

The Future of the European Farming Model: Socio-economic and territorial implications of the decline in the number of farms and farmers in the EU



See the full study

The European Farming Model (EFM) is built on the recognition of the multifunctionality and diversity of European agricultural systems, and the notion that EU farming is a crucial provider of public goods. Almost **all EU regions are undergoing long-term structural change in farming** – a steady increase in average farm sizes and a concentration of production on fewer and larger farms, with major temporal and regional variation; the decline is stronger in new Member States.

The study

presents an overview of the effect of the decline in the number of farms across the EU on the European farming model (EFM). The EFM and policy tools must embrace the emerging diversity of farmers' profiles and stimulate socially desirable adaptive strategies that preserve the multifunctionality of farming.

Main observations

The **number of farms** in EU-27 **declined** between 2003 and 2016 from about 15 to 10 million (-32%), with **the decline strongest among small farms** (<5 ha; -38%), **and moderate among medium sized farms** (5-19 ha, 20-49 ha; 17% and 12%, respectively), **while the number of large farms** (>50 ha) **has increased** by 7%. A very large majority of EU NUTS-2 regions is projected to be under moderate risk of declining numbers, while 16% are under high (8%) or very high (8%) risk (Projection from 2016 to 2040).

By 2040, the EU might lose an additional 6.4 million farms, resulting in a remaining number of approx. 3.9 million farms across the EU, an impressive 62% decrease as compared to 2016 figures.

Despite the presence of some policy measures addressing structural change, **the Common agricultural policy has a limited and indirect effect on structures. Its distribution of funds and measures focuses on economic aspects and consequently favours**



large, intensive farms, compounding the shift towards concentration dictated by market forces. **The existing structural measures** (Less Favoured Areas/Areas facing Natural Constraints, payment for small farms and young farmers) **do not compensate** for this effect due to poor targeting or insufficient funds, **but clearly demonstrate that direct goals and targeted funding could achieve structural objectives.**

Conclusions and policy recommendations

The CAP and other relevant EU policies **can only partly and indirectly address external challenges** affecting the farming sector and hardly lessen the effects of global market mechanisms on structural adjustment and resilience of food systems.

The CAP cannot adequately address new societal challenges and is limited in reconciling the constraints of agricultural markets with the EFM and emerging societal demands. As farm structures are not addressed as such in the CAP objectives, CAP measures need to integrate more clearly and specifically the implications for structural adjustment and the preservation of the diversity of farming practices.



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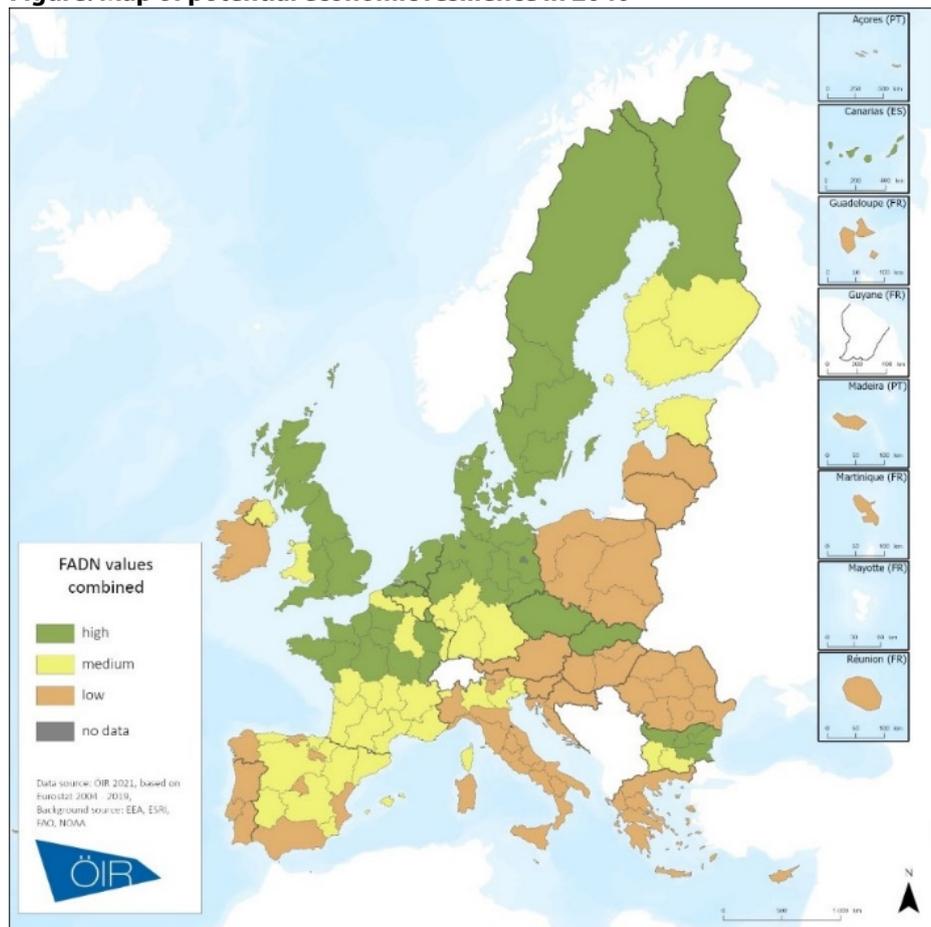
To **address these changes** and foster sustainability and resilience, **the EFM must adapt to include diverse emerging farmer profiles. This must be endorsed by a policy, which should include clear, explicit objectives and targeted measures** to adapt to a **greater diversity** in current and **emerging farmers' profiles** and stimulate **socially desirable adaptive strategies**. A balanced consideration of potential policy impacts on **structural change** could prove instrumental in better **aligning with the Sustainable Development Goals**. A **prioritisation** of structural change and farm types, categorisation of beneficiaries, and adjustment of policy tools **to directly target each group** is important to improve targeting.

To **increase the resilience of farms**, measures should support adding value to products, education and advisory services, removing barriers to entry, risk management and collective action to a greater degree, necessitating a **general overhaul of agricultural policy** and a **greater shift towards rural development measures**.

Key areas for EU action

1. The EFM must adapt to include diverse emerging farmers' profiles.
2. Clear, explicit objectives and targeted measures to adapt to a greater diversity in farmers' profiles and stimulate socially desirable adaptive strategies.
3. A balanced consideration of potential policy impacts on structural change.
4. A better alignment with the Sustainable Development Goals
5. A general overhaul of agricultural policy and a greater shift towards rural development measures.

Figure: Map of potential economic resilience in 2040



Source: Project team, 2021, based on FADN Data

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