



AREFLH Proposals for the European Parliament's own-initiative report on the Implementation of CAP instruments for Young Farmers since the 2013 Reform

The **Assembly of European Regions producing Fruits, Vegetables and Ornamental Plants'** (AREFLH) main missions are:

- to represent its 20 member regions and 23 AOPs, from 7 European countries;
- to defend the economic and social interests of the fruit, vegetable and horticultural sectors in Europe;
- to foster exchanges of best practices, partnerships and joint projects between regions and professional organisations;
- to actively seek new solutions for the main issues affecting the future of the fruit and vegetables production in Europe.

1- Introduction

A. The Fruit and Vegetables sector in the EU landscape

The **fruit and vegetable sector** is of **strategic importance for EU agriculture** and for its 500 million European citizens. It currently accounts for 21% of the total value of agricultural production in the EU and is worth more than EUR 50 billion. The sector also contributes, both directly and indirectly, to several EU objectives in different areas: economic growth, food safety/security, environmental conservation as well as job creation, with the sector accounting **for close to 35% of agricultural employment**.

Despite its significance in Europe's agricultural landscape, the **F&V sector constantly faces persisting economic and social challenges** such as the fall of agricultural prices, a decline in consumption and export volumes of F&V as well as repeated market crises (e.g. Russian embargo) and the **growing impoverishment of rural economies, rural exodus and youth drain** to name a few.

B. Producer Organisations and Young Farmers

Facing a growing ageing farming population, the EU has developed several set of measures to encourage young people to **become the new generation of European farmers through financial support, trainings and advisory services**. However, these tools have so far produced mixed results, hence the need to conceive new measures that could further assist young farmers in starting up their businesses.

Producer organisations (POs) are the key actors in the fruit and vegetables common market organisation (CMO) regime. This **regime supports operational programmes (OPs)** implemented by recognised producer organisations by making a funding contribution to the programmes' operational funds (at 50%). Among others, POs provide:

- technical support (particularly on environmental aspects)
- marketing of the farmer's products
- support on quality procedures
- assistance in the development of environmental protection actions

- assistance in the financing of investments and actions through operational programmes (the latter intervene on subjects other than CAP aid instruments and are therefore complementary)
- For some POs, more or less formalized support programmes to facilitate the initial establishment of young farmers exist.

Thus, **producer organisations provide a range of services that most young farmers require**. If wisely beefed up, they could represent an interesting opportunity for those who wish to start up their businesses. Also, we must point out that **financial co-financing deriving from the F&V CMO is complementary with CAP aid instruments** and therefore does not make them mutually exclusive.

2- Proposals

In order to **boost the attractiveness of producer organisations and reinforce the range of services they provide**, AREFLH is pleased to share the following proposals and recommendations:

- 1. Facilitate the creation and consolidation of guarantee funds by POs for the first instalment of young farmers:** AREFLH believes that facilitating the **creation and consolidation of guarantee funds by POs to facilitate the first instalment of young farmers** and the investment they require could considerably help young farmers establish and develop their farms. These guarantee funds should be **contingent on a durable commitment by the newcomer in remaining in the PO for a certain length of time** (i.e. at least the duration of 2 operational programmes). The financial guarantees issued deriving by the POs would also contribute to facilitate and improve young farmer's access to credit.
- 2. Apply an additional percentage increase of EU aid in operational programmes that implement specific actions targeting young farmers:** AREFLH considers that establishing a percentage increase of EU aid (based on the additional aid allocated for crisis prevention and management measures), **e.g. an extra % of the value of marketed production (VMP) to exclusively support expenditures and investments faced by young farmers**, could highly contribute to boost the attractiveness of POs for young farmers as well as facilitate the successful development of their businesses.

AREFLH would also like to point out that **such proposals should not be only applied to young farmers (under 40 years of age) but also to the category of newly installed farmers**, which comprises newcomers that start up their agricultural businesses but which could eventually be over 40 years of age.