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DOCUMENT 1-922/83

Report

drawn up on behalf of the Committee on Agriculture

on the establishment of young farmers in the Community

Rapporteur: Mrs Simone MARTIN

PE 84.716/fin.
Or. Fr.

At its sitting of 7 February 1983 the European Parliament referred the motion for a resolution tabled by Mr Delatte and others on the establishment of young farmers in the Community pursuant to Rule 47 of the Rules of Procedure to the Committee on Agriculture as the committee responsible, and to the Committee on Economic and Monetary Affairs, the Legal Affairs Committee and the Committee on Social Affairs and Employment for their opinions.

At its meeting of 24/25 February 1983 the Committee on Agriculture decided to draw up a report and appointed Mrs Simone Martin rapporteur.

The committee considered the draft report at its meetings of 20/21 September and 17/18 October 1983.

At the latter meeting it adopted the motion for a resolution as a whole by 25 votes to 2 with 6 abstentions.

The following took part in the vote: Mr Curry, chairman; Mr Colleselli, Mr Delatte and Mr Früh, vice-chairmen; Mrs Martin, rapporteur; Mr Battersby, Mr Bocklet, Mrs Castle, Mr Clinton, Mr Dalsass, Mr Davern, Mr Eyraud, Mr Gatto, Mr Gautier, Mr Helms, Mrs Herklotz, Mr Hord, Mr Howell (deputizing for Mr Kirk), Mr Kaloyannis, Mr Kaspereit, Mr Ligios, Mr McCartin (deputizing for Mr Diana), Mr Maffre-Baugé, Mr Maher, Mr Marck, Mr Mertens, Mr Provan, Miss Quin, Mr Simmonds, Mr Thareau, Mr Tolman, Mr Vgenopoulos and Mr Vitale.

The opinion of the Committee on Economic and Monetary Affairs is attached. The Legal Affairs Committee and the Committee on Social Affairs and Employment have decided not to deliver opinions.

This report was tabled on 21 October 1983.

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The Committee on Agriculture hereby submits to the European Parliament the following motion for a resolution, together with explanatory statement:

MOTION FOR A RESOLUTION

on the establishment of young farmers within the Community

The European Parliament,

- having regard to the motion for a resolution on the establishment of young farmers within the Community (Doc. 1-1202/82),
- having regard to the report by the Committee on Agriculture and the opinions of the Committee on Economic and Monetary Affairs (Doc. 1-922/83),
- A. whereas statistics on agricultural structures in the Community show that almost half of the Community's farmers and horticulturalists are over 55,
- B. whereas this situation will lead in time to the release of agricultural land that should for the most part be retained for agriculture,
- C. whereas, although part of the land that is released in this way may be used to enlarge existing holdings, it is particularly desirable that a large part of it should be taken over by young farmers wishing to set up on their own account,
- D. whereas the major obstacle to the establishment of young farmers is the excessive indebtedness that it entails,
- E. whereas we can only ensure our medium and long-term food supplies if the arrangements governing succession in agriculture are adequate,
- F. whereas in times of high unemployment, particularly youth unemployment, everything possible must be done to help young people find work,
- G. having regard to the need, for economic and social reasons as well as for reasons of country planning, to keep young people on the land,
- H. whereas the Community has to date devoted little attention to the problem of the establishment of young farmers,

1. Urges the Commission to give serious consideration to the problem of the establishment of young farmers in the Community, a problem which is becoming so serious that in some regions buyers cannot be found for farms, which represents a complete reversal of the situation;
2. Is of the opinion that the Community's attempts, within the framework of the 1972 socio-structural directives, to promote the establishment of young farmers have failed to produce the results expected of them;
3. Stresses that the problem of the establishment of young farmers is a very important factor in any structural policy for agriculture, since progress in this sector depends on young farmers;
4. Calls for the change in the number of farms operating in the Community to be monitored year by year;
5. Notes the very great differences between Member States as regards
 - (a) the various systems of farming (owner occupation, tenant farming, share farming etc.),
 - (b) rules of inheritance,
 - (c) tax arrangements (tax on capital, VAT, taxation of farming incomes, etc.)
 - (d) national aid schemes to promote the establishment of young farmers, which, non-existent in some countries, are fairly advanced in others, and which lead to considerable variations between Member States as regards the extent to which young farmers are indebted;
6. Considers that the prospect of heavy debts deters a number of young people from going into agriculture; believes, therefore, that the Community should reduce inequalities of opportunity by appropriate measures, even if it cannot in the short term harmonize those elements which lead to widely differing establishment costs;
7. Invites the Commission, therefore, to consider a directive specifically dealing with the establishment of young farmers within the Community, with a view to assisting young people who submit a plan for their establishment by:

- (a) giving direct aid for the establishment of young farmers, together with substantial interest subsidies, so as to reduce their often heavy debt burden, which arises from the need to purchase or rent land and stock-in-trade (buildings, equipment, fertilizers, feedingstuffs, etc.); stresses that such aids and interest subsidies should be graduated to take into account specific regional situations, and should extend over a sufficiently long period,
 - (b) promoting, where appropriate, types of productive farming in partnership, if this makes it possible to get young farmers established in regions where the kind of agricultural production involved requires a large acreage and where the cost of land is high, always providing such arrangements are economically viable for each of the partners; points out that this type of farming, by reducing the time an individual spends working, should make it possible to bring the farmers' way of life more into line with that of the rest of the population.
 - (c) encouraging the training of young farmers, through appropriate measures, not only before they are established but afterwards as well, amongst other things by providing farmers with more information and encouraging young farmers to keep proper business accounts;
8. Declares that the granting of aid in the context of an establishment plan should not prejudice the granting of new aid for the modernization of the farm, for example in conjunction with a development plan such as at present provided for under Directive 72/159/EEC bearing in mind the ceiling on total structural aid;
9. Notes that another obstacle to the establishment of young farmers is the shortage of available land; believes in this connection that Directive No. 72/160/EEC should be revised to make it more attractive both to older farmers wishing to leave their land in favour of younger farmers and to Member States responsible for implementing the directive;
10. Is of the opinion that steps must be taken to solve the basic problems by:
- (a) establishing an area planning system which takes account of the possible use of land for agricultural purposes,
 - (b) encouraging the leasing of land on the basis of a fair assessment of the interests of the parties involved;

11. Considers it necessary also to:
 - (a) introduce regulations on the right of succession to protect the unity of the farm and to ensure that preference is given to the succession of young farmers,
 - (b) take specific financial and fiscal measures to encourage the establishment of young farmers,
 - (c) encourage and promote the training of young farmers, particularly those already established,
 - (d) guarantee, by setting up a European Fund, the loans granted to young farmers by credit institutions on the basis of specific criteria and requirements to be laid down in this area;
12. Calls on the Commission to begin work on a European fiscal and social statute for young people working temporarily in another Member State as part of the Community exchange scheme;
13. Urges the Commission to take account of these different aspects of the problem when it revises its 1972 socio-structural directives, which expire on 31 December 1983;
14. Stresses further that purely agricultural measures will not make it possible to keep all the young people in rural areas unless these offer certain services that are to be found in urban areas; emphasizes in this connection the need to establish small and medium-sized industries in the country so as to prevent a rural exodus, particularly by young women;
15. Instructs its President to forward this resolution to the Commission of the European Communities.

EXPLANATORY STATEMENTI. INTRODUCTION

1. On 3 February 1983, Mr Delatte, Mr Maher, Mrs Martin and Mr Goerens tabled a motion for a resolution, pursuant to Article 47 of the Rules of Procedure, on the establishment of young farmers in the Community.
2. This resolution, which points out the financial difficulties encountered by young farmers in their attempts to set up in farming, proposes a certain number of measures intended to facilitate their establishment. This is essential at a time when it is important to ensure that older farmers are replaced and also to avoid a situation in which the young people in question go to swell the ranks of the 12 million unemployed in the Community.

II. PROBLEMS CONNECTED WITH THE ESTABLISHMENT OF YOUNG FARMERS IN THE COMMUNITY

3. This report does not set out to analyse the difficulties involved in the establishment of young farmers country by country, for such an analysis would go far beyond the purpose of this report. The reader, if he so wishes, may find it useful to refer to a study carried out by the CEPFAR (European Training and Development Centre for Farming and Rural Life) at its 50th seminar on 'the problems of the establishment of young farmers in Europe', which was held at Lazise from 29 September to 2 October 1980.
However, the reader will find attached a summary list of the chief national aids available in the Member States from which it will be noted that the situation of young farmers varies considerably from one country to another.
4. In this study, the main emphasis is on the common problems facing the 150,000 or so young farmers who set up each year in the Community, the purpose being to commit the Commission and the Council to take the necessary steps to resolve this crucial problem.
5. The obstacles to young farmers setting up for the first time in the Community are as follows:
 - (a) increasing initial costs,
 - (b) difficulties in the transfer of land ownership.
6. Mounting initial costs are certainly the most difficult problem which young farmers have to face. There are several reasons for this situation:
 - (a) the increasing cost of loans in all Member States of the European Community together with the policy of austerity followed by every government. The

repayment of interest on the loans necessary for purchasing working capital (not including the land) often takes up practically all the income earned from the farm. Under these conditions, few young people can set up on the land, despite the interest rebates granted in certain Member States;

- (b) a young person setting up in farming brings a fresh outlook and new techniques. The establishment of a young person on a farm very often brings with it the problem of renewing working capital, with the difficulties which have been pointed out above.
- (c) the cautious prices policy practised by the European Community for several years scarcely encourages the establishment of young farmers, who are faced with higher operating costs exacerbated by inflation and a policy of high interest rates, whereas the price of agricultural produce does not increase at the same pace. We need look no further than the example of the milk policy where modest price increases are practically cancelled out by the co-responsibility levy. It is therefore apparent that there is a close link between an establishment policy for young farmers and market policy in general. In this respect, the prospects that emerge from the Commission's latest proposals for the Common Agricultural Policy (COM(83) 500 final) are hardly encouraging.

7. Difficulties in the transfer of land ownership are also a problem which discourages the establishment of young farmers.

It consists of the following factors:

- (a) difficulties in the transfer of land ownership result in an increase in the price of available land. This increases the debt burden on young farmers. Any future Community policy on the establishment of young farmers will have to take into consideration the problem of the price of land;
- (b) certain national policies may prevent land from changing hands if their effect is inevitably to keep older farmers on the land by allowing them to continue to take advantage of social aid systems. This is the case with the 'dole' in Ireland;
- (c) the predominant legal type of farm holding in a given region may be an obstacle to land transfer. Often, young farmers can no longer purchase the land which they will work. The owner-occupier type of tenure is giving way to tenant farming, but the costs of tenant farming should be kept within reasonable limits and the young farmer should be guaranteed the use of his land for a long period. Indeed, what distinguishes the farmer from other producers is that he often works for future generations, for his children and grandchildren;
- (d) laws of inheritance, depending on whether they favour the right of primogeniture or whether they result in a division of the land, play a considerable role in the transfer of ownership and availability generally. To divide up a farm is to jeopardize its profitability and hence to prevent the establishment of a young farmer;
- (e) both estate duties and capital taxes may have an important influence on the transfer of land ownership. Taxation which is too high may prevent a young farmer from setting up on the land.

8. All of these difficulties make it clear that for some time to come, the answer to the problem of establishing young farmers will lie in the hands of the Member States. However, the complexity of the problems which need to be resolved if equality of opportunity is to be achieved through Community action (harmonization of inheritance laws, tax systems, and farming regulations) must not stand in the way of a Community initiative to make it easier for young farmers to establish themselves. It should be pointed out that the European Community has in the past taken certain steps in this direction, but they have not produced the results expected.

III. THE INITIATIVES TAKEN BY THE EUROPEAN COMMUNITY

9. The first attempt to solve the problem of establishing young farmers in the Community was made in the price proposals for the 1975/76 marketing year (COM(74) 2001 final). The Commission then proposed that the Council issue a directive on special aid for young farmers who had been in business for less than 5 years and were carrying out a development plan. This was tantamount to recognizing the specific problem facing young farmers wishing to set up for the first time.
10. At the time, the Council did not follow the Commission's lead. However, in 1981, it took up this idea again by adopting, on 30 June 1981, Directive No. 81/528/EEC¹ amending Directive No. 72/159/EEC, which laid down special provisions in favour of young farmers. These provisions are as follows:
- (a) Farmers wishing to modernize and receive EAGGF aid must submit a development plan whose aims can be achieved over a maximum period of six years and which must show that, upon its completion, the farm undergoing modernization will be capable of attaining, for either one or two man-work units a level of earned income comparable to that received for non-agricultural work in the region in question. Young farmers who have not reached the age of 40 years and who, within 5 years after first setting up on a farm, present a development plan, the time limit for the achievement of the objectives of the development plan may be extended from 6 to 9 years;
- (b) In addition, Member States may grant special aid to young farmers who have not reached the age of 40 years and who, within 5 years of first setting up on a farm, meet the criteria for receiving aid for modernization as laid down in the directive.
- This special aid represents a maximum of 10% of the volume of the investment provided for in the development plan, but should not exceed 7,254 ECU (Article 8(3)).
- The directive even provided for forms of associative farming since when two or more young farmers draw up a joint development plan, the special aid can be increased to a maximum of 10,881 ECU (which is extremely modest and scarcely likely to encourage associative farming).
11. The two other socio-structural directives (72/160/EEC and 72/161/EEC) also benefit young farmers, even if this is not expressly stated.

¹OJ No. L 197 of 20 July 1981, page 41

- (a) Directive No. 72/160/EEC concerning measures to encourage the cessation of farming and the re-allocation of utilized agricultural area for the purposes of structural improvement should have encouraged land acquisition by enabling older farmers to leave and thus permitting young farmers to set up. For various reasons, the Member States have made very little use of this directive so that it has remained ineffective.
- (b) Directive No. 72/161/EEC concerning the provision of socio-economic guidance for and acquisition of occupational skills for persons engaged in agriculture is important in that it raises the professional qualifications of young people engaged in farming and allows them to switch, if necessary, to other types of production. However, here again, Member States have made little use of this Directive. Perhaps it would be better to increase the EAGGF contribution to make it more attractive, especially in the least-favoured regions of the Community where the need for training is greatest.

12. Despite these Community initiatives, and although provision has been made for measures to assist young farmers in the new Commission proposal for improving the efficiency of agricultural structures (COM(83) 559 final), the problem of their establishment still remains.

Thus the extent of indebtedness of young farmers in relation to the market value of their agricultural land is 4% in Ireland, 8% in Italy, 13% in Belgium, 18% in France, 20% in Germany and 40% in Denmark.

IV. PROPOSALS TO FACILITATE THE ESTABLISHMENT OF YOUNG FARMERS

13. The Committee on Agriculture believes that fresh initiatives are necessary to resolve the problem of the establishment of young farmers. Here, a directive specifically concerned with this question would be welcome, as the establishment of young farmers should not be dealt with in the same text as development plans for farming.

- a) As young, prospective farmers cannot be expected to submit a development plan straight away, they should first of all be provided with the means to establish a farm successfully. To this end, the Community should, before granting aid, require young farmers to submit an establishment plan in order to eliminate less serious candidates.

Subsequently, the aid received under an establishment plan should not rule out further modernization or development aids under the development plans currently provided for in Directive 72/159/EEC or under any other plan with the same aim for which provision may be made in future provisions governing structural policy for agriculture from 1984.

It goes without saying that both the aid granted and the accompanying measures listed below should be adjusted to regional requirements to maximize their effectiveness.

- (b) the Community should grant direct aid to young farmers who are setting up farms in order to enable them to purchase part of their working capital and bring down the cost of the land. Furthermore, the Community could grant interest rebates to reduce their debts, although the rates should vary according to particular regional situations;
- (c) the Community should give greater encouragement to associative forms of agriculture (in particular to associations like the GAEC or the CUMA¹ in France). This would be likely to encourage the establishment of young farmers where the type of production requires large areas of land or considerable investment. Moreover, associative agriculture should make it possible to reduce working time so that young farmers would see their way of life coming to resemble more that of other categories of the population;
- (d) first, Directive No. 72/160/EEC should be made more effective in releasing land to enable young farmers to set up. Since this directive expires on 31 December 1983, a new proposal will have to be drawn up. It is particularly important that the allowance paid to older farmers who leave the land should be increased when they hand over to a young farmer. The allowance should also be made more attractive in the case of countries whose per capita income is less than the Community average by a percentage to be determined. This would affect Greece, Ireland and Southern Italy in particular.
- (e) priority in allocating land which becomes available should be given to young farmers wishing to establish themselves in farming. The Community should lay down a minimum of rules so as to avoid land speculation. In some Member States organizations exist that may acquire agricultural land and make it available to young farmers;
- (f) the role of the Community must be to create relatively uniform conditions for the establishment of young farmers, although it should be realised that it will not be possible overnight to harmonize the farming systems, laws of inheritance and tax systems of the Member States;
- (g) the Community must seek to establish criteria to determine in what circumstances 'national' aids can be granted to young farmers, for it is impossible to check all state aids (whether it is at the national, regional or departmental (or equivalent) level, or at the level of cooperatives, chambers of agriculture etc. ...), since the Commission does not have anything like the material facilities required for such investigations.

¹ GAEC: Joint Farming Agricultural Group
CUMA: Agricultural Machine Users Cooperative

- (h) in order to encourage the establishment of young farmers, flanking measures are necessary, designed either to slow down the flight from the land, especially by young women, to encourage the setting up of small and medium-sized industries or services in rural areas, or to improve the professional qualifications of young farmers to make them more adaptable to new types of production. (Incidentally, this would be a way of combating certain surpluses);
- (i) it would be desirable if all these measures were supported by a financial authority for agriculture at the Community level. However, given that the Community's own resources are running low at present, such a proposal is not realistic.

V. CONCLUSIONS

14. The establishment of young farmers is a crucial problem at present because the general economic recession does not make it possible to attract these young people into industry or services.

In addition, it is important that any young person with a vocation for agriculture should be able to remain on the land. This is important, not only for the farmer himself, but even more so for the whole community because farmers play their part in shaping the countryside. Keeping farmers on the land and the consequences which this entails, helps to ensure that the services necessary for rural life will be provided and thus to ease the strain on urban areas.

15. The problem of establishing young farmers should be seen in the context of the review of the Community's structural policy on agriculture which is being considered in depth by the Committee on Agriculture.

The establishment of young farmers is a key factor in the problem of the modernization of farms in the Community since young people bring with them new ideas and techniques. If the Community wishes to have more efficient farming, less wasteful in energy and with a more human dimension, it must encourage the establishment of young farmers by appropriate measures. It is only in this way that rural areas will be preserved and that the Community's self-sufficiency in food production, which is one of the achievements of the Common Agricultural Policy, will be assured.

Specific aids granted to young farmers setting up for the first time on an agricultural holding in the Member States

Federal Republic of Germany

With the exception of a few minor and quite unimportant measures at the level of the Länder, no specific measures exist to encourage and facilitate young farmers setting up for the first time.

France¹

There are two aids designed to facilitate the establishment of young farmers who have not yet reached the age of 35:

- A capital endowment on establishment of up to 67,500 FF in mountain areas, 42,000 FF in less-favoured regions within the meaning of Directive No. 75/268/EEC and 32,000 FF in other areas;

The granting of this endowment is subject to certain conditions. The beneficiary must:

- plan setting up as the head of a farm with land at least equal in area to the minimum establishment acreage;
- agree to make farming his main occupation;
- prove that he has sufficient occupational skill;
- agree to attend a training course varying between 40 and 200 hours;
- agree to keep an accounting system of the management of his farm.

Exceptions to these conditions are possible. The endowment is not granted if the area exceeds three times the minimum establishment acreage, except in mountain areas and within a limit of 80 hectares.

- Special medium-term loans designed to finance the expenditure incurred when a young farmer sets up for the first time, including finance for investment in movable and immovable property. The duration of medium-term loans is a maximum of 15 years.

The conditions for the granting of these loans are the same as those for the granting of the endowment.

¹ Decree No. 81-246 of 17 March 1981 concerning aids for the establishment of young farmers - OJ of 18 March 1981, p. 810

Denmark²

Treasury loans can be granted to young farmers if they are aged under 40 and:

- are acquiring their first farm;
- meet certain conditions regarding vocational training;
- are starting to farm as their main occupation.

Exceptions to these conditions can be made.

The loan cannot exceed a sum equivalent to the depreciation of a 30-year loan at an interest rate of 5% a year and with the principal amounting to 30% of the market value of the farm, provided however that this value is limited to 1.3 million krone.

Moreover, a grant of up to 2.5% of the market value can be given although the total grant must not exceed 32,500 krone.

Belgium

- First establishment grant³ in the sectors of agriculture, horticulture and stock farming.

A grant of 50,000 BF to young farmers who have not yet reached 35 years of age and who are setting up independently in agriculture for the first time with farming as their main occupation.

- An interest rebate of 5% for 18 years⁴ is granted to defray the costs of setting up for the first time as a farmer or horticulturist. In addition to this interest rebate, there is a state guarantee for loans contracted to cover these costs.
- Special conditions⁴ for investment aid are granted if these investments are made which a farmer sets up for the first time.

²Law on loans for young farmers No. 544 of 27 October 1977, amended in 1981

³Introduced in July 1981 on the basis of the law of 10 February 1981, 'Moniteur' of 14 February 1981, p. 1692

⁴Royal Decree of 21 June 1974 concerning the modernization of farms

Luxembourg

- First establishment grant in agriculture and viticulture⁵.

A grant of 300,000 BF is awarded to young farmers of under 45 who:

- make farming their main occupation,
- can prove occupational skill,
- are taking over a family farm or
- are setting up on a farm whose owner has ceased his farming activities.

The total grant is linked to the consumer price index.

Half this grant can be made to a young farmer who can prove that he has concluded a contract with the head of the family farm, providing for his association in the management of the farm and a share in its income.

- Granting of aid intended to reduce the expense of taking over a farm⁶

An interest rebate of 4% for a maximum of 20 years on loans contracted by those whose main occupation is farming, to finance the purchase of land or buildings, or of movable property which is or has been part of the farm.

This same grant is paid in the case of taking over the property as mentioned above.

Italy

Specific aids designed to facilitate the first establishment of a young farmer do not exist either at national or regional levels.

In certain regions, minor measures exist to encourage young people to set up or remain in less-favoured areas. Most regions also give priority to young farmers in the allocation of existing structural aids.

Greece, Ireland, Netherlands, United Kingdom

No special measures in favour of young farmers exist in these countries.

⁵ Grand Ducal Regulation of 16 April 1979, amended by Regulation of 7 January 1981

⁶ Grand Ducal Regulation of 10 January 1981

MOTION FOR A RESOLUTION (DOCUMENT 1-1202/82)

tabled by Mr DELATTE, Mr MAHER, Mrs MARTIN, Mr GOERENS, Mr DAVERN and Mr MOUCHEL
pursuant to Rule 47 of the Rules of Procedure
on the establishment of young farmers within the Community

The European Parliament,

- A. considering the large number of farmers aged 55 and over in the European Community,
- B. considering that this situation will lead in time to the freeing of agricultural land that should for the most part be retained for agriculture,
- C. considering that, although part of the land that comes free in this way may be used to enlarge existing holdings, it is nevertheless desirable that a large part of it should be taken over by young farmers wishing to set up on their own account,
- D. considering that the Community has to date devoted little attention to the problem of the establishment of young farmers,
 1. Urges the Commission to give serious consideration to the problem of the establishment of young farmers as it will become increasingly acute in the next decade;
 2. Notes the very great differences between Member States as regards
 - a) the various systems of farming (owner occupation, tenant farming, share farming),
 - b) rules of inheritance,
 - c) tax arrangements in respect of farming activities,
 - d) national aid schemes to promote the establishment of young farmers, which, non-existent in some states, are fairly advanced in others;
 3. Is of the opinion that the Community's few attempts, within the framework of the 1972 socio-structural directives to promote the establishment of young farmers, have failed;

4. Invites the Commission therefore to consider a directive specifically dealing with the establishment of young farmers within the Community, with a view to:
 - a) giving direct aid for the establishment of young farmers, in particular substantial interest subsidies so as to reduce their often heavy debt burden, which arises from the necessary purchase or renting of land and stock-in-trade (buildings, equipment, fertilizers, feedingstuffs, etc.),
 - b) promoting, where appropriate, types of farming in partnership, if this makes it possible to get young farmers established in regions where the kind of agricultural production involved requires a large acreage and where the cost of land is high, always providing such arrangements are economically viable for each of the partners,
 - c) encouraging the training of young farmers, not only before they are established but afterwards as well, paying them a grant, if necessary, to enable them to hire an agricultural worker during their training period;
5. Proposes to extend these measures by setting up a special Community fund to guarantee loans granted by national public or private financial bodies;
6. Is further of the opinion that young farmers wishing to set up on their own account should have the right of pre-emption on agricultural land that comes free, but at the same time asks that measures be taken to prevent real estate speculation in respect of such land;
7. Stresses the need for such measures so that as many young farmers as possible may be kept on the land, both because of economic and social needs (economic crisis, unemployment) and because of the necessity of preserving the Community landscape, which is shaped by man's activity in the countryside;
8. Stresses further that purely agricultural measures will not make it possible to keep all the young people in rural areas unless these offer certain services that are to be found in urban areas; emphasizes in this connection the need to establish small and medium-sized industries in the country so as to prevent a rural exodus, particularly by young women;
9. Instructs its President to forward this resolution to the Commission of the European Communities.

OPINION
(Rule 101 of the Rules of Procedure)
of the Committee on Economic and Monetary Affairs
Draftsman: Mr G. FERNANDEZ

On 16 February 1983 the Committee on Economic and Monetary Affairs appointed Mr FERNANDEZ draftsman.

The committee considered the draft opinion at its meeting of 16/18 October 1983 and adopted the conclusions by 10 votes to 3 with 3 abstentions.

The following took part in the vote: Mr Moreau, chairman; Mr Fernandez, draftsman; Mr Beazley, Mr von Bismarck, Mr Bonaccini, Mr I. Friedrich, Mr Herman, Mr Leonardi, Mrs Nielsen, Mr Nordmann, Mr Ouzounidis (deputizing for Mrs Desouches), Mr Papantoniou, Mr van Rompuy, Mr Vetter (deputizing for Mr Mihr), Mr Wagner and Mr Welsh.

1. Structure of the working population in the agricultural sector

The establishment of young farmers within the Community is an acute problem today. Out of a farming population which at present accounts for about 9% of the total working population, 20% of the Community's farmers are over 65 and 40% over 50 years of age.

Further, of the 32 million hectares utilized for farming in the Community, the 20% of farmers over 65 account for 4 million hectares, i.e. 1/8 of the total.

These figures thus illustrate the scale and urgency of the problem of the establishment of young farmers within the Community.

2. The importance of supporting young farmers

It would be a great pity if young people from rural areas who had been discouraged from farming or who had failed to establish themselves were to swell the already formidable ranks of the unemployed. The absence of these young farmers would jeopardize the very future of the agricultural sector.

Agriculture will not gain from excessive concentration of land use. Production units of an adequate size are obviously necessary but so also are the dynamism and skills of qualified young farmers.

Finally, the establishment of young farmers is essential to maintain the development of rural life in all the EEC regions.

However, improving access to farming for young farmers raises so many complex problems relating to land, finance, social considerations and simultaneous vocational training that their effective solution requires the implementation of Community measures to complement existing national measures.

3. Problems relating to land availability

Problems relating to land availability are at the very heart of the difficulties which young farmers face when trying to become established. The two major problems are the price of land and the optimum size of the farm.

In 1980, the purchase prices per hectare varied from 1,700 ECU in Scotland to 13,000 ECU in the Netherlands.

Rents, which were also high, varied from 32 to 125 ECU per hectare.

How then is land to be made accessible to young farmers either through purchase or succession?

(a) measures to control the price of land

General measures can be envisaged which would enable the increase in prices to be contained within the Community by discouraging speculation on agricultural land.

General measures of this nature include:

- the division of land into zones, some of which would be reserved for agriculture and forestry so that the price of agricultural land would not depend on the demand for land for non-agricultural purposes;
- the establishment of land banks, or bodies such as SAFER in France;

(b) measures to facilitate succession in agriculture

Succession in agriculture poses very real problems for young farmers. A number of measures could be taken to improve the situation. The first might involve the general application of the principle of the deferred salary which is already in force in some Member States. The financing of the adjustment to be paid to other heirs raises the question of the method of valuing the farm. The value of the farm could be fixed on the basis of its yield rather than

its market value alone, which is subject to speculation unrelated to the real income of the farm. Finally, succession to a farm might be subject only to moderate tax, at least in the case of small or medium-sized farms.

4. Financial problems

In addition to the problem of access to suitable land, young farmers also experience financial difficulties. Several measures could be envisaged at Community level to assist them:

(a) Launching aid

Several schemes could be introduced to assist young farmers entering the profession, involving both direct aid and subsidized loans which might vary according to the region and type of production concerned. The Commission should catalogue the existing financial aid schemes for young farmers; in conjunction with the authorities of the Member States it should then seek ways of improving and coordinating them. Furthermore young farmers should be exempt from coresponsibility charges up to a given ceiling.

(b) Aid for vocational training

Young farmers need technical and management training. This vocational training would be encouraged if they received financial aid to cover travel and subsistence expenses and the cost of employing a substitute while they are undergoing training. Aid could also be provided for the creation of services to provide such substitutes.

(c) Aid for cooperation

The existence of cooperatives tends to encourage the installation and continued activity of young farmers in many regions.

The development of all forms of cooperative for purchasing, marketing and production purposes should therefore be encouraged.

(d) Financial incentives for elderly farmers to leave the profession

Many farms still belong to elderly farmers. To encourage them to leave the land while benefiting from an adequate retirement pension, Directive No. 72/160 EEC on the cessation of farming activities should be amended.

(e) Security for tenant farmers

Tenant farming may be a suitable formula for young farmers. Legislation on tenant farming should ensure a balance between the interests of the land owner and those of the tenant. Tax incentives could be granted on long leases concluded with young farmers.

5. The maintenance of economic activity in rural areas

The establishment of young farmers cannot be considered in isolation. Exclusively agricultural schemes will not keep young farmers on the land if rural areas are deserted. This is an additional reason for taking the measures necessary to maintain and develop the industrial fabric of these regions consisting generally of small and medium-sized undertakings.

In conclusion the Committee on Economic and Monetary Affairs

1. Considers that the establishment of young farmers within the Community raises fundamental problems, principally because of:
 - the decreasing size and increasing age of the active farming population,
 - the decrease in the acreage of land farmed in the EEC and the way in which it is divided between the different types of farm,
 - the frequently very high price of agricultural land.

2. Stresses the need, in the interests of the future of European agriculture, to encourage the establishment of young farmers whose energy and skills are vital to the competitiveness of this economic sector and whose presence is essential to the maintenance of rural life.
3. Calls on the Commission to compile a list of national aid measures for young farmers in order to coordinate and improve these measures.
4. Requests the Commission to consider jointly with the authorities of the Member States, schemes which might ease the difficulties inherent in land transactions which confront young farmers when they first set up, notably:
 - measures to limit the price of agricultural land by discouraging speculation;
 - measures to facilitate the inheritance of farms by young farmers.
5. Calls on the Commission, further, to implement a series of financial measures in favour of young farmers on first setting up:
 - direct aids to launch young farmers and subsidized loans;
 - aid for vocational training;
 - measures to encourage the creation of stand-in services and to develop cooperatives.
6. Considers that the Commission should review Directive No 72/160/EEC on the cessation of farming so as to encourage elderly farmers to hand their land on to young farmers while benefiting from an adequate retirement pension.
7. Asks for the EAGGF appropriations covering guidance for vocational training in agriculture to be increased and proposes the creation of a new budget line 313 in the EAGGF guidance section: 'aids for the establishment of young farmers'.
8. Stresses, finally, that these measures form a vital part of an agricultural structural policy and must be accompanied by provisions encouraging the setting up of industrial, commercial and service SMUs in rural areas where they are vital to the maintenance of farming and the continued presence of the rural population.

