

# Rural Areas - Levels of support and impact on competitiveness of farms

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EU farmers face numerous challenges in terms of competitiveness, i.e., their ability to sell products meeting the demand on the domestic and international markets and to ensure profits over time. These challenges include strengthening the position of farmers in the value chain, navigating price volatility and production risks, generational renewal, adhering to the stringent requirements of EU legislation on farming practices, adopting new and digital technologies, but also addressing climate change.

## Main observations

**Overall, 20% of the EU-funded CAP budget supports farm competitiveness both for the 2014-2022 and the 2023-2027 periods.** This continuity masks considerable differences in Member States

strategies to support farm competitiveness, in terms of budget (from 10% to 30%), tools (risk management, sector-specific support, investment support), and share of targeted farms. Although increasing, risk management tools, knowledge exchange and cooperation only get limited resources and are often implemented outside of the CAP.

### The study

This study analyses how the CAP and state aid support farm competitiveness, taking into account the support to young farmers and women.

**Young farmers and women** are essential for the vitality of rural areas and significantly contribute to farm competitiveness. Generational renewal and support to young farmers are a priority of the CAP and are associated with a mandatory minimum budget in 2023-2027, varying from 1.1% to 6.3% of the EU planned expenditure among CAP Strategic

Plans (CSPs). The CAP helps young farmers to get started, but access to land and the cost of land are major issues beyond the CAP, depending on national legislations. Gender moved from being a cross-cutting issue in 2014-2022 CAP to a specific objective (SO8) in 2023-2027. Eight Member States address women in agriculture under SO8, most of them also specifically target women in agriculture under generational renewal (CAP specific objective 7) and one tackles it under competitiveness (CAP specific objective 2).



## Conclusions and policy recommendations

Overall, the CAP equips Member States with tools to address many of the current competitiveness challenges.

**Knowledge transfer**, the adoption of new and digital technologies and cooperation have strong potential to foster competitiveness. Yet, their implementation often occurs outside of the CAP. Interventions support the strengthening of farmers' position in the



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value chain, but these are sparingly used by the Member States.

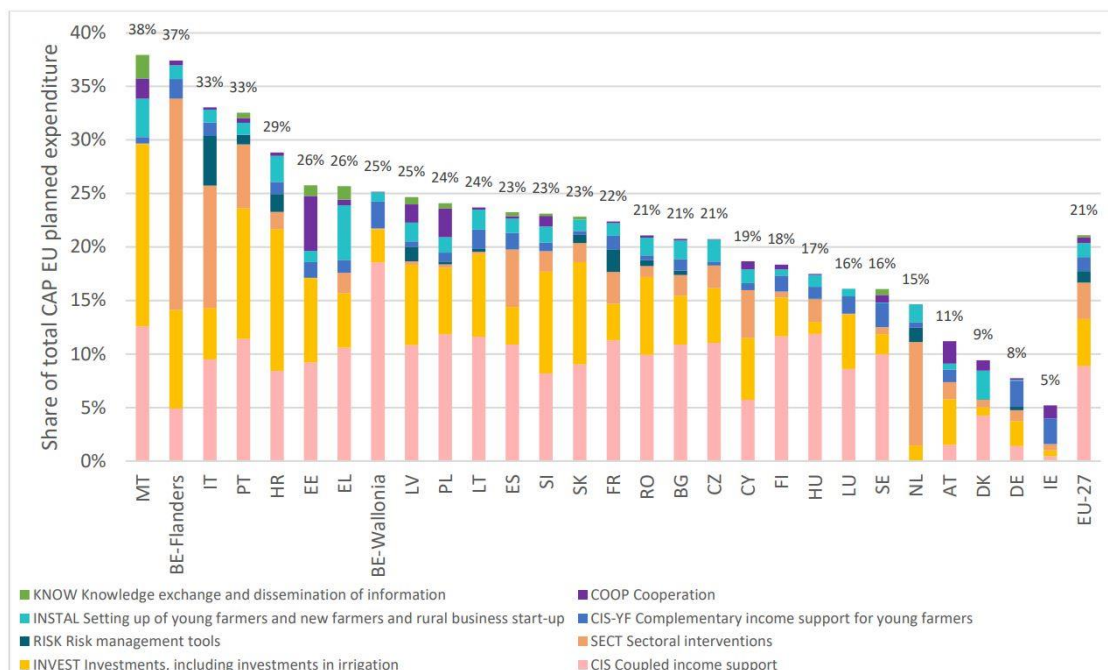
The CAP also provides **tools to mitigate increased risk exposure to agricultural production, market, and income**, although the use of risk management tools by the Member States remains limited.

**Climate change adaptation** is a key competitiveness challenge mainly addressed through increased investment support, risk management tools, and sector-specific actions. While crucial, these tools merely mark a first step in promoting changes in farming practices. More severe climate risks, changes in farming practices and changes in the agri-food system are yet to be considered. A key point to examine is that the main competitiveness indicators such as total factor productivity (TFP) do not include issues related to sustainability.

### Recommendations

The right balance between sustainability and competitiveness should be at the heart of future policies.

Share of total CAP EU planned expenditure 2023-2027 on intervention related to competitiveness objectives at Member State level



Source: Project team, 2023, based on the '[Catalogue of CAP interventions](#)', DG AGRI (via AGRIDATA portal) data programmed 2023-2027

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