its enhancement. A farming system is characterised by its functions, local conditions, actors, and stakeholders. Important actors and stakeholders are the farmers, the young generation potentially interested to work within the farming system, farmers' associations, financial institutions, cooperatives, supply chain actors, NGOs, civil society, and public administration. Farming system resilience is defined as the ability of the farming system to ensure the provision of its societal functions in the face of increasingly complex economic, social, environmental and institutional changes (Meuwissen et al. 2019). These functions include the provision of private goods, such as agricultural products, income for farmers and rural areas as well as public goods, such as biodiversity, landscapes, consumer health, and food security.

One important longer-term building-block of a farming system's resilience is generational renewal. Vice versa, farming systems are only attractive for the younger



Project acronym: SURE-Farm

Project no.: 727520

Start date of project: June 2017

Duration: 4 years

Deliverable 3.8 - Impact of the Young Farmers payment on structural change

Work Performed by UoG, IAMO, OCILVO

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## How Much Farm Succession is Needed to Ensure Resilience of Farming Systems?

Combien de transmissions d'exploitations faut-il pour assurer la résilience des systèmes agricoles ?

Wie viel Betriebsnachfolge ist erforderlich, um die Resilienz der landwirtschaftlichen Systeme zu gewährleisten?

Christine Pitson , Jo Bijttebier , Franziska Appel , Alfons Balmann

First published: 11 December 2020 | <https://doi.org/10.1111/1746-692X.12283>



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# SUSTAINABLE RESILIENT EU FARMING SYSTEM

Coordinated by:

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