

Opinion of the Economic and Social Committee on the 'New economy, knowledge society and rural development: what prospects for young farmers?'

(2002/C 36/06)

On 1 March 2001 the Economic and Social Committee, acting under the third paragraph of Rule 23 of its Rules of Procedure, decided to draw up an opinion on the 'New economy, knowledge society and rural development: what prospects for young farmers?'

The Section for Agriculture, Rural Development and the Environment, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 27 September 2001. The rapporteur was Ms Sánchez Miguel.

At its 385th plenary session of 17 and 18 October 2001 (meeting of 17 October), the Economic and Social Committee adopted the following opinion by 137 votes in favour with one abstention.

1. Introduction

1.1. In a Europe which is rapidly developing in the face of the challenges of globalisation and of the 'new economy', society has begun to wonder once again about the future of agriculture and rural areas, and to seek development prospects capable of satisfying the expectations of the new generations.

1.2. Sustainable development, based on a pact with future generations, for conservation of available resources, cannot be achieved without high quality agriculture and rural development, providing employment for the young.

1.3. Only by reversing the trends towards marginalisation and ageing of human resources in agriculture can a new pact be reached between agriculture and society⁽¹⁾, making the most of the potential provided by new information and communication technology, and bridging the gaps already noticeable between declining rural areas and areas with a high level of innovation. Eurostat data reveals that the farm sector's population has the form of an inverted pyramid: in view of expected developments, this structure will probably become unviable, putting its continuity at serious risk.

1.4. Agriculture must be fully involved in the promotion of the knowledge society and innovation, and must benefit from the employment spin-offs which can result from them: the new orientations in the field of education and training ('eLearning') and in the promotion of new information technologies ('eEurope'), launched by the Lisbon European Council must be transformed into specific measures in the agricultural sector, directed particularly at young people.

1.5. There is also a need for training and research in the agricultural sector and the practical application of the CAP to reflect better the effects of other policies on the rural world, particularly as regards integrating the environmental dimension, food safety and health, as laid down in recent amendments to the Treaties.

1.6. It is therefore necessary to reflect on how best to combine existing policies and intervention instruments, particularly in terms of training, incentives for research and innovation and dissemination of information, to enable them to operate to the full also in the agricultural sector and rural areas, directing them in particular towards young farmers, whether men or women. In drawing up this own-initiative opinion, the Committee has taken account of the work already done in this field by the European Parliament and the Committee of the Regions: it intends to develop a constructive dialogue with these institutions on these matters, involving the associations concerned⁽²⁾.

1.7. Our purpose, as an economic and social body, is to work out how to respond to the changes which will come in the wake of reforms put in motion by Agenda 2000 in both economic and social structures and, most of all, how to involve young people. In this context, the human factor as a key element in change needs to be emphasised.

1.8. The Committee tackled the problem of succession in agriculture, looking at the various factors involved, in an own-initiative opinion in 1994⁽³⁾. Many of the problems discussed then continue today. For this reason instruments should be

⁽²⁾ Cf. in particular the report by Neil Parish on The situation and prospects of young farmers in the European Union (PE.286.374) and the Gonzi opinion on The young people's project for European agriculture (CdR 417/2000).

⁽³⁾ OJ C 195, 18.7.1994.

⁽¹⁾ OJ C 393, 31.12.1994, p. 86.

developed under the CAP or other common policies which can tackle these problems.

1.9. The unsatisfactory results obtained since 1994 were confirmed by the Court of Auditors' Special Report No 3/2000 on the measures to assist the employment of young persons ⁽¹⁾ which, while noting that the European Union 'has introduced a number of measures to help young farmers in particular', concludes that 'the Court has been unable to establish the existence of an overall strategy or plan in respect of the financial contribution made by the ESF and EAGGF Guidance for the benefit of young farmers. Any impact since 1994 is still undiscovered'.

1.10. In its replies, the Commission takes note of these comments and acknowledges the need for better mechanisms to evaluate measures adopted under Regulation No 950/97 ⁽²⁾: it has drawn up a set of guidelines for the Member States for this purpose. These initiatives should be supported, but equally, there should be closer coordination of actions targeting young people, which are spread over a number of different instruments.

2. General comments

2.1. *A human resources policy for multi-functional agriculture, with the aim of opening up new prospects for young farmers*

2.1.1. The European agricultural model ⁽³⁾, based on multi-functionality, environmental compatibility, economic sustainability and food safety, is a cultural, technical, economic and social model ⁽⁴⁾. Until a few decades ago, the success of agricultural production depended largely on material factors: the fertility and orography of soils, and the climate. Today, although the above factors still count, greater emphasis is placed on others such as human intelligence and creativity, the richness and variety of crops, professional skills and applied knowledge.

2.1.2. Objectives such as integrated rural development, quality certification, making the most of typical products, economic differentiation, structural modernization of holdings, etc., cannot be achieved merely by regulatory measures (subsidies, obligations and prohibitions). A human resources policy is therefore also necessary for the agricultural sector and the rural world. It is basically a matter of applying the

principles laid down in Agenda 2000, which, in a section which was not devoted to agriculture and rural development (but which covered 'all the sectors' of economic activity) explicitly stated as one of the priorities of the Union the need to give priority to developing a knowledge policy (research, innovation and training) as an instrument for supporting competitiveness.

2.1.3. It is necessary to make a deeper analysis of structural development and the composition of human resources in agriculture in order to identify instruments which could provide development prospects for young people equal to the new demands of society — all the more so when there is a call for the current CAP reform to be speeded up.

2.2. *Main structural changes in European agriculture and their effects on the composition of human resources*

2.2.1. The prevailing trend in the agricultural sector, although varying in degree among individual states of the EU, is for a generalised reduction in the number of holdings, in the overall surface area under agriculture, and in employment ⁽⁵⁾. This process has reduced the number of productive units, but has also fuelled a polarisation in the entrepreneurial make-up of the farm sector, with an increase in the proportion of professional holdings and of economic operators in the true sense of the word. However, small and very small undertakings still characterise Community agriculture, particularly in the southern European countries, where the social base of agriculture remains — partly for this reason — strong, sizeable and widespread ⁽⁶⁾. It should be pointed out that these small holdings still guarantee a large number of jobs. Many of these farmers are part-time farmers, and in many other cases it is often a matter of disguised unemployment, with all the social repercussions this has.

⁽¹⁾ OJ C 100, 7.4.2000, paragraphs 64 and 87 in particular.

⁽²⁾ Since amended in Agenda 2000.

⁽³⁾ ESC opinions CES 952/99 (OJ C 368 of 20.12.1999, p. 68) and (OJ C 368, 20.12.1999, p. 76).

⁽⁴⁾ To define its characteristics, cf. point 7 of ESC opinion OJ C 368, 20.12.1999, p. 76 on a policy to consolidate the European agricultural model.

⁽⁵⁾ In the Europe of the 10 the figure of 6,5 million holdings in 1982-1983 fell to little more than 5,5 million in 1989-1990 with a considerable reduction in the number of small and very small units. A similar trend was seen in the Europe of the 12 in the 1990s: in 1993 there were about 7,3 million farm holdings, falling to 6,9 million in 1997. In this period the largest fall was seen in France, Portugal and Spain (about -8 %), whilst the number of holdings remained almost stable in the Netherlands. Overall, between 1990 and 1997 more than a million farmers gave up their holdings.

⁽⁶⁾ In the Europe of the 15, more than half the agricultural holdings are of less than 5 hectares. In some countries (Italy, Greece and Portugal) three-quarters of the holdings have a size less than 5 hectares. In others (United Kingdom, Ireland and Scandinavian countries), holdings of less than 5 hectares account for a minimal percentage (between 3 % and 13 %).

2.2.2. Eurostat data for 1980 showed that 47 % of farmers were more than 55 years old. This percentage has increased over the last 20 years, reaching 55 % in 1997. In some Mediterranean countries, such as Greece, Italy, Spain and Portugal, a third of farmers are more than 65 years old. This amounts to a serious ageing problem in the agricultural sector. At present only 7,8 % of agricultural entrepreneurs are less than 35 years old.

2.2.3. The rise in the number of women working in the farm sector is a new factor. A Eurostat report ⁽¹⁾ has revealed that women account for 37 % of the agricultural working population, with the highest concentrations in southern Europe. 82 % of agricultural holdings where women were classed as 'farm managers' were of less than 8 hectares: the percentage was lower for larger holdings.

2.2.4. As far as the applicant countries are concerned, statistics on the presence of young people in agriculture are not very comparable. However, important structural changes are taking place in these countries, and it is not easy to foresee what impact EU accession will have on the demographic structure of their agriculture.

2.2.5. Nevertheless, a European Parliament study on the future of young farmers in the European Union ⁽²⁾ showed that the percentage of young farmers in the first wave of applicant countries is higher than the average for the existing EU countries.

2.3. *The agri-food sector and the role of rural development*

2.3.1. The close connections existing between agriculture, the processing industry and the logistical and distributive system now call for a more comprehensive vision which would include not only agricultural production proper but the agri-food system as a whole.

2.3.2. Thus the agri-food industry is now one of the main branches of European industry, second only to the electrical and electronic construction branch (Eurostat, 1999). It employs almost 3 million people and the value of its production, higher than that of internal consumption, exceeds EUR 600 billion. To a large extent, it is based, like agriculture itself, on a large number of cooperatives and small and medium-sized enterprises (enterprises with more than 100 employees account for less than 2 % of the total, whilst more than 90 % of the enterprises have fewer than 20 employees).

2.3.3. From this viewpoint agriculture continues to be the fundamental pillar of modern economies, and the quality of human resources constitutes a decisive factor in its development. Moreover, agricultural activity should be understood not only in a strictly productive sense, but in the wider dimension of conserving natural and landscape resources and of rural development.

2.3.4. With the enlargement of the Union to include the central and eastern European countries, the social and economic role of agriculture and the rural world will probably become even more evident and vital. Indeed, in the applicant countries the demographic and labour market structure is in some ways very similar to western Europe in the 1950s and 1960s. It is therefore desirable to assess in good time the effects which implementation of the CAP could have on the Community labour market.

2.4. *Levels of training in agriculture*

2.4.1. Making an assessment of training levels, policies on knowledge and training possibilities for agriculture is a highly complex matter. There are no complete, comparable sources of information, making it possible to establish the relationship between levels of training in agriculture and, for example, aggregate economic results or productivity of labour and of the land in all its diversity in territorial, business, family, age and gender terms. Statistical information on farmers' level of training, which in the past was available through structural surveys, has over recent years become optional — where not simply abolished — at the request of the Member States. Even a straightforward quantification of the level of training is now difficult.

2.4.2. Some Eurostat statistics, relating to certain Member States only, now make it possible to analyse the situation of agricultural holdings in those countries according to the level of training of the head of the holding. The figures are not, however, broken down by age and therefore do not fully reflect the situation of young farmers, who generally have a much higher level of training. The statistics are also based on a simple distinction between 'full agricultural training', 'basic training' and 'only practical experience', which fails to take adequate account of the wide range of conditions.

2.4.3. The situation varies widely from one country to another, and sometimes between regions in the same country. In some areas, levels of training of those working in agriculture (both employers and workers) are comparable with those working in other economic sectors. In others, the low levels of

⁽¹⁾ EU Statistical Office — 30 April 2001.

⁽²⁾ AGRI 134 of April 2000, PE 290.358, p. 24.

agricultural training generate clear disadvantages in comparison with, for example, agroindustry, the distribution sector and public administration.

2.4.4. Even the qualifications required to acquire and run a farm, or to receive a start-up grant, vary from one country to another. This variety does not contribute to the balanced development of the agricultural economy and rural society as a whole.

2.4.4.1. Another problem, undoubtedly more complex in theoretical and methodological terms, is that of the link between qualifications and vocational competence or literacy.

2.4.4.2. The fact of having acquired a formal qualification when young does not necessarily mean that the person possesses effective knowledge or skills as an adult. Although the problem arises for all adults, it applies in particular to those working in the farm sector. It is well known that the farming profession is based more than anything else on knowledge and skills developed 'on the spot'.

2.4.5. With the above considerations in mind, the OECD in the 1990s launched a series of comparative international research projects on the knowledge and skills of the adult population (International Adult Literacy Survey) based not only on the formal qualification but, more generally, on the capacity to absorb and deal with information involving reading, writing and calculation, needed in order to use the printed material distributed to workplaces and in domestic and social life (OECD, 1999).

This source makes it possible, among other things, to compare the level of knowledge and skills of the population employed in agriculture, industry and services in 13 OECD countries, revealing the agricultural sector's general disadvantage in comparison with other sectors.

2.5. *Critical factors in the situation*

2.5.1. Farming's image as hard, badly-paid, year-round work offers no incentives to young people. This disadvantage is compounded by the general public's tendency to hold farmers partly responsible for the problems which have arisen in the food chain.

2.5.2. Factors of this kind discourage young people from choosing a future in agriculture. The dominant social model

put forward by the media, and the perception of the agricultural sector which tends to link it with pollution and health problems in the food sector, contribute to this image.

2.5.3. In many rural areas, as indeed in the poorer urban districts, young people do not have access to high-quality education and training. Problems of mobility (physical and social), the lack of social services and leisure time facilities, and the limited possibilities of the local labour market create a situation of disadvantage and difficulty which affects the entire pattern of people's lives and helps to create, in a vicious circle, further situations of structural disadvantage.

2.5.4. A further situation of disadvantage concerns the overall decline in the level of services to the individual, families and undertakings in rural areas; schools, child-care centres, efficient transport and leisure facilities are all lacking.

2.5.5. The problem is often aggravated by the lack of available training in rural areas, and by the disparity in levels of both education and cultural facilities between rural and urban areas, especially with regard to continuous life-long training, but already at the level of primary education because of depopulation and the concentration of pupils far from their places of origin.

2.5.6. The serious problem which the lack of infrastructure for the new technologies poses in many rural areas of the EU should be mentioned in this regard. There is a shortage of cable networks, there is no specific training for access and lack of foreign language skills often restricts the use of such technologies.

2.5.7. In addition, care should be taken to see that CAP measures do not make it more difficult for young farmers to take over farms. Measures which tax supply, such as quota regulations, play an important role in stabilising markets, but they can lead to difficulties when farms are transferred. More account should be taken of this problem, in the interests of young farmers.

2.6. *Lack of policies and measures to counteract the critical factors*

2.6.1. There is a lack of linkage between agricultural and rural development policy on the one hand and European policy on employment, training, research and innovation (knowledge society) on the other. In effect the CAP underestimates the need to 'accompany' the reforms with training and technical assistance measures.

2.6.2. Agenda 2000 makes a good start by introducing the second pillar, but provides only limited resources. Assistance for farmers starting up is envisaged, but it is not obligatory to provide such opportunities, which depend on national and regional priorities, with the result that the rural development plans of some Member States do not provide any assistance for young farmers. Without belittling the importance of the subsidiarity principle, it would be desirable to avoid the situation where different implementation of Community measures leads not only to a distortion of competition among Member States but to a lack of a clear signal that Europe wants a future for agriculture.

2.6.3. The EAGGF structural policy, for its part, totally excludes the possibility of funding research measures through this Fund. There remains the possibility of funding through the EAGGF training measures and management assistance services through the EAGGF. But the Commission's policy in this case, after the adoption of the new Community rules on state subsidies, is to grant only the expenditure relating to the launching of such services. This exclusion — which is not envisaged by the ESF and ERDF regulations — is normally justified by the Commission by citing the need to have a single coordination centre for research at Community level, and hence to bring agricultural research under the Framework Programmes coordinated by the Directorate-General for Research.

2.6.4. This has two immediate negative consequences: the impossibility of integrating research at territorial level with agricultural and rural development programmes, and the drastic and immediate reduction of financial resources available for agricultural research. Indeed (going beyond statements of principle on the importance of food safety, for example, or on the need to develop the competitiveness of Community agriculture) in purely financial terms the research projects relating to agriculture, fisheries, forestry and rural development taken together account for barely 3.4 % of the budget of the fifth framework programme for research and technological development (1999-2002 period). However, the new regulation includes innovative aspects which could well have been incorporated in a coherent policy of developing knowledge in agriculture, and envisages among the new requirements laid down for aid to investment that the beneficiary should demonstrate adequate professional knowledge and skills.

2.6.5. Society continues to place new demands on agriculture: not only quality, safety, protection of the environment and of animal welfare, but also conservation of the landscape and of rural traditions. We must ensure that rural development continues to help the farmer meet these demands. Rural development must therefore adapt and change through a process of continual updating. Young farmers are among the

most clever in picking up new trends, and new resources should therefore be allocated to them; indeed, a great deal of research demonstrates that the presence of young workers encourages innovative behaviour and active entrepreneurial strategies even when the owner of the farm is an older person, and especially when the young workers have a good level of training.

2.6.6. The application of new technologies to farming is also having a major impact, as is scientific research in areas such as GMOs. These latter are now an established fact, although they must be strictly monitored and controlled until it is established that they are harmless. Publication of the results of innovation is a key factor regarding the general public, as this will create a perception of transparent information.

2.6.7. The Committee notes with interest the work of the Directorate-General for Agriculture to improve the coordination of the various instruments available under the Leader initiative, rural development programmes and agri-environmental measures, and advocates Community measures in favour of young farmers. This further strengthens the view there is a need for horizontal actions specifically targeting young farmers, promoted at European and Member State level.

2.7. 'eLearning' and 'eEurope' programmes

2.7.1. If well regulated, the competitive opportunities peculiar to the information society can induce economic growth and create new jobs which more than offset the number of jobs which in other ways are abolished by technological progress. However, the information society is not accessible to all, and the maintenance of initial disadvantages can be a further factor for exclusion from economic and social development processes ⁽¹⁾.

2.7.2. One of the typical factors of weakness of the rural areas can be found precisely in the poor distribution of information and the low level of participation in the building and development of an innovative European society using the potential of knowledge as a factor for development. The information society, in particular, has arisen as an essentially urban phenomenon, and while the new information and communication technologies (ICT) are not yet sufficiently

⁽¹⁾ According to data issued by the Commission, the degree of Internet penetration varies considerably among the Member States, particularly depending on territorial location, income and gender; 8 % of families in the countryside are linked to the Net, as against 15 % in the cities.

widespread in the non-urbanised regions of Europe, this is due not just to objective economic and infrastructure problems, but also to the substantial lack of adequate content and language to meet the productive and cultural needs of rural undertakings and the rural population. That is to say, it is a social rather than a technological problem. It is precisely in the more peripheral areas that ICT can make a decisive contribution to reducing the relative disadvantage arising from the physical distance from centres of information, culture and production (universities, undertakings, political institutions). In some ways, indeed, the physical distance from urban centres — and hence from congestion, population density and pollution — if combined with adequate development of telecommunication networks, can itself become an important factor for competitiveness and development.

2.7.3. The question of the integration of rural areas in the European information society or their exclusion from it is an important challenge for all. In order to benefit fully from the economic and social advantages of technological progress, the European information society should be based on principles of equality of opportunity, participation and integration. And this objective can be achieved, provided that access is guaranteed for all — whether producers or consumers — to at least a part of the opportunities made available by the information society.

2.7.4. The Committee has learned with interest of the eInclusion initiatives launched by the Directorate-General for Employment and Social Affairs, aimed at groups vulnerable to this new form of exclusion (the so-called 'digital divide'), including rural and remote areas. Projects are underway in Finland, with eCottages in remote rural areas, and in Greece, where Internet access points are being set up in the islands. The successful development of virtual communities and local/regional portals in a number of Member States, modelled on Canadian and Australian experiences, represents another valuable instrument. These initiatives should be better catalogued and coordinated with rural development programmes and with initiatives for young farmers.

2.7.5. The instruments introduced by the eLearning and eEurope programmes must be used not only by public administrations, to whom training and information are dispensed: farmers' groups must also use them as a means of refreshing and transmitting the knowledge made necessary by structural and human change.

2.7.6. The new information technologies can also serve to amplify communication between farmers and consumers, in terms of both promoting products and e-commerce, and information campaigns on quality and safety. Such campaigns can provide opportunities to highlight areas of activity attractive for young farmers.

3. Conclusions

3.1. The ESC believes that there is a need for various instruments which, from different viewpoints, and following an analysis of the situation, can identify the causes of the problems and help to provide solutions, in particular by evaluating the impact of different policies — agricultural and other — on the presence of young people in agriculture.

3.2. Firstly, to obtain a more effective multifunctional policy, a new specific remit for the 'human factor' (work, employment, education, training, technical back-up, ageing, equal opportunities, succession, etc.) needs to be introduced within DG Agriculture.

3.3. The tax rules on succession should also be addressed so that they provide real encouragement for young people to set up and stay in agriculture, by facilitating the transfer of farms intact.

3.4. Since European statistics are based on the figures provided by the Member States, they should be encouraged to put more work and resources into this area.

3.5. It is necessary to develop at Community level a rapid, up-to-date statistical system, capable of monitoring the development of European agriculture, and particularly the number of young people starting up in business and the number leaving the sector. The present system is confined to estimating, every three years, the number of farmers by age group; there is now a need for a register which keeps track of trends in the sector and notes the net balance between the numbers starting up and the numbers leaving the agricultural sector. The development of such a statistical system should be accompanied by a study aiming to analyse the number of farmers who have no successor and do not know to whom they could leave or sell their agricultural holdings. The forthcoming mid-term review should take into account the statistical data on the actual trends of the European agricultural sector.

3.6. It is necessary to encourage young people in innovative ways, but also to be prepared to adapt to changing market conditions and society's expectations of agricultural product. The Commission and the Member States should therefore be called upon to encourage, within the framework of the usual Community funding channels (Structural Funds, Community action programmes such as Leonardo and Socrates, 6th RTD framework programme, etc.):

- support for transnational cooperation and exchange projects between companies, schools, training bodies, universities and agricultural/rural research centres;
- support for decentralised action plans at local and regional level;
- the creation of new local agencies for the development of agriculture and rural communities, or consolidation of existing agencies;
- the inclusion of agriculture as a target group in eEurope with the aims of fostering a better dialogue between farmers and society and making it easier for farmers to exchange opinions and/or experiences over the Internet. In order to:
 - promote the European agri-food culture to the general public, and particularly to young and very young people, promoting on-going training at school;
 - promote agricultural and rural entrepreneurship amongst young people;
 - provide agricultural and rural businesses with specific training, information, advice and technical assist-

ance (agricultural advisory services), or encourage them to take up existing information opportunities in all sectors of economic activity;

- promote agricultural and rural operator access to the instruments, technology and language of the information society, and encourage them to provide innovative and individualised input;
- encourage more investment in training for the agricultural sector and for rural communities, focusing on social and cultural skills, on safeguarding income and employment, and on improving the protection and promotion of the environment. This action should mainly target young people between the ages of 18 and 40 (new agricultural entrepreneurship);
- maintain and develop a network of services enabling young farmers to enjoy regular leisure periods and holidays;
- cooperate to boost mobility among young farmers in the EU, so that they can compare their experiences.

3.7. The Commission is asked to:

- boost general public awareness of the need for European agriculture to be multifunctional and/or the European agricultural model to be safeguarded, and to combat the sometimes negative image that farming has; and to
- boost young people's interest in agriculture by providing better and more up-to-date information in schools etc.

Brussels, 17 October 2001.

The President
of the Economic and Social Committee
Göke FRERICHS