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Mobilising Land Mobility in the European Union: An Under-Researched Phenomenon

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ABSTRACT

Interest in land mobility and its impact on the structural development and economic growth of the agricultural sector has grown considerably amid concerns about the ageing European farming population. There have been calls throughout Europe for structural and institutional deterrents obstructing the passage of farmland from the older to younger generation of farmers to overcome this phenomenon and help facilitate generational renewal in agriculture. Nonetheless, gaining access to land is widely reported to be the single largest barrier facing young people attempting to enter farming. Whilst land mobility is given homogenous importance throughout Europe, this view point paper highlights that policies and regulations relating to land differ considerably across EU Member States. There is also a surprising scarcity of literature and academic discussion on access to land in a European context, despite its crucial role in the survival, continuity and future prosperity of the farming industry and the broader sustainability of rural communities. By focussing on the key policy and structural issues hampering access to agricultural land throughout Europe, and using the Republic of Ireland's Land Mobility Service as a good practice example of how to help facilitate the process, this paper provides a rationale for why a major European study is required to investigate the factors which influence land mobility in each of the 27 EU Member States in order to inform future Common Agricultural Policy (CAP) Strategic Plans, particularly in relation to generational renewal objectives.

KEYWORDS: land mobility; access to land; generational renewal; family farming; rural sustainability

1. Introduction

Agriculture is the main land use in the EU, accounting for more than 47% of the region's total land area (Giannakis and Bruggeman, 2015). Agricultural land is essential for food, energy production and the delivery of public goods. Land is also a finite resource, and therefore of infinite value. Recognising its fundamental importance to viable food production, the ongoing CAP reform discussions have brought the debate on land mobility (i.e. transfer of land from one farmer to another, or from one generation to the next) in agriculture to the forefront yet again. An infusion of 'new blood' into farming by means of efficient and effective land mobility is considered to be critical to achieving a more innovative and sustainable agricultural sector. Indeed, a recent study by Zondag *et al.* (2016) found that the acquisition of agricultural land (through purchase or rent) is the most important requirement for young farmers / new entrants who want to pursue a career in farming, while gaining such access to land is also the largest barrier to entering the European agricultural sector (EIP-AGRI, 2016; CEJA and DeLaval, 2017; Zagata *et al.*, 2017).

Not only this, but a convergence of other factors, ranging from the older generation's reluctance to step aside, land concentration and the low supply of land for sale or rent in many regions combined with the prevailing high price of available land, have exacerbated the current land access issues for prospective farmers.

Overcoming these structural and institutional deterrents obstructing the transfer of farmland from one generation to the next is a pressing matter in contemporary Europe, due to the fact that generational renewal in agriculture is viewed as crucial for survival, continuity and future prosperity of the European farming industry and the broader sustainability of rural communities. However, whilst land mobility is given consistent importance throughout Europe (CEJA and DeLaval, 2017), policies and regulations relating to land differ considerably across EU Member States (Zagata *et al.*, 2017). These differences can be explained partly by the differing land use patterns which have emerged historically, the prevailing physical conditions (such as size, climatic, geographic and demographic circumstances) and the economic incentives available for particular types of activity (OECD, 1996). The European

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Commission therefore regards land policy as a competency of each Member State of the European Union on a national level, i.e. each country is solely responsible for their own land sales and rental markets (ENRD, 2019). There is also a surprising scarcity of literature and academic discussion on access to land in a European context, despite its centrality in the production efficiency and economic growth of the agri-food sector (Franklin and Morgan, 2014). As such, this view point paper now explores the policy and structural issues that are hampering access to agricultural land throughout Europe. This is followed by a presentation of the Republic of Ireland's Land Mobility Service as a good practice 'match-making' service example linking landowners and farmers interested in collaborating and developing sustainable viable farm enterprises in a sensitive manner.

2. 'Greying' of the European Farming Population

Interest in land mobility and its impact on the farming economy has grown considerably amid concerns about the ageing European farming population. Demographic trends reveal an inversion of the age pyramid with those aged 65 years and over constituting the fastest growing sector of the farming community (Zagata and Sutherland, 2015). Only 5.6% of all European farms are run by farmers younger than 35, while more than 31% of all farmers are older than 65 (European Commission, 2017). To put this into context, for each farmer younger than 35 years of age, there are 5.6 farmers older than 65 years (*ibid*). This 'greying' of the farming workforce is reported to have major implications for government policy, raising concerns about the economic, social and environmental sustainability and viability of an ageing farming population. Older farmers are reported to be less competitive in the current market place because they are slower to adopt new innovative agricultural technologies, alongside arguments that many are unwilling to recognize or accept their physical limitations, with subsequent risks to their health and safety (Conway *et al.*, 2018). On the contrary, the younger generation are perceived to be eager to embrace smart agriculture, innovative farming practices and science-based research to help guarantee a more sustainable, profitable and productive future for farming (CEJA and DeLaval, 2017). As young farmers' preparedness to innovate and invest is also crucial for the future survival of rural communities throughout Europe, generational renewal is one of the European Commission's key priorities in the upcoming Common Agricultural Policy (CAP) post 2020.

3. Transitional Barriers in Farming

Family farms dominate the structure of European agriculture in terms of their numbers and their contribution to agricultural employment. There were 10.8 million farms in the EU in 2013, with the vast majority of these (96.2%) classified as family farms (Eurostat, 2018). In spite of the inherent desire to keep the family farm in the family, research indicates however, that older farmers often experience difficulty transferring managerial control and ownership of the family farm, even to their own

children (Conway *et al.*, 2017). This lack of correlation between the younger generation's readiness to begin their career in farming, and their elders lack of preparedness to step aside, has resulted in a severe lack of land mobility throughout European Member States. Research indicates that the low levels of land mobility currently being experienced is impacting on the younger generation's ability to embark on a true and meaningful career path of full-time farming, and under such incidences it could take 20 to 30 years to assume managerial control of the farm (*ibid*). An absence of young people with decision-making responsibilities on farms throughout Europe is a major concern, particularly for an industry facing constant change and challenge in the digital era (EIP-AGRI, 2017).

Conway *et al.* (2017) warn that younger farmers are becoming increasingly impatient as they yearn for greater financial independence, recognition and opportunities for leadership on the family farm. Indeed, results from a recent EU-wide survey, carried out by CEJA – the European Council of Young Farmers in partnership with DeLaval, with young farmers across all European Member States on the factors they consider to be most important for the development of an economically sustainable farm, found that gaining access to land is one of most significant barriers for young people wishing to enter or remain in the agricultural sector (CEJA and DeLaval, 2017). Consequently, in order to deal with the problem of land access, Zagata *et al.* (2017) recommend creating new incentives such as retirement schemes, for older farmers to pass on their farms. However, it must also be recognised that farm succession and particularly retirement are considered major transitional challenges for the older farming generation, with many believing farming to be a 'way of life' and not just an occupation or profession (Conway *et al.*, 2017). Nevertheless, the younger generation must be given the opportunity to gain access to land and evolve into a more formidable role in family farm business or otherwise they may lose interest working in their elder's shadow and decide to leave the family business in pursuit of more fulfilling career opportunities elsewhere (Cush and Macken-Walsh, 2016; Zondag, *et al.*, 2016). Furthermore, as White *et al.* (2012) have argued, any initiative to stimulate generational renewal in agriculture will be weakened if prospective farmers lose interest and motivation as a result of being unable to secure access to land. Such a detrimental manifestation requires immediate policy attention.

4. Land Concentration

As two thirds of the 10.5 million family farms in the EU are less than 5ha (Eurostat, 2018), securing long-term access to additional land is imperative for those wishing to assemble an efficient size farm holding to increase productivity and viability. A major difficulty in gaining access to such land however is the increasingly intensive process of land concentration taking place in European farming. Between 2005 and 2015 the number of farms in the EU decreased by approximately 3.8 million and the average size of the farms increased by about 36% (Eurostat, 2017). The result is a heightened contest between farming and non-farming investors, and also between both generations of the farming community,

all competing in the same land market (Zagata *et al.*, 2017). Under such conditions it is becoming increasingly difficult for young people to gain access to land in order to establish a commercially viable farm, be they the sons and daughters of farming families or young people from a non-agricultural background (van der Ploeg *et al.*, 2015; Zagata *et al.*, 2017). This is particularly problematic in Eastern Europe, which has seen substantial foreign investment by both Western European farmers and businesses (*ibid*). This trend towards fewer but larger farms is having a detrimental effect on the economic viability of Europe's small and medium sized farms who do not have substantial financial resources behind them to purchase or secure rental of land (Zagata *et al.*, 2017).

5. Mobilising Land Mobility Case Study – Focus on the Republic of Ireland

In the Republic of Ireland, it is argued that significant changes and modifications to boost the competitiveness and production efficiency of agriculture through land mobility and structural change are required in order to realise ambitious growth targets such as those identified in the Food Wise 2025 strategic document (DAFM, 2015a). Gaining access to land remains particularly inflexible in the Republic of Ireland however, despite a number of policy initiatives designed to address land mobility, most notably tax exemptions on income derived from the long-term leasing of land (Geoghegan *et al.*, 2015). Entry to farming is predominately by inheritance or purchasing highly inflated farmland, resulting in the level of land transfer by sale being minimal, with less than 1% of the total land area in Ireland being sold on the open market annually (DAFM, 2018). Furthermore, the predominant system of land rental is short-term and frequently through informal arrangements which provides little security for farmers. These cultural norms have resulted in extraordinary socio-economic challenges for young people aspiring to embark on a career in farming (Cush and Macken-Walsh, 2016), with profound implications not only on the development trajectory of individual family farms but also the production efficiency and economic growth of the Irish agri-food industry and rural society more broadly (Conway *et al.*, 2017). A report on 'Land Mobility and Succession in Ireland' claims the lack of land mobility currently experienced in the Republic of Ireland is stifling agricultural growth by preventing young 'enthusiastic' farmers gaining access to productive assets (Bogue, 2013). Findings from a recent national study by Macra na Feirme (2017), an Irish voluntary rural youth organisation, with over 1000 young Irish farmers entitled 'CAP 2020 Young Farmer Roadmap for Generational Renewal' support such arguments, as it discovered that over 40% of young farmers believe that gaining access to land is the biggest obstacle to establish or expand their farms.

The prevalence of low levels of land mobility and the steadfast adherence to traditional patterns of inheritance in the Republic of Ireland led to the establishment of an Irish Land Mobility Service in 2013, by Macra na Feirme, with the financial backing of FBD Trust and industry wide support. The Land Mobility Service is a

dedicated, proactive support service for farmers and farm families who are contemplating expansion, changing enterprise, or stepping back from farming. It provides a confidential and independent 'match-making' service to introduce older farmers and/or landowners to young people who want to develop their career in farming in order to establish a sustainable and mutually beneficial business arrangement (Land Mobility Service, 2019). The main aim of the service is to facilitate access to land through land leasing and various forms of collaborative farming arrangements developed by Teagasc, the Agriculture and Food Development Authority in Ireland, or Joint Farming Ventures (JFVs) as they are also referred to (Cush and Macken-Walsh, 2016). Collaborative farming arrangements, such as farm partnerships, share farming and contract rearing, supported by the Land Mobility Service are actively promoted within Irish policy discourses as ideal stepping stones to help overcome obstacles to land access. Indeed, since its inception (initially as a pilot and now rolling out nationwide) the Land Mobility Service has been involved in excess of 500 collaborative farming arrangements, covering more than 47,000 acres (Land Mobility Service, 2019), illustrating the success of the service to date. Today, the Service actively engages with over 200 people who are either looking for opportunities or their options. These people fall into three categories: landowners who wish to step back, new entrants to Farming, and existing farmers looking to expand (*ibid*).

Collaborative farming arrangements have the potential to 'tick all the boxes' in relation to the ideal land mobility facilitation strategy as they enable young ambitious farmers become formal partners in the farm business, whilst also allowing for the older generation to remain actively engaged in farming and embedded in the farming community, as their continued guidance and lifelong knowledge is considered to be invaluable to the future development of the farm (Ingram and Kirwan, 2011; Hennessy, 2014). Although a national Land Mobility Service similar to the one in the Republic of Ireland has not been explicitly established elsewhere in the European Union to date, there are a number of analogous 'match-making' initiatives in existence throughout Europe that link farmers to available land as well as connecting new farmers with older ones, leading to a better return for all parties involved. For example, Perspektive Landwirtschaft (Perspective Agriculture) in Austria; Répertoire Départ Installation (Directory Departure Installation) and Terre de Liens in France; Hof sucht Bauer in Germany; Banca delle Terre Agricole (National Bank of Agricultural Lands) in Italy, and Landgilde and Boer zoekt Boer (Farmer Seeks Farmer) in the Netherlands.

6. Conclusion

Given the importance of land mobility in achieving generational renewal in agriculture, and the extent to which low levels of mobility can hinder structural development and growth within the farming sector, increasing access to land for young farmers and new entrants is one of the European Commission's key priorities in the upcoming CAP reform. Traditional patterns of inheritance, in addition to a highly competitive land market and inflated land prices however have resulted in extraordinary socio-economic challenges for new entrants

aspiring to pursue farming as a career, as well as for young farmers seeking additional land to develop a more viable farming enterprise.

As every farm and farmer is unique throughout Europe, there are no uniform or easily prescribed solutions to resolving this conundrum, however the Republic of Ireland's Land Mobility Service example discussed in this view point paper demonstrates the value of 'match-making' models and structures in helping to increase the availability of land for farmers and new entrants. By providing a function for intergenerational cooperation, whilst also allowing for greater recognition, financial independence and leadership opportunities for the younger generation; collaborative farming models facilitated by such a service can also assist in alleviating concerns of an ageing farming population and maximize production efficiency and competitiveness.

With regard to access to land across the EU as a whole however, whilst CEJA – the European Council of Young Farmers, have actively been promoting innovative 'match-making' models of collaboration between generations to help young people commence and develop their farming careers, the major problem in rolling out such initiatives is the fact that policies and regulations relating to land differ considerably across Member States. This, combined with the scarcity of literature and academic discussion on access to land in a European context, means that provision should be made for a major study to investigate the factors which influence land mobility in each of the 27 EU Member States. By focusing on the key policy and structural issues affecting the process, such a study could inform an integrated EU-wide land mobility policy aimed at facilitating generational renewal in agriculture.

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